



Luxembourg

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Luxembourg

EIB Group survey on investment and investment finance 2020.

Country overview: Luxembourg

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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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EIBIS 2020 – Luxembourg

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 23.5% below the pre-crisis 2019 level. EIBIS 2020 data shows that, while in 2019 more firms increased rather than reduced investment, the investment outlook for 2020 is negative. A third of firms (33%) expect to invest less and only 15% expect to invest more in the current financial year due to COVID-19. Still, the share of firms expecting to invest more is higher than the EU average (6%).

Investment Focus

As a result of COVID-19, around one-quarter (26%) of firms with investment plans for the current financial year report abandoning or delaying at least some of their investment plans, similar to the EU average (35%). While one in seven (15%) firms report continuing at least some of their investment plans with reduced scale or scope.

Nearly half of the firms (45%) in Luxembourg expect the increased use of digital technologies to be a long term impact of COVID-19. About a third of them expect an impact on their supply chain (31%), their service or product portfolio (30%), or a permanent reduction in employment (29%).

Investment Needs and Priorities

Nine in ten firms say they invested about the right amount over the last three years (88%), higher than the EU average (80%).

The share of firms operating at or above maximum capacity was 56% in 2019 and remained similar to EIBIS 2019. Looking ahead to the next three years, most firms (32%) report replacing existing buildings and equipment as investment priority. Only a small share of firms (15%) report having no investment planned.

Innovation Activities

Almost half of all firms (47%) developed or introduced new products, processes or services as part of their investment activities, which includes 12% of all firms claiming to have undertaken innovation that is new to the country or world.

Two-thirds of firms (65%) use digital technologies. One quarter (24%) have organised their entire business around digital technologies, higher than in EIBIS 2019 (6%) and higher than the EU overall (12%).

Drivers and Constraints

Firms are on balance pessimistic, mostly about the economic climate and less so about the availability of

external finance, in line with the overall EU trend.

The most cited long-term barriers to investment (both 75%) are availability of skilled staff and uncertainty about the future which increased compared to EIBIS2019 (43%).

Investment Finance

External funds accounted for 40% of investment finance, in line with EIBIS 2019, and the EU average of 35%. In Luxembourg, bank loans (44%) were used less than the EU average (59%), while leasing or hire purchase (43%) accounted for a larger share than in the EU (21%).

Among all firms, only 21% say they were happy to rely exclusively on internal sources to finance investment, in line with the EU average (17%).

Over eight in ten firms (84%) report having made a profit in the last financial year.

Access to Finance

Firms that used external finance in 2019 are on balance satisfied with the finance received. Firms are mostly dissatisfied with collateral requirements (6%). Only 4% of all firms in Luxembourg could be considered finance constrained in 2019, in line with the EU average (6%).

Energy Efficiency

Over half of firms (54%) were investing in measures to improve energy efficiency, a significantly higher share than in EIBIS 2019 (38%). Firms used 16% of their total investment for this purpose in the last financial year on average, in line with EIBIS 2019 and the EU average (both 12%).

Climate Change

Over half of firms (53%) say that climate change currently has an impact on their business, including 9% that say it is a major impact, which is well below the EU average (23%).

On balance, firms report that the transition to a reduction of carbon emissions will have a positive rather than a negative impact on market demand and their reputation (net +10% and +29%, respectively), but a negative impact on their supply chain (net -22%) over the next five years.

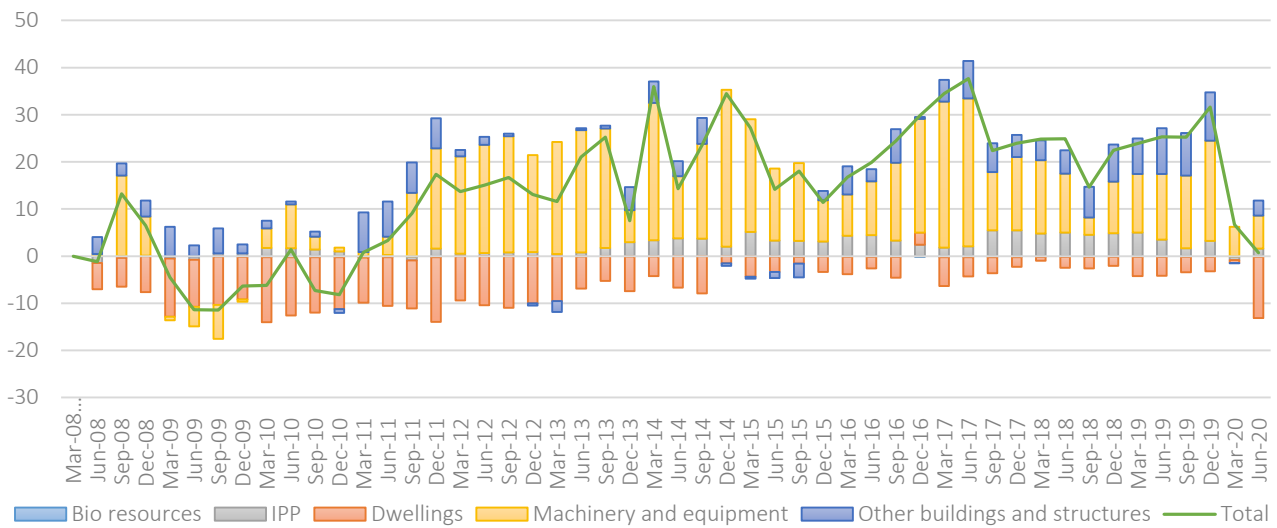
Two-thirds of firms (67%) report already investing or planning to invest to tackle the impact of climate change, in line with the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is -23.5% below the pre-crisis 2019 level.

These negative dynamics bring investments levels below the average investment levels in 2008, when the global financial crisis hit.



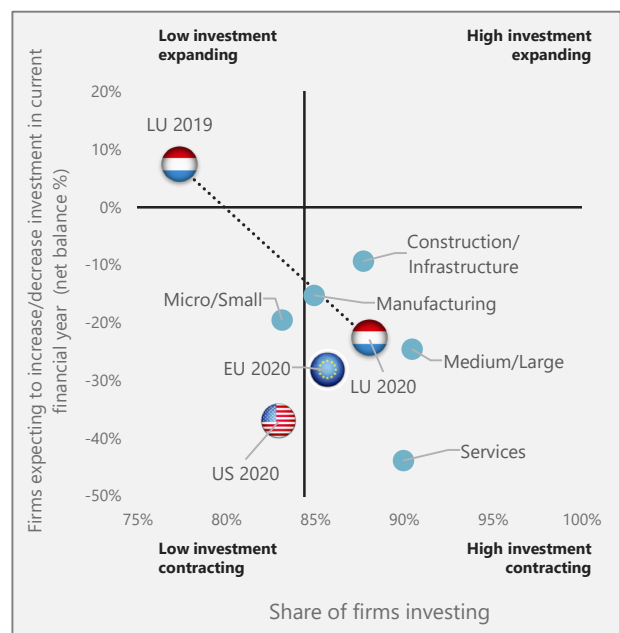
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

The firms' investment activity places Luxembourg in the 'high investment contracting' quadrant on the investment cycle. Luxembourg in EIBIS 2019 was inside the 'low investment expanding' quadrant.

