



Italy

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Italy

EIB Group survey on investment and investment finance 2020.

Country overview: Italy

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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 – Italy

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is roughly 22.6% below the pre-crisis 2019 level, after a period of already subdued investment. In line with this, the investment outlook for 2020 is negative (net of -27%) but this in line with the EU average expectations (net of -28%). COVID-19 has affected firms' investment strategies for 2020 with around two in five firms (41%) expecting to invest less than planned.

Investment Focus

One-quarter (25%) of firms with investment plans for the current financial year, plan to abandon or delay their at least some of their investments as a result of COVID-19, which is below the EU average (35%). While around one-fifth (22%) of firms will continue at least some of their investment plans with a reduced scale/scope, and this is in line with the EU average of 18%.

The most frequently cited long term transformational impact of COVID-19 on firms in Italy is expected to be on their increased use of digital technologies (45%), followed by changes in their service or product portfolio (38%).

Investment Needs and Priorities

Half of all firms in Italy were operating at or above full capacity in 2019, which was below the EU average (61%).

Firms who have been impacted by COVID-19 are more likely to have been prioritising new products, processes or services than firms not experiencing any impact from COVID-19 (35% versus 23%). Conversely, firms who had not been impacted are more likely to be prioritising capacity expansion (34% versus 21%).

Innovation Activities

Around a half (49%) of firms have developed new products, processes or services as part of their investment activities. This includes 11% whose innovation is new to the country or the global market.

Two thirds of firms in Italy (67%) have implemented, either fully or partially, the digital technologies they were asked about, this is higher than in EIBIS 2019 (58%).

Drivers and Constraints

More firms in Italy expect a deterioration rather than an improvement in the political regulatory climate, the economic climate, business prospects, and availability of internal finance in the next twelve months, although fewer firms are pessimistic about the political/regulatory climate than in EIBIS 2019 (-22% versus -33%).

The most common barrier to investment remains the uncertainty about the future and this is a growing concern among firms (96% up from 85% in EIBIS 2019).

Investment Finance

The overall pattern of sources and types of finance used remains in line with EIBIS 2019. Internal funds account for the highest share of investment finance (55%), which is below the EU average of 62%.

Nearly four fifths of firms in Italy (78%) reported making a profit in 2019, in line with EIBIS 2019 (81%) and the EU average (80%).

Access to Finance

Firms that use external finance were on balance satisfied with the finance received. Only five per cent of all firms could be considered financially constrained in 2019, which is in line with the average for the EU (6%).

Energy Efficiency

More than one-third (37%) of firms are investing in measures to improve energy efficiency, this is broadly similar to EIBIS 2019 (44%) but below the EU average (47%).

The average share of investment in measures to improve energy efficiency in Italy is at 8%, broadly similar to EIBIS (10%) and the EU average (12%).

Climate Change

More than three fifths (63%) of firms feel their business has been impacted by climate change and the related changes in weather patterns, including 23% who said it had a major impact. This is similar to the EU averages (58% and 23% respectively).

More firms in Italy are expecting a positive rather than negative impact on their business from the transition to a low-carbon economy– overall, more than a third said it would have a positive impact on their reputation (+38%), around one-fifth (+21%) on market demand and six per cent on the firms' supply chain over the next five years.

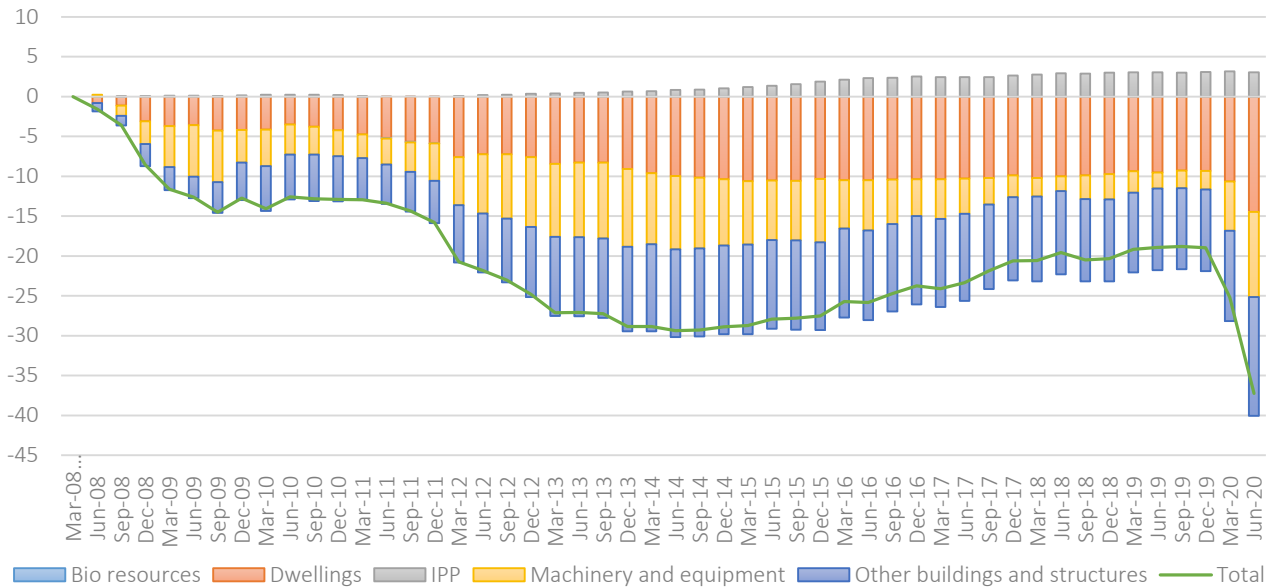
Sixty five percent of firms in Italy have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is in line with the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 22.6% below the pre-crisis 2019 level.

This negative pattern follows a period of subdued investment, with total capital formation in Q2 2020 37% below the investment levels observed at the beginning of 2008.



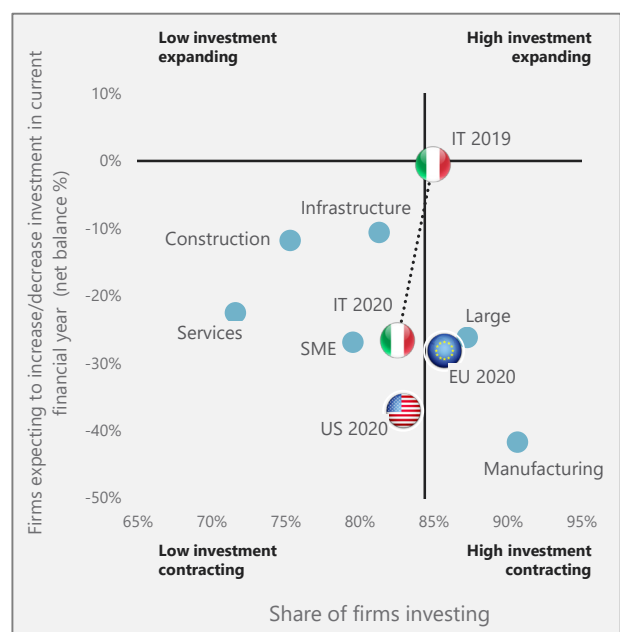
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

Italy has moved to the 'low investment contracting' quadrant on the investment cycle. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined.

On balance, fewer infrastructure (-11%) and construction (-12%) firms are reducing rather than increasing their investment in the current financial year than firms operating in services (-22%) and manufacturing (-42%).

Large firms and manufacturing firms continue to have a high share of firms investing.