For the current financial year, on balance, firms across all four sectors and size classes (SMEs and large firms) are more likely to plan a decrease than an expansion in investment. The net balance is greatest among service firms, while lowest for construction and infrastructure firms.

Services firms have a high share of firms investing, while micro/small firms have the lowest share.



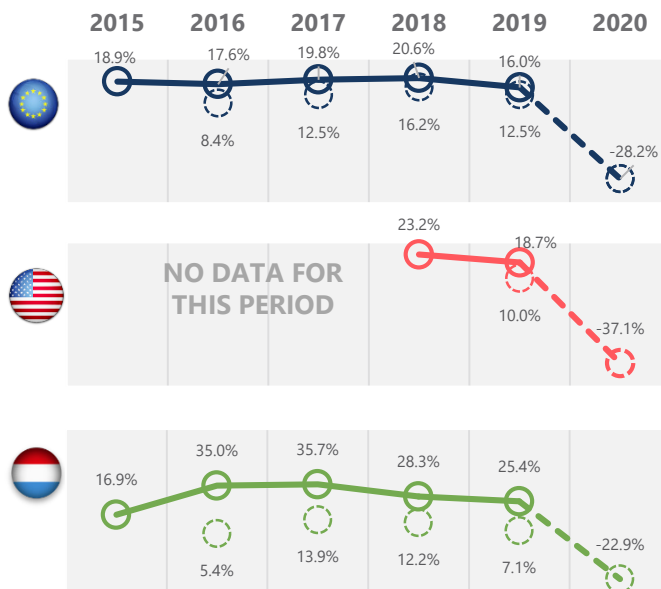
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

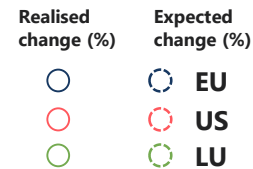
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



More firms in Luxembourg increased rather than decreased their investment activities in 2019 (25%), this is higher than firms' expectations during EIBIS 2019 (7%) and higher than the EU average (16%).

The investment outlook in Luxembourg for 2020 is rather negative (-23%). However, this negative prospect does not differ from EU-wide (-28%) expectations.



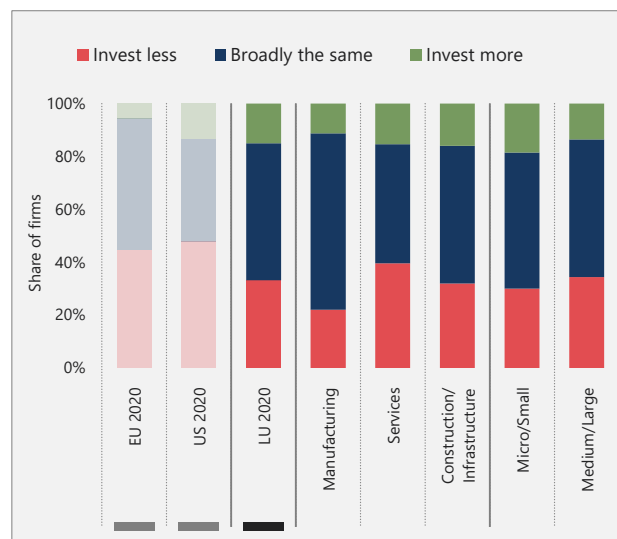
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

As a result of COVID-19, nearly half of the firms expect to change their overall investment expectations for 2020: a third (33%) expect to invest less and 15% expect to invest more. The share of firms expecting to invest more is higher than the EU average (6%).

The manufacturing sector has the lowest share of firms expecting to invest less, while there is a broadly similar pattern across sectors and sizes of firms.



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

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

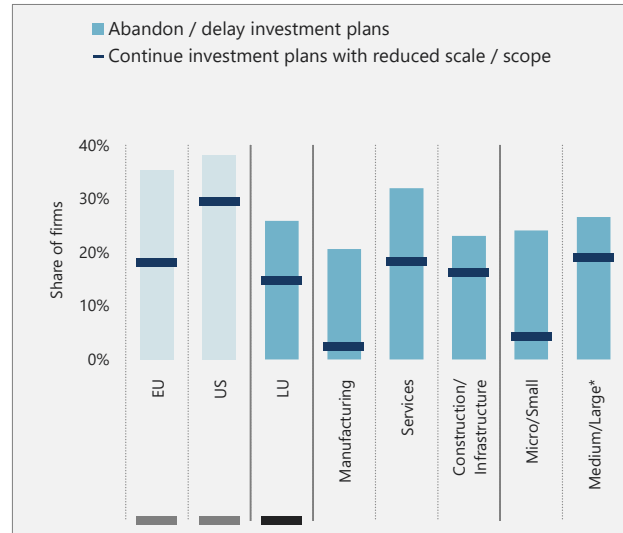
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around one-quarter (26%) of firms in Luxembourg, with investment plans for the current financial year, report that they will abandon or delay at least some of their investment plans as a result of COVID-19, similar to the EU average (35%).

About one in seven (15%) firms report that they will continue with at least some of their investment plans, but with reduced scale or scope, similar to the EU average (18%).

Micro and small firms are more likely than medium and large firms to report they will continue with their investment plans, but with a reduced scale or scope (4% versus 19%).

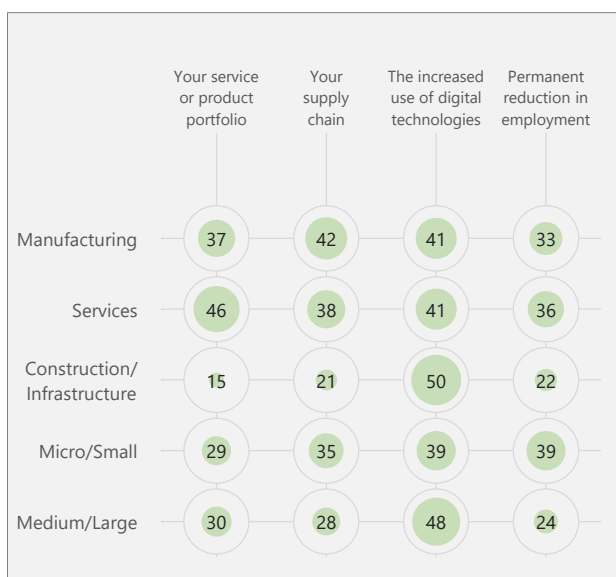


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

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) Effective bases for sector are less than 30 – no significance testing applied

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



Generally, the most frequently cited long term impact of COVID-19 on firms in Luxembourg is the increased use of digital technologies (45%). This is followed by an impact on their supply chain (31%), their service or product portfolio (30%), or a permanent reduction in employment (29%).