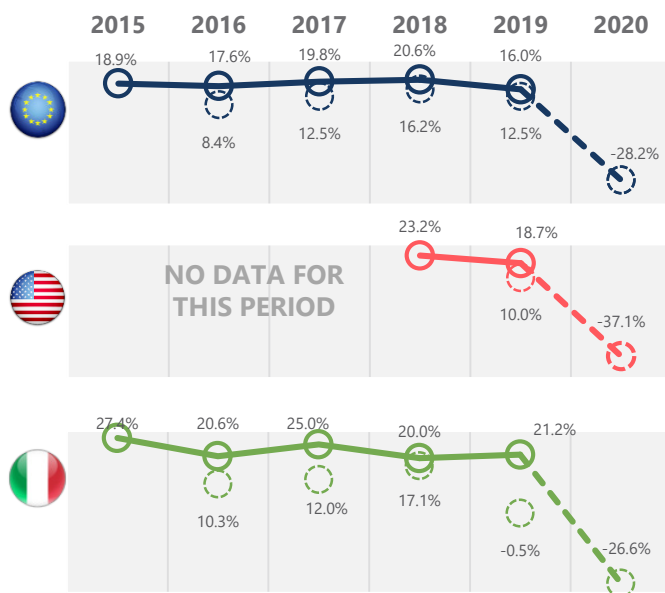
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

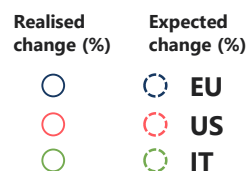
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



The net balance of firms reporting an increase rather than a reduction of their investment activities in 2019 was 21%, far above the negative expectations for the year anticipated in EIBIS 2019 (net of -0.5%).

However, the outlook for 2020 is much more negative (net of -27%) and in line with the EU average expectations (net of -28%).



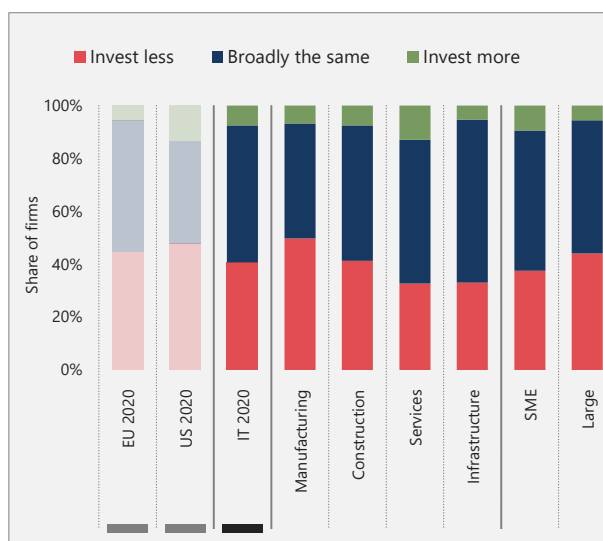
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020 with around two in five firms (41%) expecting to invest less than planned. This is in line with the EU average of 45%.

The manufacturing sector has been affected more than other sectors with half of the firms (50%) expecting to invest less due to COVID-19 (compared with 33% for both services and infrastructure and 41% for construction).



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)

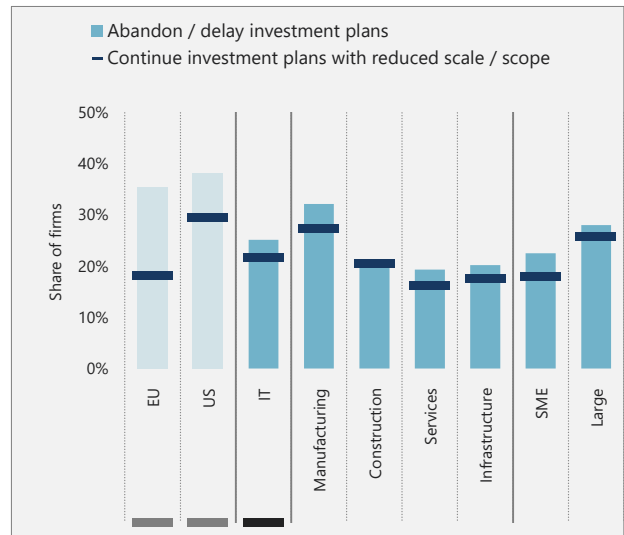
Investment Focus

ACTIONS AS A RESULT OF COVID-19

One-quarter (25%) 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, which is below the EU average (35%).

Around one-fifth (22%) of firms will continue with at least some of their investment plans with a reduced scale/scope, and this is in line with the EU average of 18%.

Manufacturing firms are more likely to abandon or delay their investment plans as a result of COVID-19 than services firms (32% versus 19%).

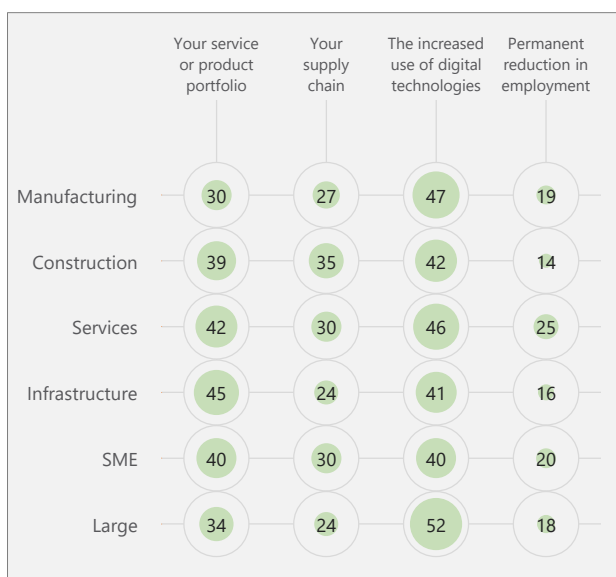


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

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



The most frequently cited long term impact of COVID-19 on firms in Italy is expected to be their increased use of digital technologies (45%). Large firms are more likely to cite digital technologies than SMEs (52% compared with 40%).

The second most commonly cited long term impact of COVID-19 is on firms' service and product portfolio (38%). Around two fifths of services and infrastructure firms (42% and 45% respectively) expect a change to their service or product portfolio compared with three in ten (30%) manufacturing firms.

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

Base: All firms

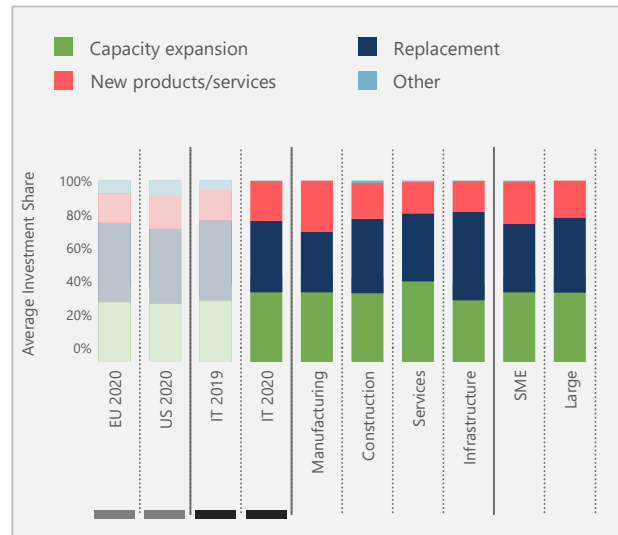
Investment Focus

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

The largest share of investment was still driven by the need to replace existing buildings, machinery, equipment and IT (43%). This finding is similar to EIBIS 2019 (48%) and is in line with the EU average (47%).

Firms in infrastructure were the most likely to report a higher share of investment in replacement (53%) while those in manufacturing are the least likely to do so (36%).

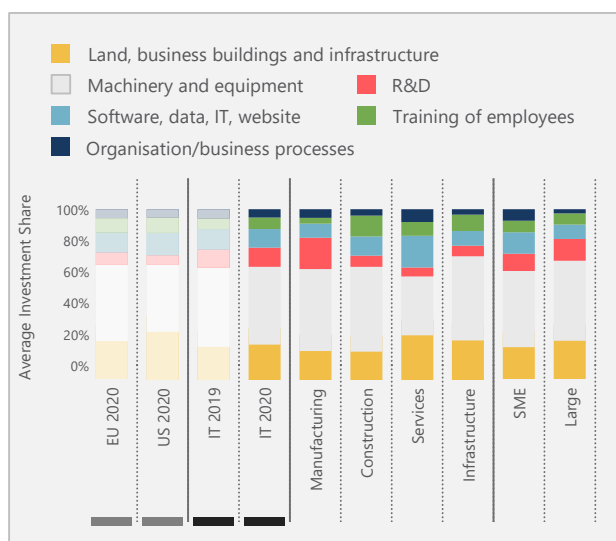
Conversely, manufacturing firms were more likely to report a higher share of investment for introducing new products, processes or services (31%) than firms in other sectors (ranging from 19% to 21%).