When looking at sectors, the construction and infrastructure sectors were the least likely to think that COVID-19 would have a long term impact on either their service or product portfolio or supply chain.

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

Base: All firms

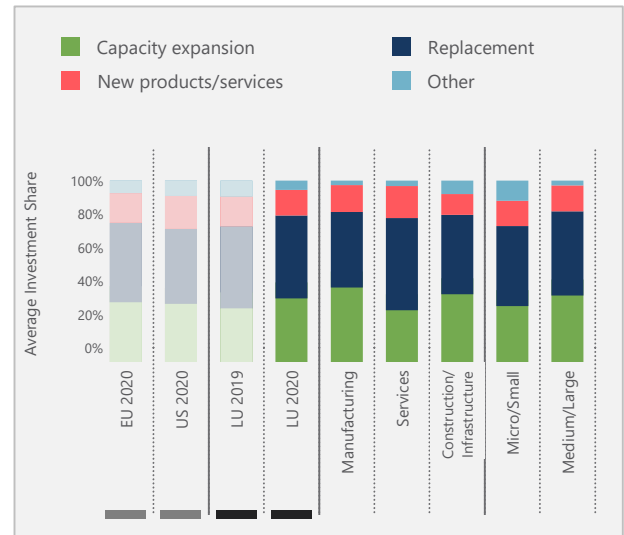
Investment Focus

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

The main purpose of investment in the last financial year was driven by the need to replace existing building, machinery, equipment and IT (with an average share of 50% of investment allocated to capacity replacement). This is in line with Luxembourg in EIBIS 2019 (49%) and the EU average (47%).

Service firms report the lowest share of investment in capacity expansion (22%), while construction and infrastructure firms allocated the lowest share to new products or services (12%).

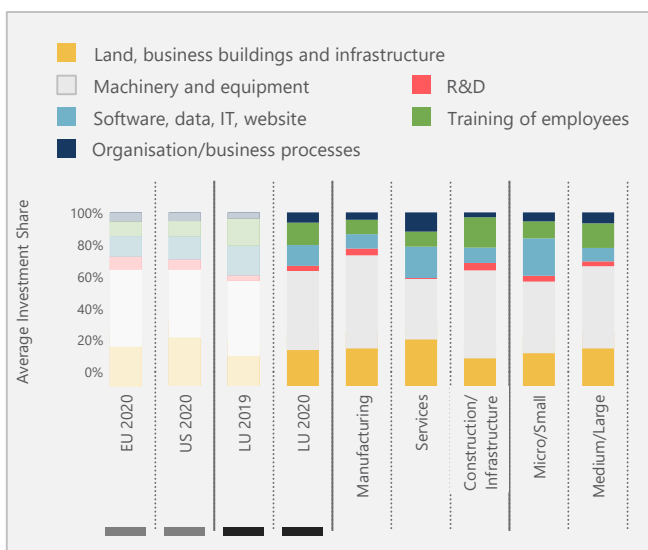
Micro and small firms were more likely to invest for other purposes than medium and large firms (12% and 3%, respectively).



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



Out of the six investment areas considered, the highest share of investment in Luxembourg was in machinery and equipment (50%), followed by land, business buildings and infrastructure (14%) and software, data, IT and website activities (13%).

Firms in the services sector allocated a lower share of investment to machinery and equipment (38%), but a higher share towards organisation and business process improvements (12%).

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)

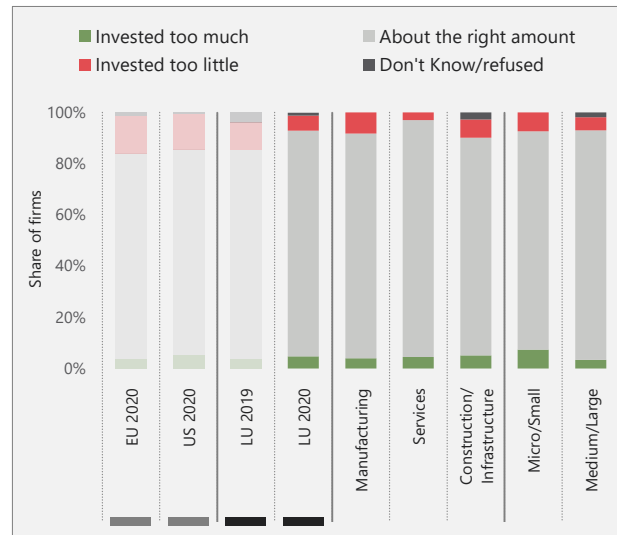
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Almost nine in ten firms believe their investment over the last three years was about the right amount (88%), in line with EIBIS 2019 for Luxembourg (82%) but higher than the EU average (80%)

Only six per cent report having invested too little, while five percent report having invested too much.

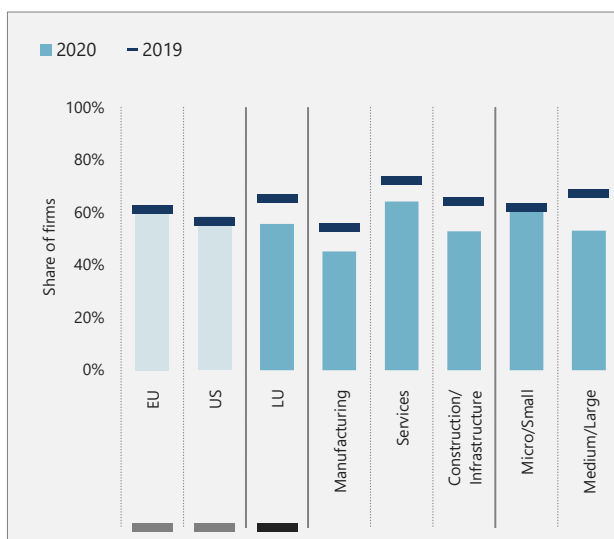
The perceived investment gap is broadly similar across all sectors and sizes of firms.



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

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

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



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

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

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

More than half of firms (56%) were operating at or above full capacity in 2019. This is in line with results from EIBIS 2019 (65%) or the EU average (61%).

The share of firms at or above full capacity is broadly similar across all sectors and sizes of firms.