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



Of the six investment areas asked about, the highest share of investments in Italy remained in machinery and equipment (50%), which is the same as the EU average (49%).

Firms in the service sector tend to allocate a lower proportion of their investment to machinery and equipment compared with firms in other sectors (38% compared with a range of 52% to 55%). Instead service firms allocate more of their overall investment to software, data, IT and website (20%, compared to a range of 9% to 12% of firms investing from other sectors).

Firms in the manufacturing sector continue to report the highest share of investment in Research & Development (20%).

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)

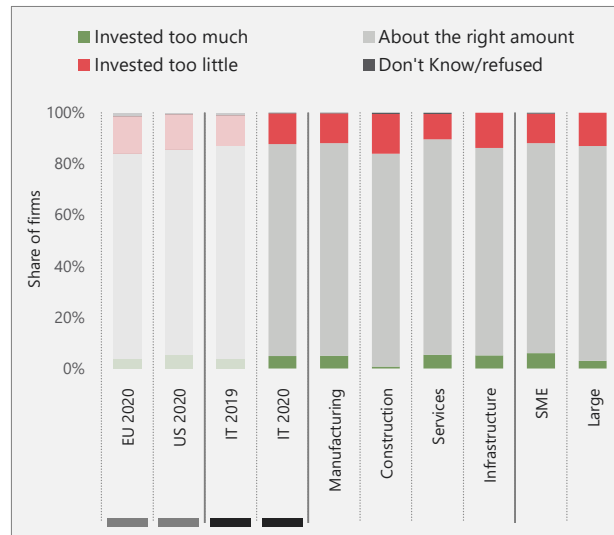
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

More than eight in ten firms still believe their investment over the last three years was about the right amount (83%). This is in line with EIBIS 2019 (83%) and the average for the EU (80%).

Less than one per cent of construction firms thought they had invested too much.

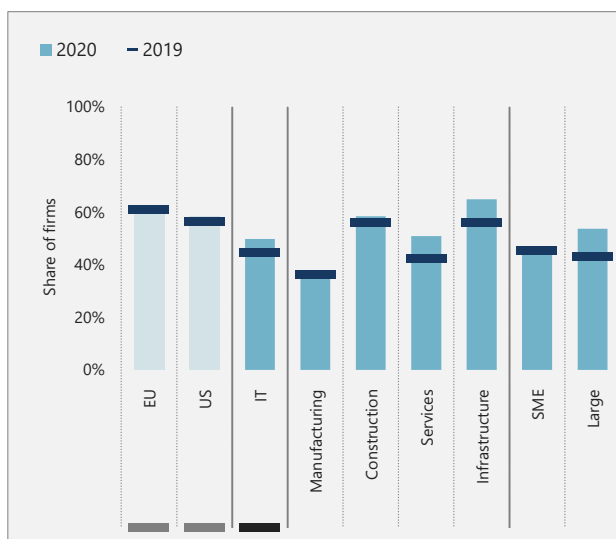
Overall, there were few differences in the perceived investment gaps across both sector and size of firm.



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)

Half of all firms in Italy were operating at or above full capacity over the last financial year, which remains below the EU average (61%).

Firms in the manufacturing sector were the least likely to be operating at or above full capacity (38%, compared with between 51% and 65% among firms in other sectors).

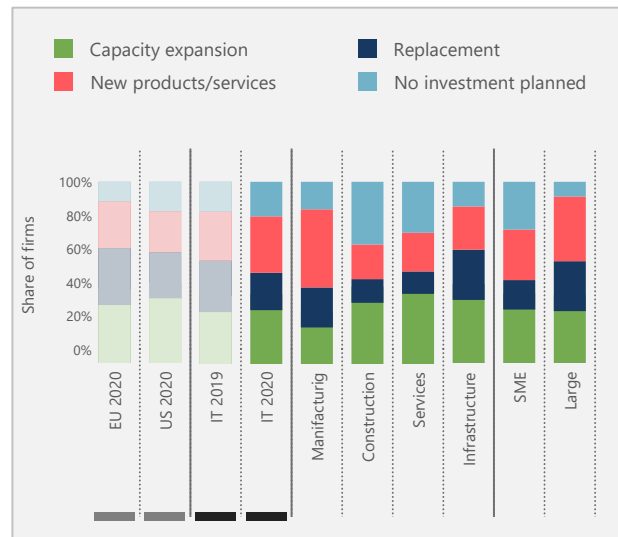
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, firms believe that investment in new products and services (34%) will have the highest priority, followed by the need to invest in capacity expansion (23%) and replacing building, machinery, equipment and IT (22%).

The share of firms prioritising replacement has declined since EIBIS 2019 (22% compared with 31%). However, infrastructure and large firms are more likely to prioritise replacement than firms in the services sector and SMEs.

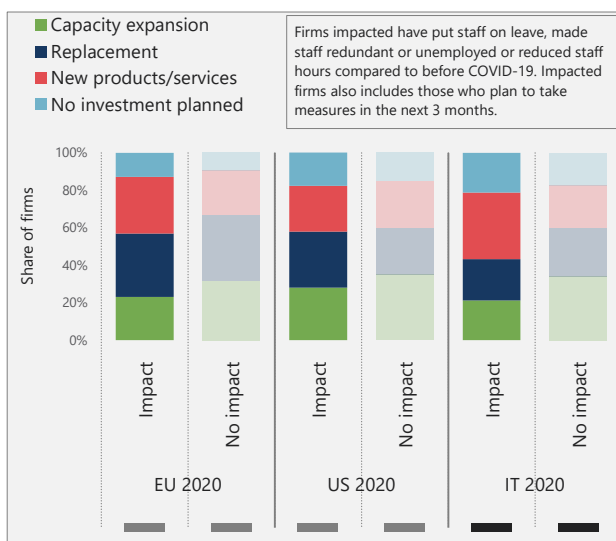
Around one-third (34%) of firms prioritise investment in new products and services. Firms in the manufacturing sector and large firms were the most likely to prioritise new products and services (47% and 39% respectively).



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)

The pattern of investment between Italian firms who were impacted by COVID-19 and firms who were not impacted is slightly different. Impacted firms are more likely to have been prioritising new products, processes or services than firms not experiencing any impact from COVID-19 (35% compared with 23%). Conversely, firms who had not been impacted are more likely to be prioritising capacity expansion (34% compared with 21%).

When compared to EU firms overall, Italian firms impacted by COVID-19 are more likely to invest in new products and services (35% compared with 30% EU average) and have no plans for investments (21% compared with 13% EU average).

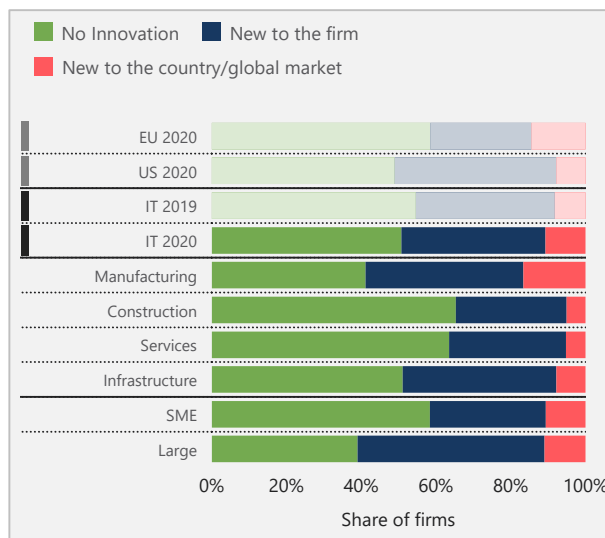
Innovation Activities

INNOVATION ACTIVITY

Around a half (49%) of firms have developed new products, processes or services as part of their investment activities. This includes 11% claiming the innovation is new to the country or the global market.

When compared to the EU, fewer Italian firms have developed an innovation that is new to the country or global market (11% versus 15% EU average) but overall a higher share of Italian firms have developed an innovation compared with across the EU overall (49% versus 42% EU average).

Overall large firms and manufacturing firms tend to be the most likely to have developed new products, processes or services (61% and 59% respectively).

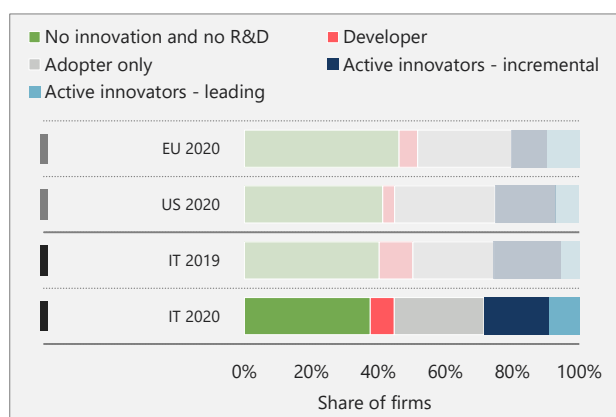


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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

INNOVATION PROFILE



When firms' innovation and research and development behaviour is profiled more widely, 29% of firms in Italy are classified as 'active innovators', and a further 7% of firms are 'developers'.

This breakdown is broadly in line with EIBIS 2019 (classifying 26% of firms as 'active innovators' plus 10% of firms as 'developers') and above the average for the EU (with 20% 'active innovators' plus 6% 'developers').

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

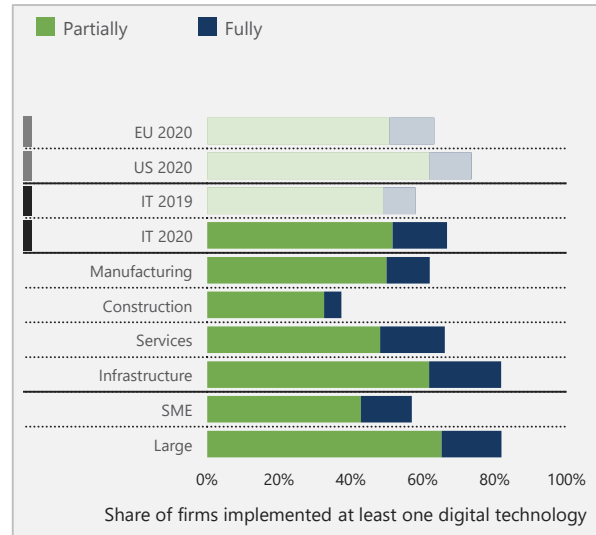
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Two thirds of firms in Italy (67%) have implemented, either fully or partially, the digital technologies they were asked about, this is higher than in EIBIS 2019 (58%).

Firms in the construction sector are the least likely to have implemented digital technologies, either fully or partially, within their business (37%) while those operating in infrastructure are the most likely to have done so (82%).

Large firms are also much more likely than SMEs to have implemented at least one digital technology (82% versus 57%).

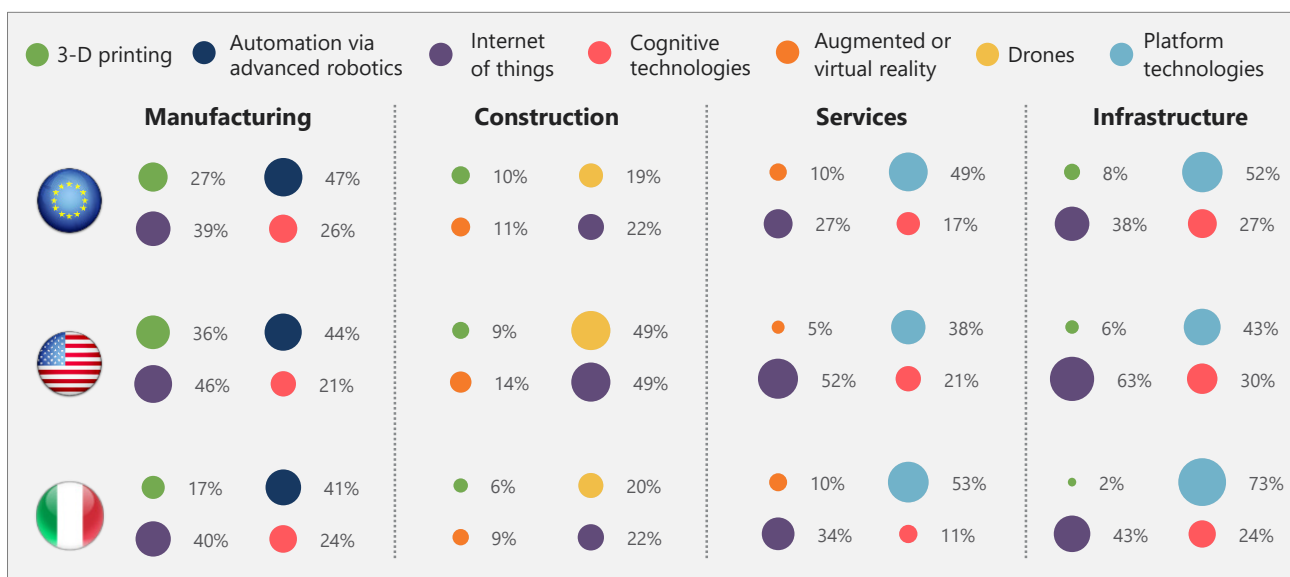
Implementation of platform technologies in Italy is relatively high in the infrastructure sector (73% versus 52% EU average), while implementation of 3-D printing lags behind the EU manufacturing average (17% versus 27% EU-wide).



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



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

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 organized around them?

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

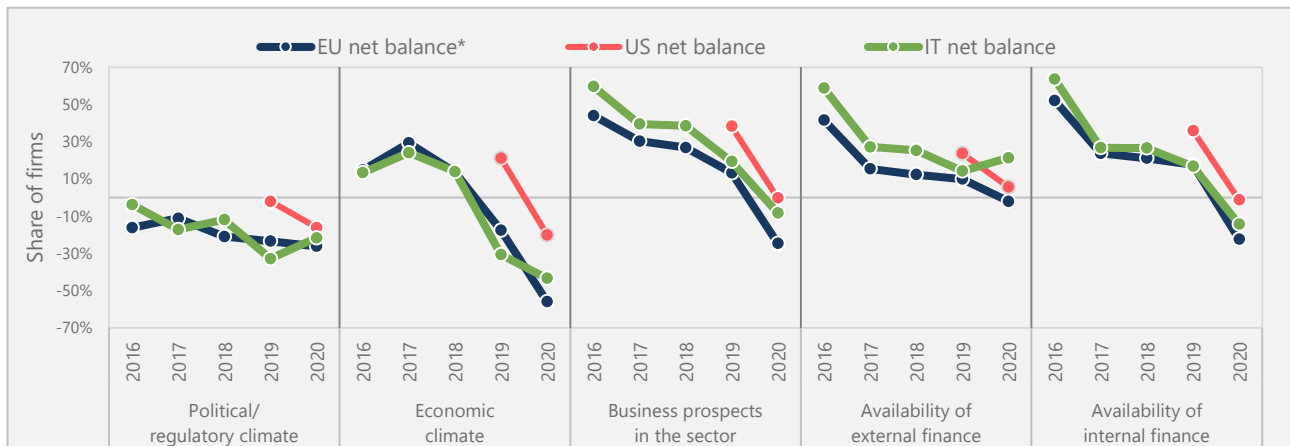
Drivers And Constraints

SHORT TERM FIRM OUTLOOK

More firms in Italy expect a deterioration rather than an improvement across four out of the five business outlook factors in the next twelve months. Firms are the most pessimistic about the economic climate (-43%, down from -31% EIBIS 2019). Conversely, fewer firms are pessimistic about the political/regulatory climate than in EIBIS 2019 (-

22% versus -33%).

Firms in Italy remain optimistic about the availability of external finance and the share of firms expecting an improvement rather than deterioration has increased since EIBIS 2019 (21% versus 14%).



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?

Base: All firms

Overall, SMEs are much more pessimistic than large firms about the political/regulatory climate, the economic climate, business prospects and the availability of internal financing of their businesses.