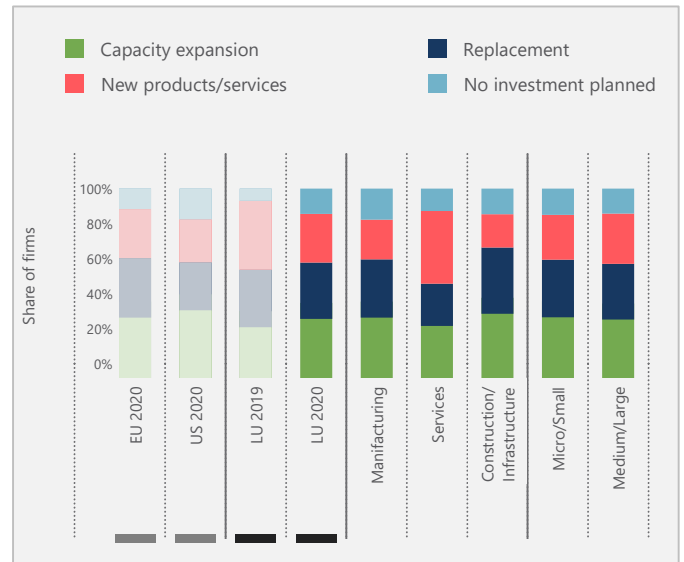
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing capacity is the most cited investment priority by firms in Luxembourg (32%), followed by developing new products or services (28%) and capacity expansion (26%). Only 15% report having no investment planned.

The distribution of priorities is broadly in line with EIBIS 2019 for Luxembourg and the EU average in 2020.

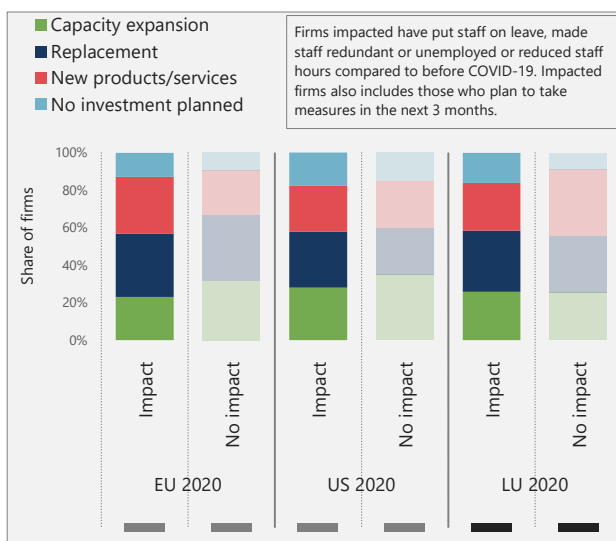
Developing new products or services is more likely to be reported as investment priority by firms in the service sector (42%) than firms in the construction and infrastructure sector (19%).



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



For firms impacted by COVID-19, replacing capacity is the most cited investment priority (33%), followed by capacity expansion (26%) and developing new products or services (25%). No investment was planned by 16% of firms on average.

For firms not impacted by COVID-19, the most cited investment priority is developing new products or services (35%), followed by replacing capacity (30%) and capacity expansion (25%). One in ten (9%) report having no investment planned.

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)

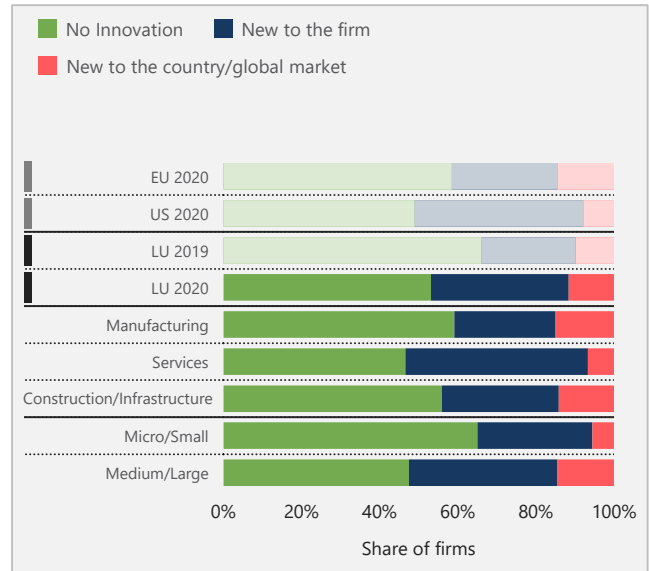
Innovation Activities

INNOVATION ACTIVITY

Almost half of firms (47%) have invested to develop or introduce new products, processes or services. This includes 12% of firms reporting innovations that were new to the country or the global market. This is not significantly different from EIBIS 2019 or the EU average.

Service firms are most likely to innovate (53%) in general, while manufacturing and construction/infrastructure firms are the most likely to report that they invested in developing products or services that are new either domestically or on the global market (15% and 14%, respectively).

Large and medium sized firms are more likely to report innovation activity (52%) than small and micro firms (35%).

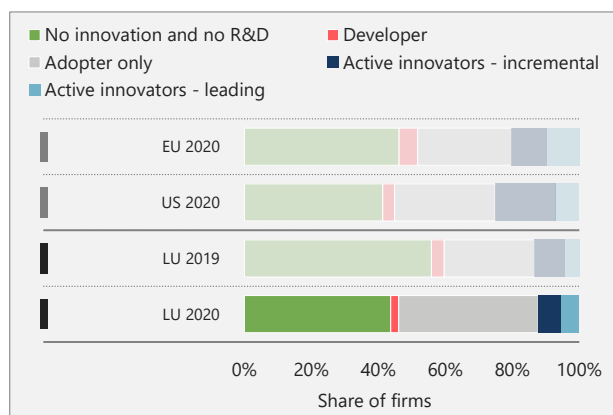


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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

INNOVATION PROFILE



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)

When firms' innovation and research and development behaviour is profiled more widely, 12% of firms in Luxembourg are classified as 'active innovators' (i.e. firms that invested in R&D). Only a very small share of firms developed new products or services.

The proportion of 'adopters' is higher than the EU average (42% and 28%, respectively), Otherwise, the innovation profile is not significantly different from EIBIS 2019 and the EU average.

The 'No innovation/Adopter only' group comprises firms that did not introduce any new products, processes or services in the last financial year (no innovation) or did so but without any own research and development effort (adopter). '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'.