Firms in the construction and services sectors are more negative than positive about both the political and regulatory climate, as well as the economic climate, when compared with firms in the manufacturing and infrastructure sectors.

Overall, the net balance for firms in construction and infrastructure is more positive than negative about business prospects.

The perception for the external finance availability is also positive across all sectors and sizes of firms.

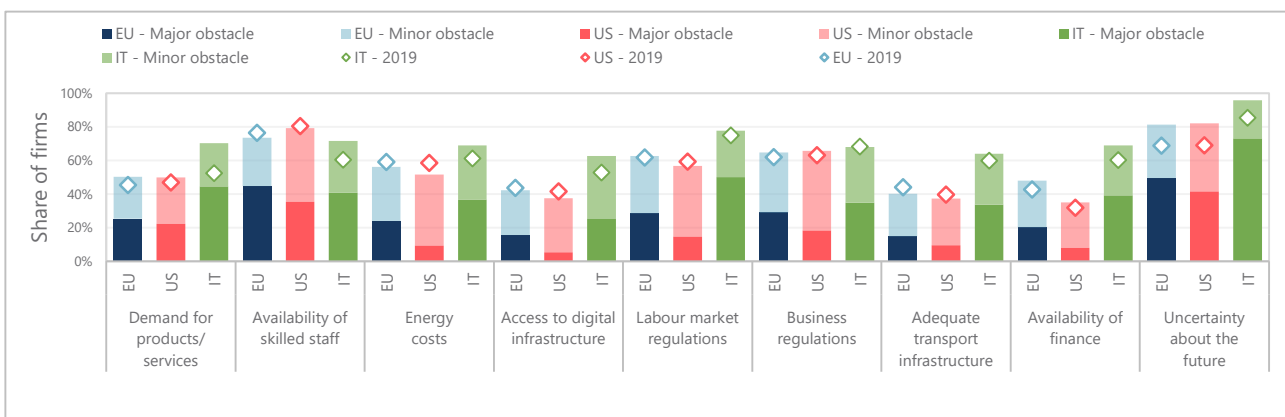
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

The most common barrier to investment remains the uncertainty about the future and this is a growing concern among firms (96% up from 85% in EIBIS 2019).

Labour market regulations remain the second most frequently cited barrier to investment (78%) with similar shares to those recorded in EIBIS 2019 (75%).

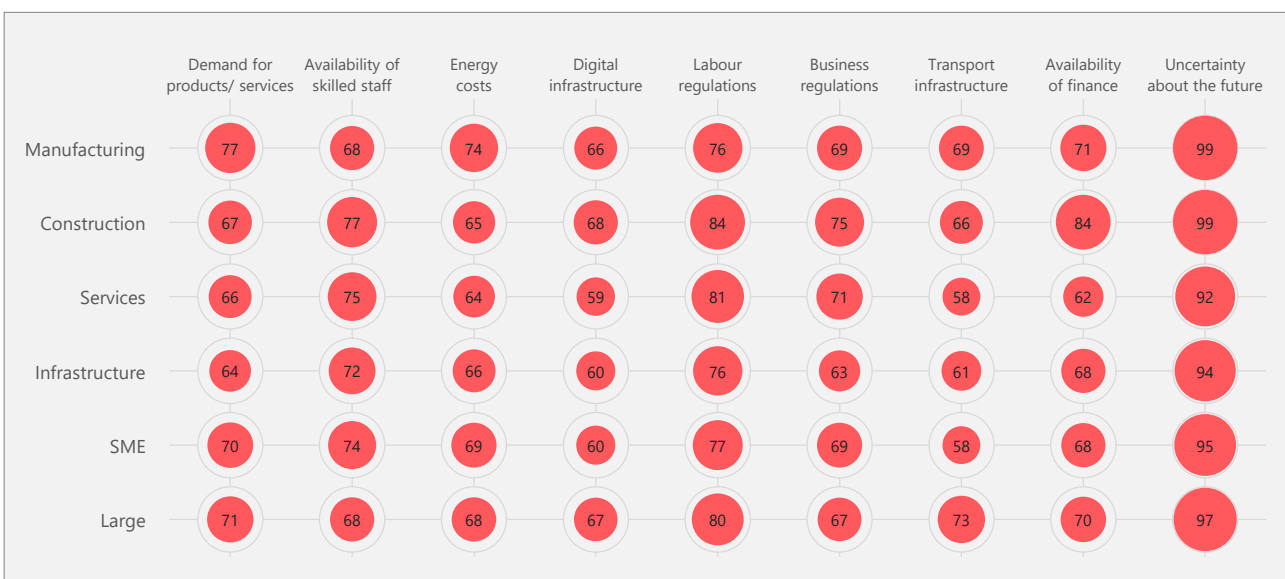
Overall there has been an increase in the share of firms citing a number of barriers since EIBIS 2019: demand for product or service (70% compared with 52%), energy cost (69% compared with 61%), access to digital infrastructure (63% compared with 53%), availability of finance (69% compared with 60%).



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

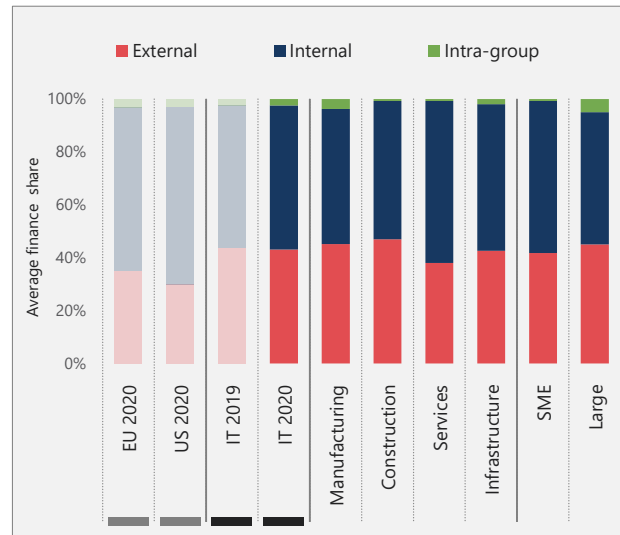
Investment Finance

SOURCE OF INVESTMENT FINANCE

More than half of the investment activity is financed by internal sources (55%). This is broadly in line with EIBIS 2019 (54%) and remains below the EU average (62%).

Conversely, external finance makes up more than two fifths (43%) of the investment finance, which is broadly similar to EIBIS 2019 (44%) and the EU average (35%).

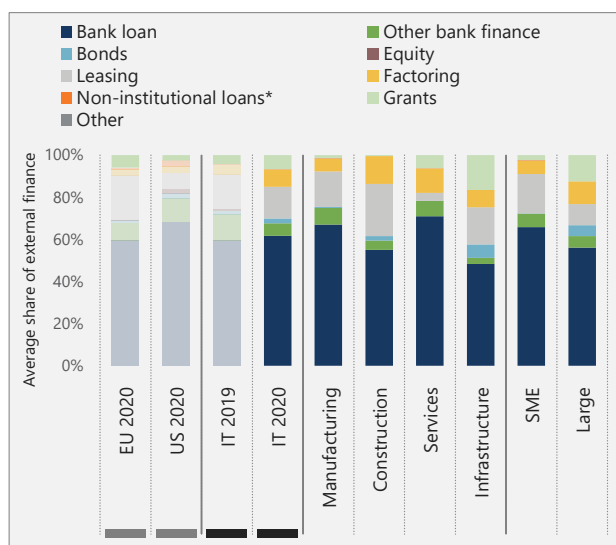
The pattern of finance share is broadly similar across sector and size of firm.



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 continue to account for the highest share of external financing (62%). This is in line with the reported share in EIBIS 2019 and the EU average (both 59%).

Leasing and hire purchases continue to make up the second highest share of external finance in the country (15%).

Firms in the service sector report the highest share of external finance coming from bank loans (71%) while those in construction report the lowest (55%).

Large firms report a higher share of external finance from grants compared with SMEs (13% versus 2%).