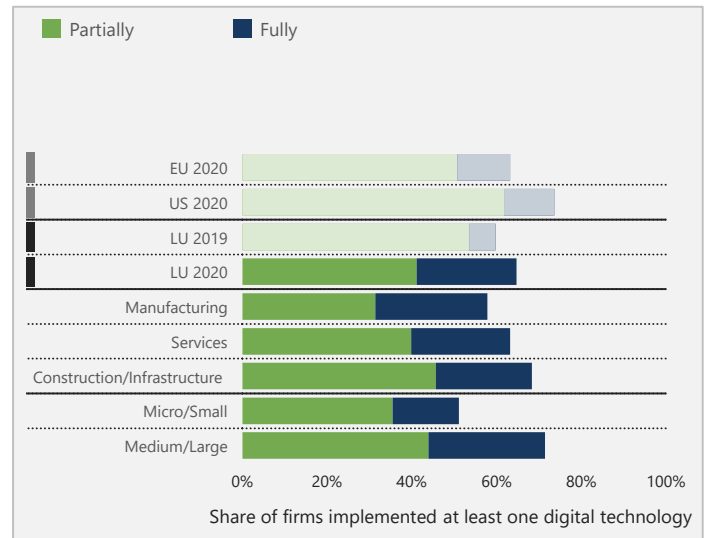
Innovation Activities

IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Two-thirds of firms (65%) have implemented, at least one digital technology. This is similar to the EU average (63%). One-quarter (24%) report they organise the entire business around a digital technology, significantly higher than in EIBIS 2019 (6%) and higher than the EU average (12%).

Medium and large firms are more likely than micro and small firms to have implemented at least one digital technology (71% versus 51%).

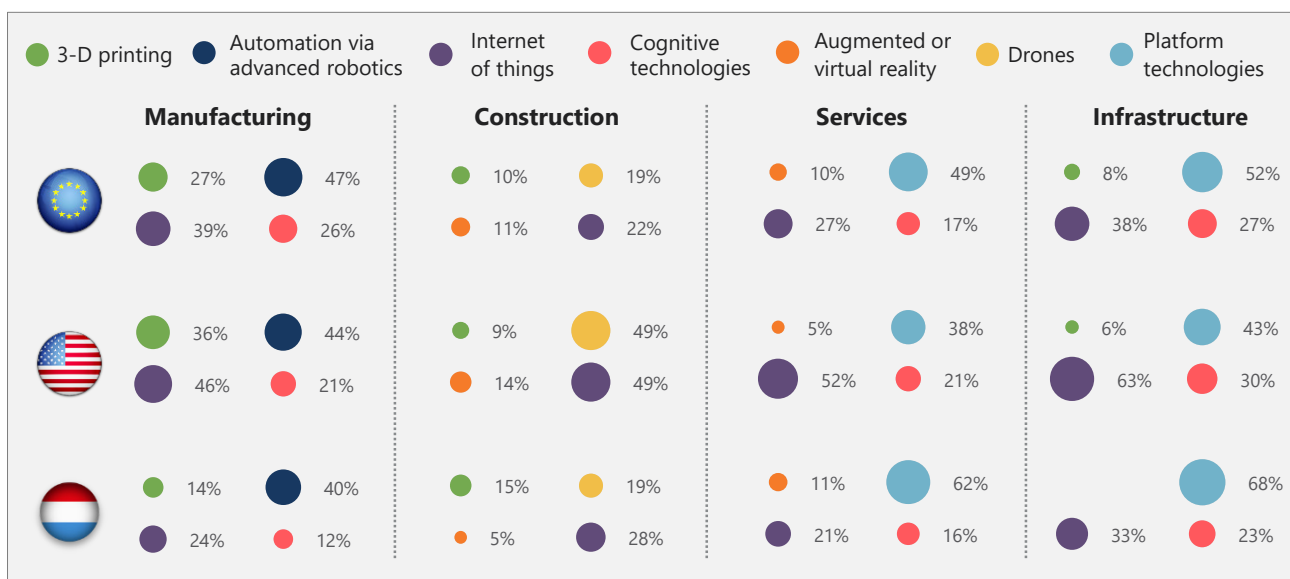
When looking at the various technologies, service and infrastructure firms in Luxembourg report a relatively high take-up of platform technologies (62% and 68%, respectively).



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

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

DIGITAL TECHNOLOGIES BY SECTOR



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

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

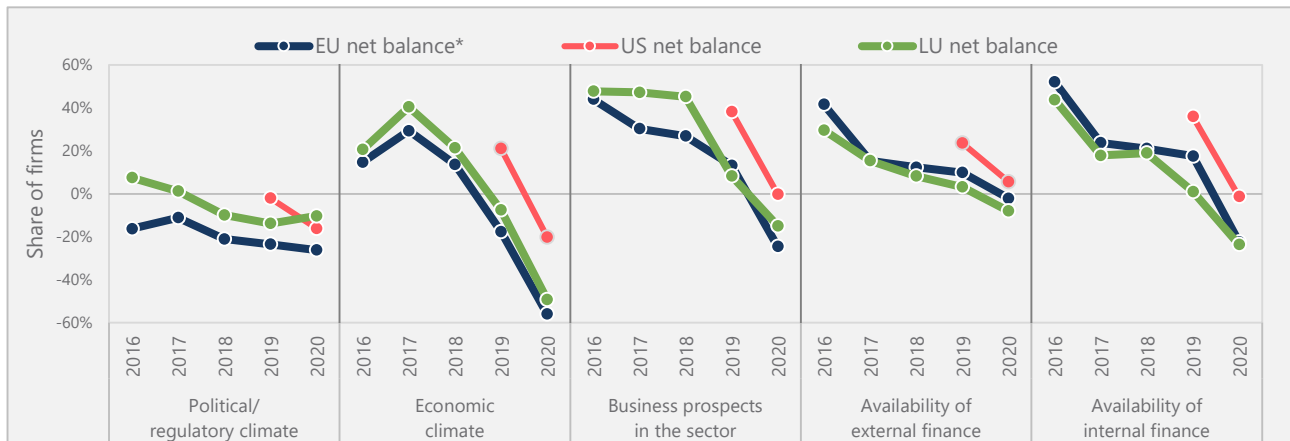
Reported shares combine 'implemented the technology in parts of business' and 'entire business organised around it'

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

On balance, more firms in Luxembourg expect different short-term outlook factors asked about to deteriorate than improve. Firms are less optimistic than they were in EIBIS 2019, except for the political and regulatory climate.

The trend for firms in Luxembourg closely reflects the trend for the EU overall. Pessimism is greatest concerning the economic climate. When it comes to the availability of external finance firms are the most optimistic.



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 and 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

Across all sizes and sectors, firms are consistently more negative than positive about almost every measure. The only exception is among manufacturing firms who were slightly more positive than negative about the political and regulatory climate.

Pessimism is greatest about the economic climate, with a country average of net -49%. This pessimism is slightly less than, but nevertheless broadly in line with the sentiments of EU as a whole.

Service sector firms are more negative about business prospects (net -36%) than both manufacturing (net -1%) and the construction and infrastructure (net -3%).

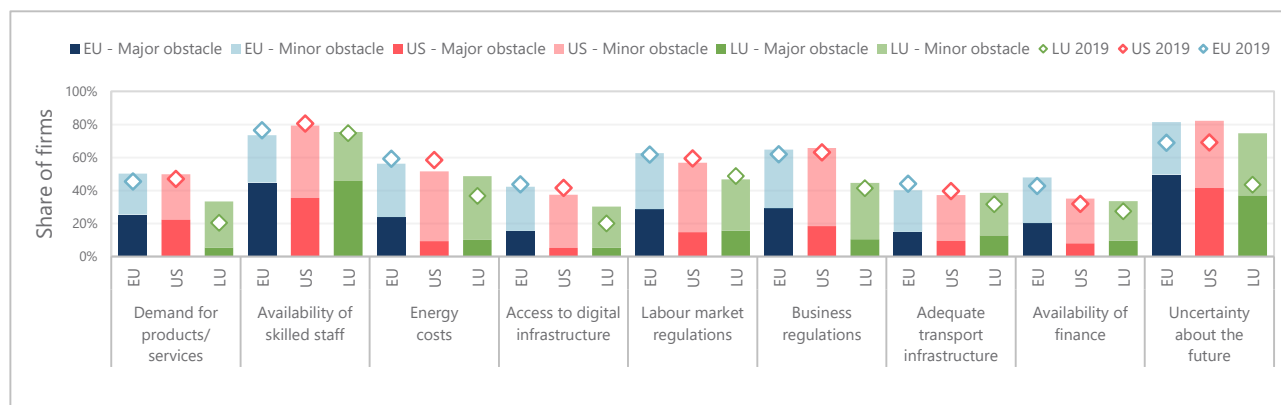
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

The two most frequently cited long term barriers are the availability of skilled staff and uncertainty about the future (both 75%), the latter increased compared to EIBIS 2019 (43%).

The share of firms citing demand for products or services as a long term barrier has increased since EIBIS 2019 (33%, up from 20%).

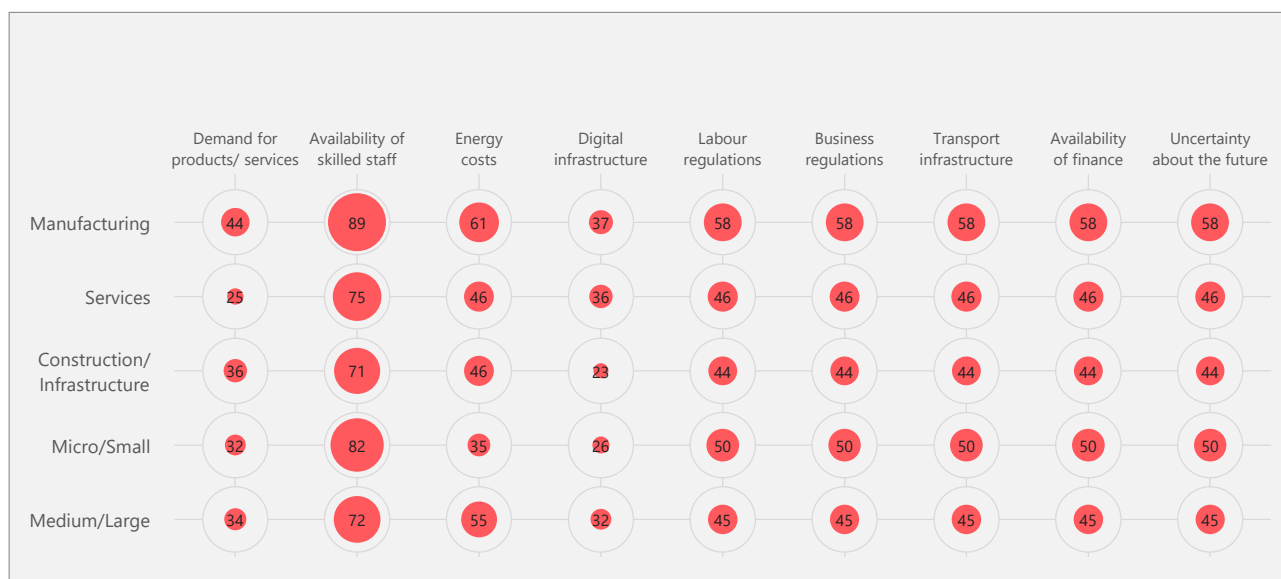
Compared to the EU, in Luxembourg, fewer firms cite demand for products or services, access to digital infrastructure, labour market regulations, business regulations and availability of finance as barriers.



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

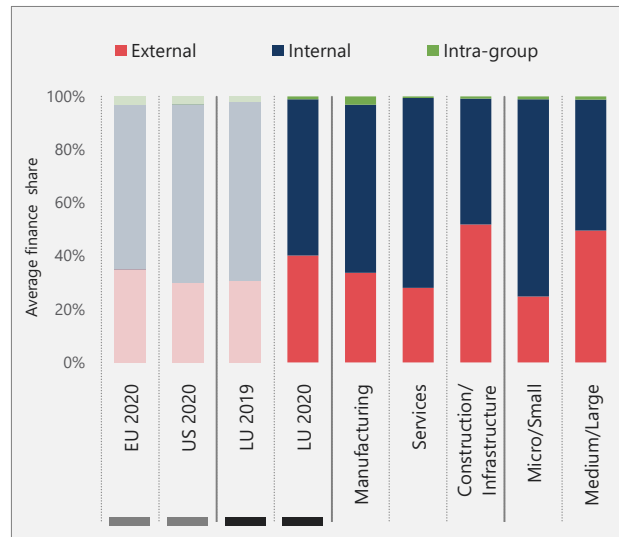
Investment Finance

SOURCE OF INVESTMENT FINANCE

Internal funds continued to account for the highest share of investment finance by firms in Luxembourg (59%). This is not significantly different from EIBIS 2019 (67%) or the EU average (62%).

External funds made up a 40% share of investment finance, similar to EIBIS 2019 (31%) and the EU average (35%).