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

*Loans from family, friends or business partners

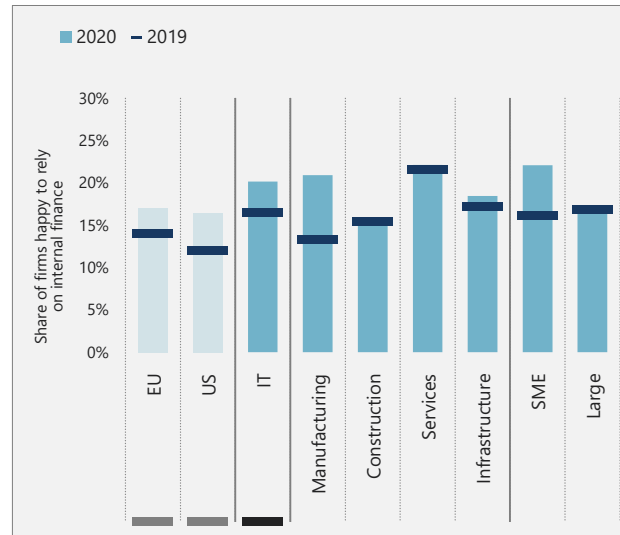
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Investment Finance

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

One-fifth of firms report the main reason for not applying for external finance is because they are happy to use internal funds or do not have a need for it (20%). This is broadly in line with EIBIS 2019 (16%) and the EU average (17%).

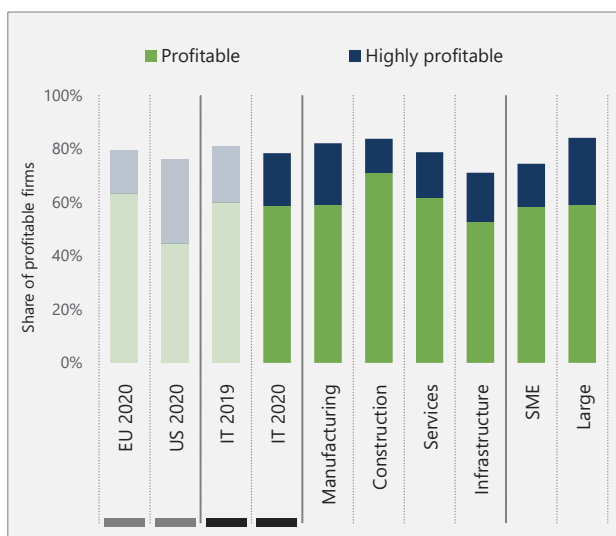
One-fifth of manufacturing and SME firms (21% and 22% respectively) were happy to rely exclusively on internal sources to finance investment and for both groups this has increased since EIBIS 2019 (13% and 16% respectively).



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



Nearly four fifths of firms in Italy (78%) report making a profit, in line with EIBIS 2019 (81%) and the EU average (80%).

Specifically, one-fifth (20%) of firms claim to have been highly profitable in the last financial year, with profits of 10% or more. Again, this is broadly similar to EIBIS 2019 (21%) and higher than the EU average (16%).

Large firms are more likely to be making a profit than SMEs (84% versus 74%).

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

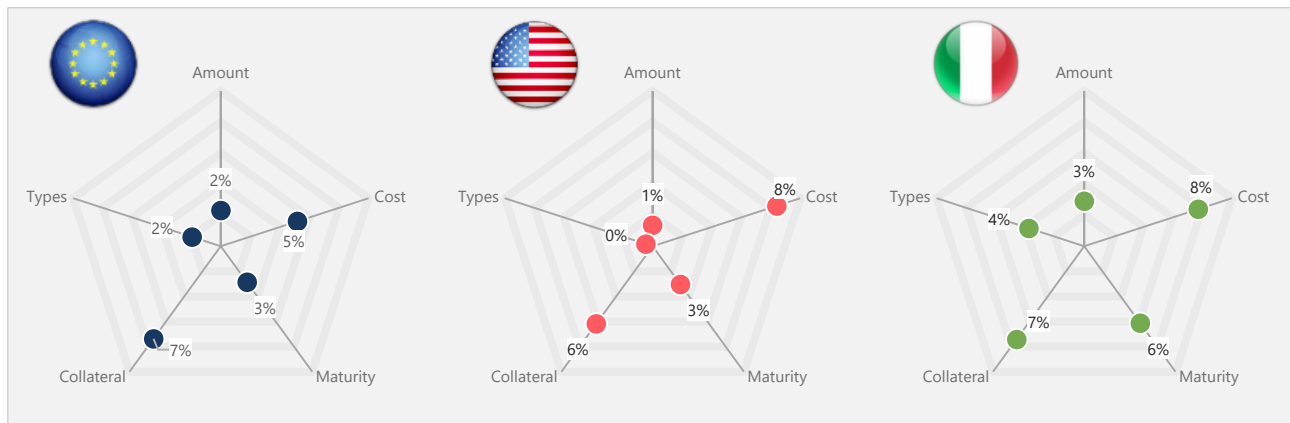
DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

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

remains with the cost of finance (8%) followed by the collateral requirements (7%) and maturity (6%).

The highest proportion of dissatisfaction in Italy

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 (%)



Whilst overall dissatisfaction levels are low, SMEs display higher levels of dissatisfaction than large firms for collateral requirements imposed on external financing (11% compared to 3%).

Overall, firms operating in the manufacturing sector are relatively less dissatisfied than those in other sectors.

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

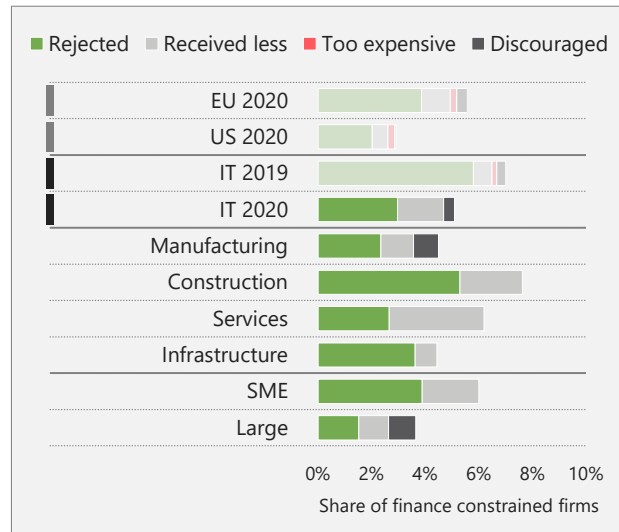
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

In 2019 only five per cent of all firms could be considered as financially constrained, in line with the average for the EU (6%).

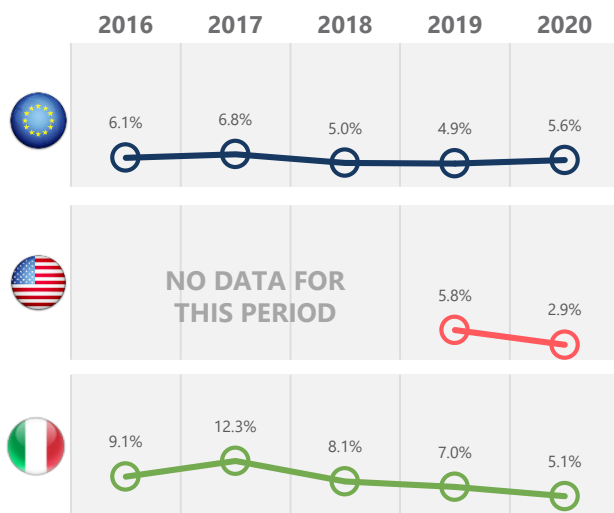
The main reasons highlighted by financially constrained firms in Italy was rejection (3% saying they have sought external finance but did not receive it) and dissatisfaction with the amount of financing obtained (2% saying they have received less).



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 a slight and gradual decline in the share of financially constrained firms since EIBIS 2017 (from 12% to 5% in EIBIS 2020). In the latest reading, the proportion of constrained firms is on average in line with the EU share (6%).