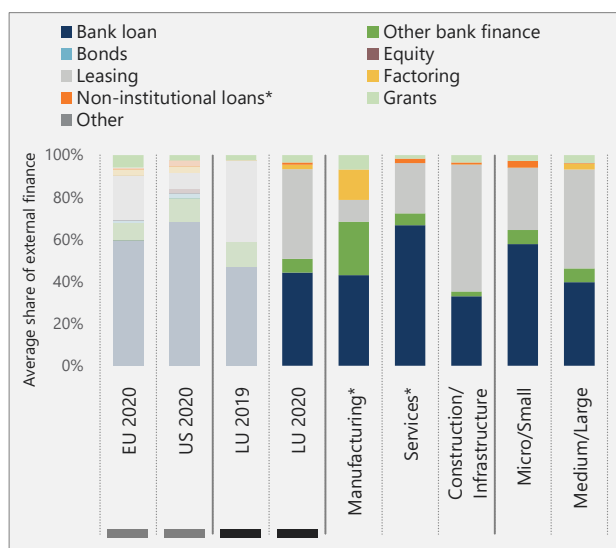
Medium and large firms financed their investments more from external sources than micro or small firms (50% versus 25%).



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 made up the highest share of external finance (44%). This is in line with EIBIS 2019 (47%), but well below the EU average (59%). The second highest share of external finance came from leasing or hire purchase (43%), similar to EIBIS 2019 (39%), but well above the EU average (21%).

Bank loans made up the highest share of external finance among service firms (67%) and the lowest among construction/infrastructure firms (33%). Leasing was the most cited source of finance in the construction and infrastructure sectors (60%).

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 base sizes less than 30. Effective base sizes for sub-groups are less than 30 – no significance testing applied

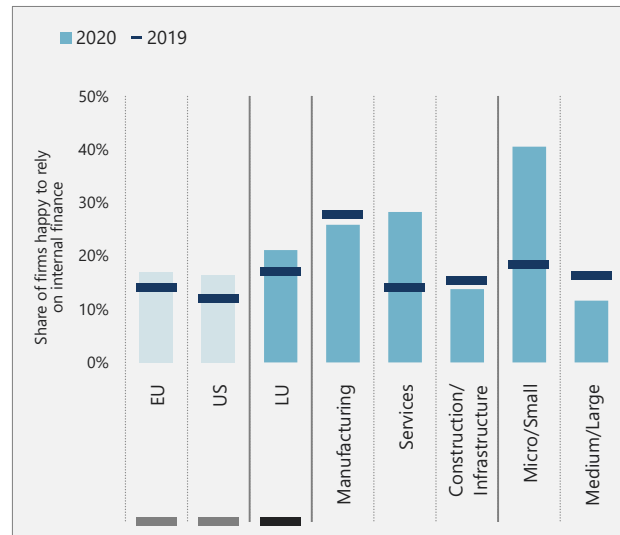
Investment Finance

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

One in five firms (21%) report that their main reason for not seeking external finance was because they are happy to use internal finance or do not need the finance. This is in line with Luxembourg in EIBIS 2019 and the EU average (both 17%).

Construction and infrastructure firms (14%) were the least likely to be happy to rely exclusively on internal source to finance investment.

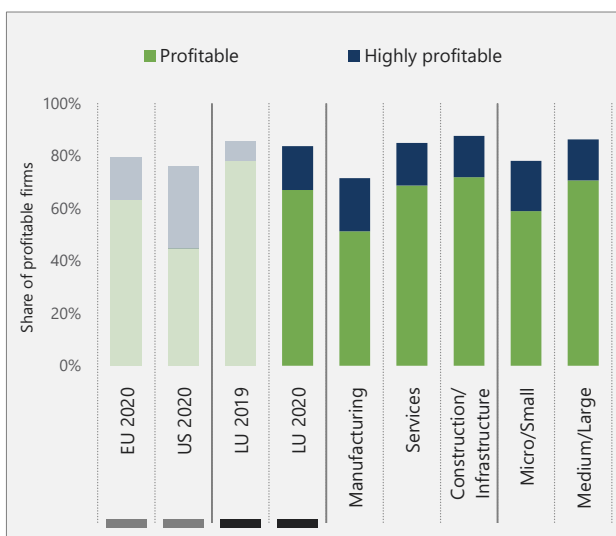
Micro and small firms were more likely to report being happy to rely exclusively on internal sources of finance than medium and large firms (41% versus 12%).



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



Over eight in ten firms (84%) report they have made a profit in the last financial year. This is similar to EIBIS 2019 (86%) and the EU average (80%).

In Luxembourg, 17% of firms report they were highly profitable, generating a profit level at least 10% of firm turnover. This is similar to EIBIS 2019 (8%) or the EU average (16%).

The share of profitable and highly profitable firms is broadly similar across all sectors and sizes of firms.

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

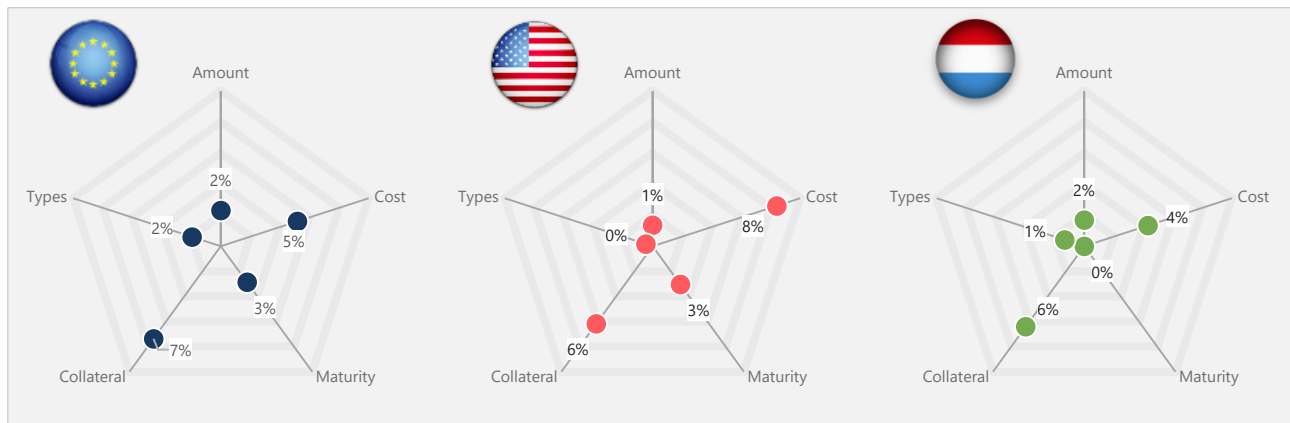
DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that used external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. The highest levels of dissatisfaction are with collateral requirements (6%) and with the cost of finance

(4%).

The levels of dissatisfaction among firms in Luxembourg are broadly in line with the EU average.