Base: All firms

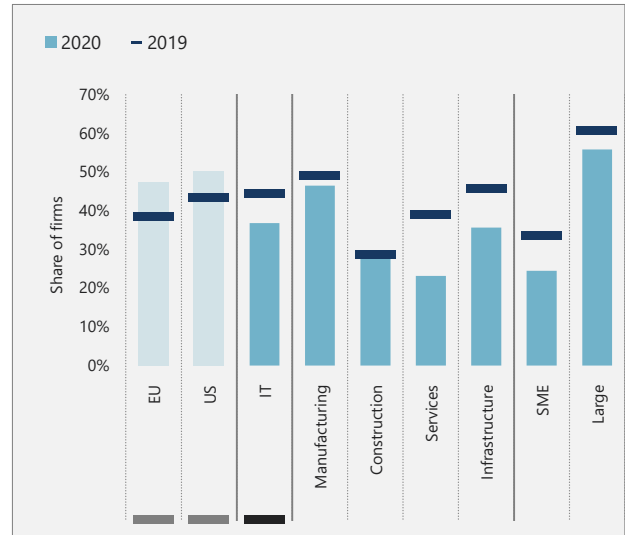
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than one-third (37%) of firms are investing in measures to improve energy efficiency, this is broadly similar to EIBIS 2019 (44%) but well below the EU average (47%).

The share of service sector firms investing in measures to improve energy efficiency has declined since EIBIS 2019 (23% down from 39% in EIBIS 2019) and this sector now has the smallest share of firms investing in measures to improve energy efficiency.

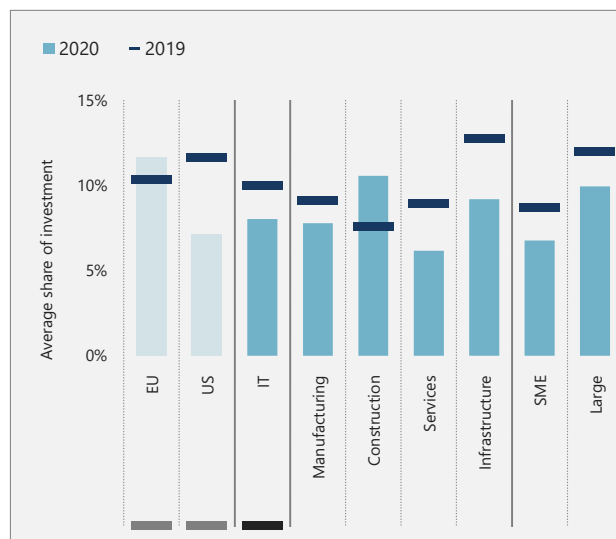
SMEs continue to have a much smaller share of firms investing in measures to improve energy efficiency than large firms (24% compared to 56% respectively).



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 investment in measures to improve energy efficiency in Italy is at 8%, broadly similar to EIBIS (10%) and the EU average (12%).

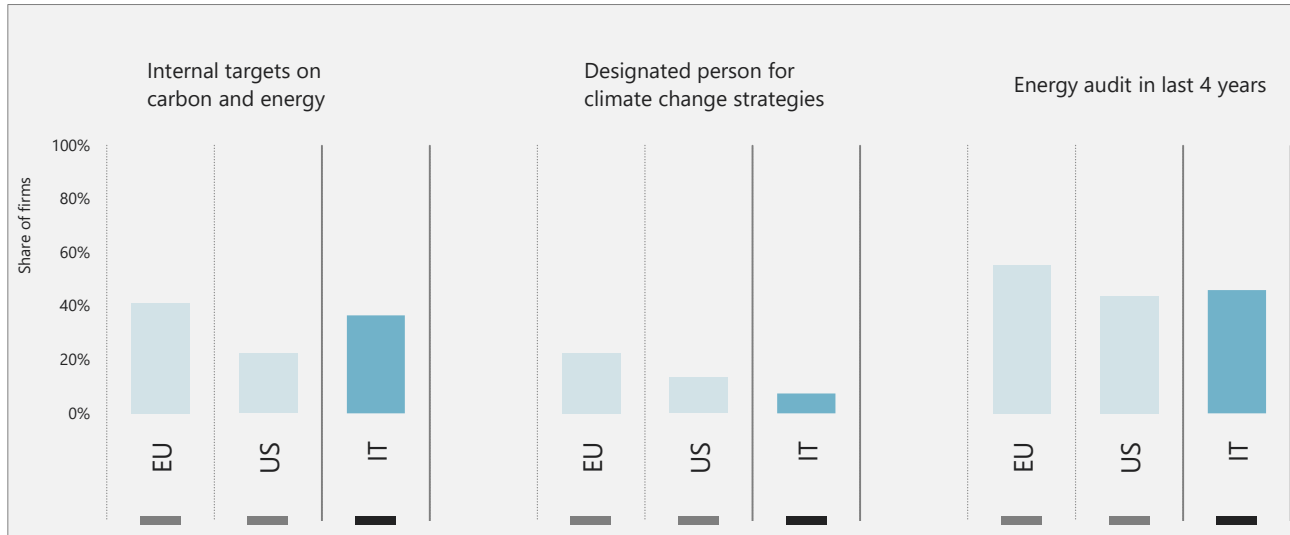
The average share of investment across all sectors and sizes is broadly similar. There have been no significant changes in the share of investment since EIBIS 2019,

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 Italy are less likely than EU firms to have set internal targets on carbon and energy (37% versus 41%) and to have had an energy audit in the past four years (46% versus 55%). They are also less likely to have a designated person to develop their climate change strategies (7% versus 23%).

Large firms are nearly twice as likely as SMEs to have set targets on carbon and energy (26% compared with 53%), to have had an energy audit in the past 4 years (35% compared with 63%) and to have a designated person for climate change (12% compared with 4%).

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

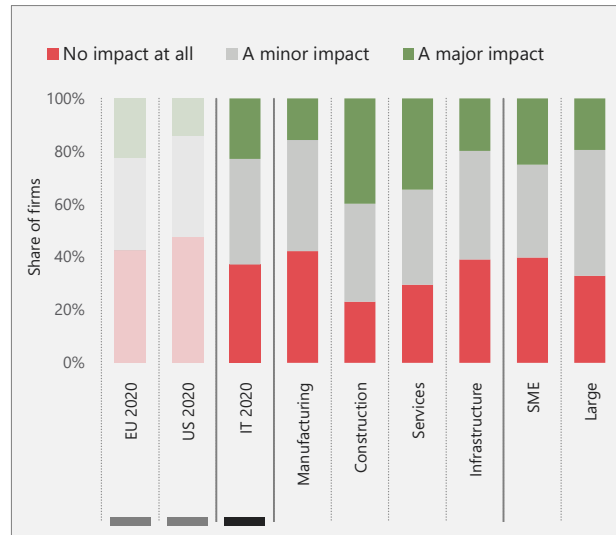
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

More than three fifths (63%) of firms feel their business has been impacted by climate change and the related changes in weather patterns, including 23% who said it had a major impact. This is similar to the EU average (58% and 23% respectively).

Firms operating in construction (40%) and service (34%) sectors are much more likely to have been impacted in a major way than firms in infrastructure (20%) and manufacturing (16%).



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

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 Italy are expecting a positive rather than negative impact on their business from the transition to a low-carbon economy— overall, more than a third said it would have a positive impact on their reputation (+38%), around one-fifth (+21%) on market demand and six per cent on the firms' supply chain over the next five years.

Construction sector firms are the most likely to say it will have a positive impact on market demand (+36%) compared with other sectors (ranging from +18% to +23%). Whilst infrastructure firms are more likely to think that it will have a positive impact on their supply chain than infrastructure and manufacturing firms (+15% compared with +3% and +1% respectively).

SMEs are less likely than large firms to think that it will have positive impact on their reputation (+32% compared with +47% respectively).

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

Climate Change

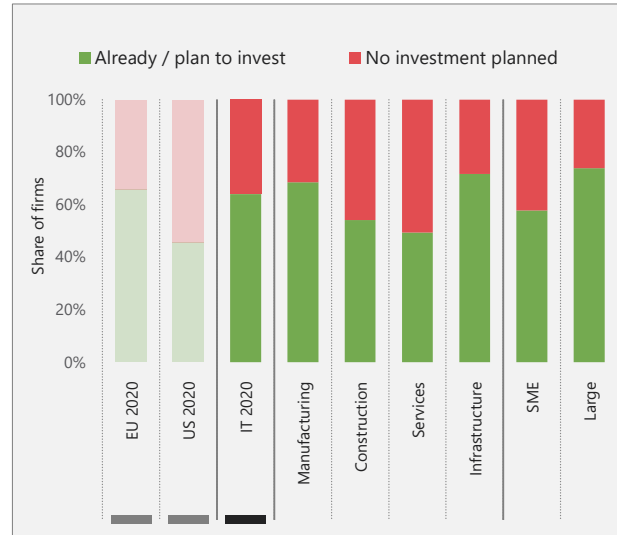
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Sixty five per cent of firms in Italy 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 in line with the EU average (67%).

Construction and services sector firms (54% and 50% respectively) are less likely than manufacturing and infrastructure firms (70% and 72% respectively) to have invested or plan to invest.

Large firms are more likely to have invested or plan to invest than SMEs (74% compared to 59%).

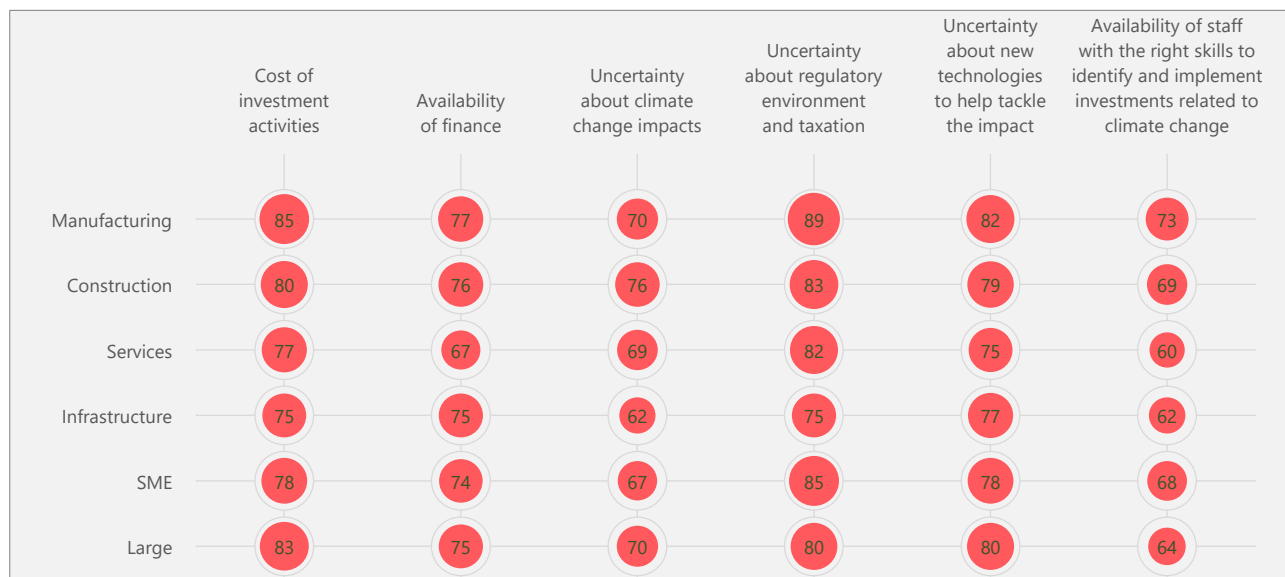
Fewer firms in the services and infrastructure sectors cite uncertainty about climate change impacts and availability of staff with the right skills as barriers to investing in activities to tackle climate change.



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?

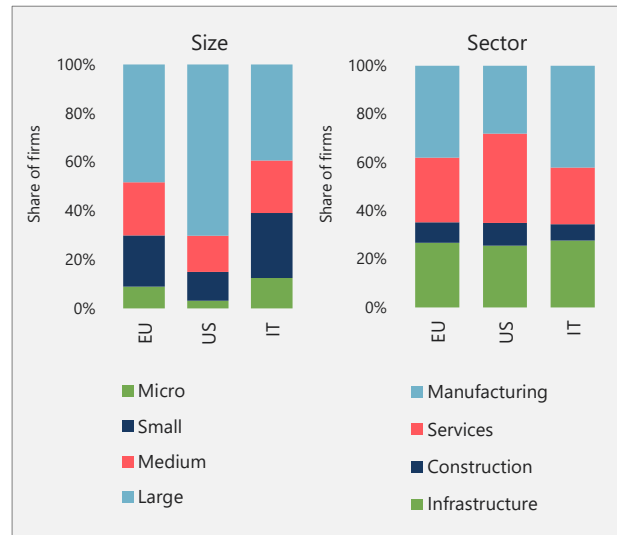
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees account for the greatest share of value-added (39%) in Italy. This is below the EU average (48%). Micro and small firms with 5-49 employees contribute 39% of value-added in Italy, compared to 30% across the EU overall.

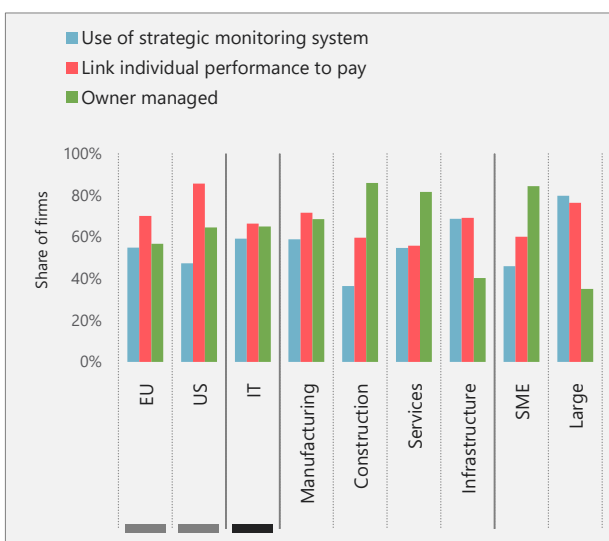
By sector, firms in manufacturing contribute with highest share of value-added (42%). However, all sectors contribute with a similar value added as firms across the EU.



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



More than two thirds (66%) of firms in Italy report linking individual performance to pay, in line with the EU average (70%). Similarly, the share of firms that report the use of a strategic business monitoring system (59%) is also in line with the EU average (55%).

Around two thirds of firms (65%) are owner managed which is higher than the EU average (57%).

Large firms are more likely to use a strategic monitoring system than SMEs (80% compared with 46%), as well as to link individual performance to pay (76% compared with 60% for SMEs).

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 Italy, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	IT	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs IT	Manuf vs Constr	SME vs Large
	(11971)	(800)	(601)	(207)	(130)	(157)	(97)	(497)	(104)	(11971 vs 601)	(130 vs 207)	(497 vs 104)
10% or 90%	1.1%	3.5%	2.5%	3.8%	4.6%	4.3%	5.6%	2.4%	5.0%	2.7%	5.9%	5.6%
30% or 70%	1.7%	5.3%	3.8%	5.8%	7.0%	6.6%	8.5%	3.7%	7.7%	4.1%	9.1%	8.5%
50%	1.9%	5.8%	4.1%	6.3%	7.7%	7.2%	9.3%	4.0%	8.4%	4.5%	9.9%	9.3%

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 Italy (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	IT 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	601/600	207	130	157	97	497	104
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	599/590	206	130	156	97	495	104
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	426/NA	152	90	97	81	331	95
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	525/539	186	111	127	93	426	99
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	499/509	180	106	120	85	406	93
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	601/600	207	130	157	97	497	104
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	599/599	205	130	157	97	495	104
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	595/0	203	130	157	95	493	102
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	599/597	207	130	155	97	495	104
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	495/501	179	105	118	85	403	92
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	600/594	207	130	157	97	496	104
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	475/504	170	105	113	79	389	86
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	311/325	116	72	67	50	251	60
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	535/563	190	112	134	89	436	99
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	301/309	113	69	65	48	245	56
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	601/NA	207	130	157	97	497	104
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	593/NA	204	128	154	97	492	101
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	598/586	206	129	156	97	495	103



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Italy

Overview

EIB INVESTMENT SURVEY