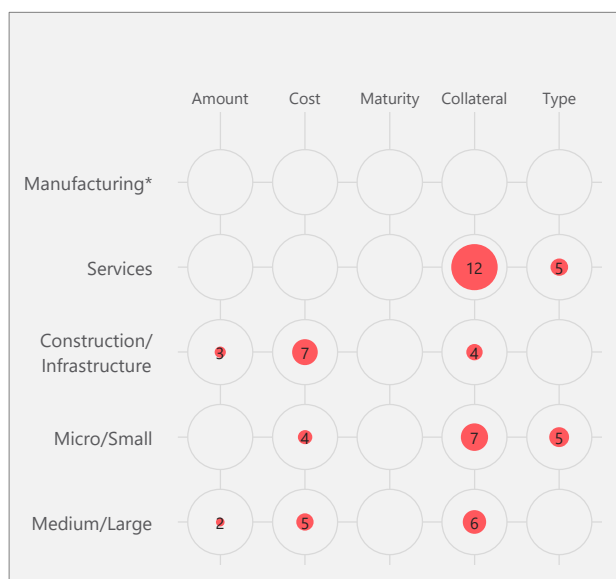
Share of dissatisfied firms



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 (%)



The level of dissatisfaction with external finance in Luxembourg is very low.

The highest level of dissatisfaction is with collateral requirements among services firms (12%).

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

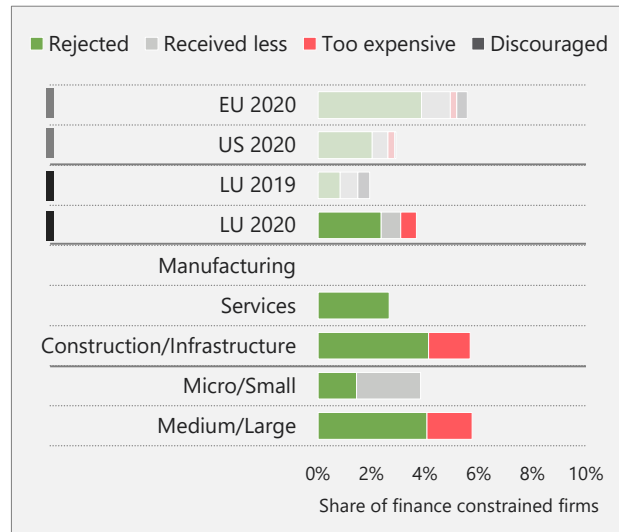
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses) * Caution base size less than 30.
Effective base sizes across sub groups less than 30 – no significance testing applied.

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Four per cent of all firms in Luxembourg could be considered finance constrained in 2019, which is similar to the EU average (6%) and EIBIS 2019 (2%).

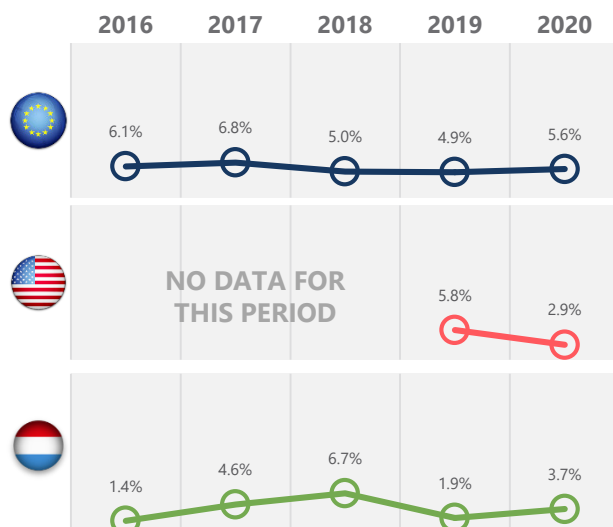
The share of finance constrained firms was highest in the construction and infrastructure sector and among medium and large firms (both 6%). None of the manufacturing firms that took part reported being finance constrained.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



The share of firms considered to be financially constrained in Luxembourg has been low and broadly stable over the past five years, with no significant changes year on year since 2016. This is similar to the trend for the EU overall.

Base: All firms

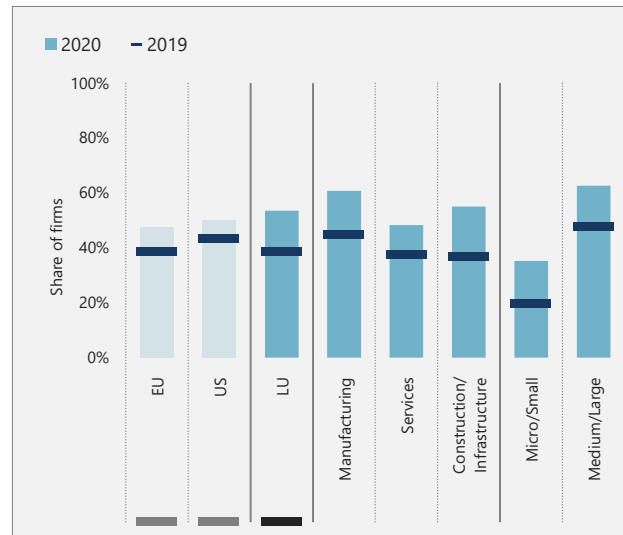
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Over half of firms (54%) were investing in measures to improve energy efficiency, this is significantly higher than in EIBIS 2019 (39%) but similar to the EU average (47%).

While the share of firms investing in energy efficiency measures is broadly similar across all sectors, there are differences by firm size.

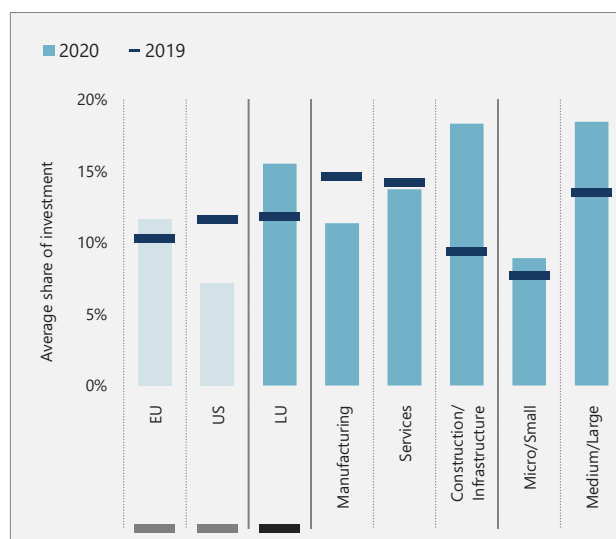
Medium and large firms were more likely to be investing in energy efficiency than micro and small firms (63% versus 35%).



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



On average, 16% of the total investment of firms in Luxembourg was directed to energy efficiency measures in the last financial year; this is in line with EIBIS 2019 (12%) and the EU average (12%).

The average share of investment allocated to measures to improve energy efficiency is much lower among micro and small firms than among medium and large firms (9% versus 18%).

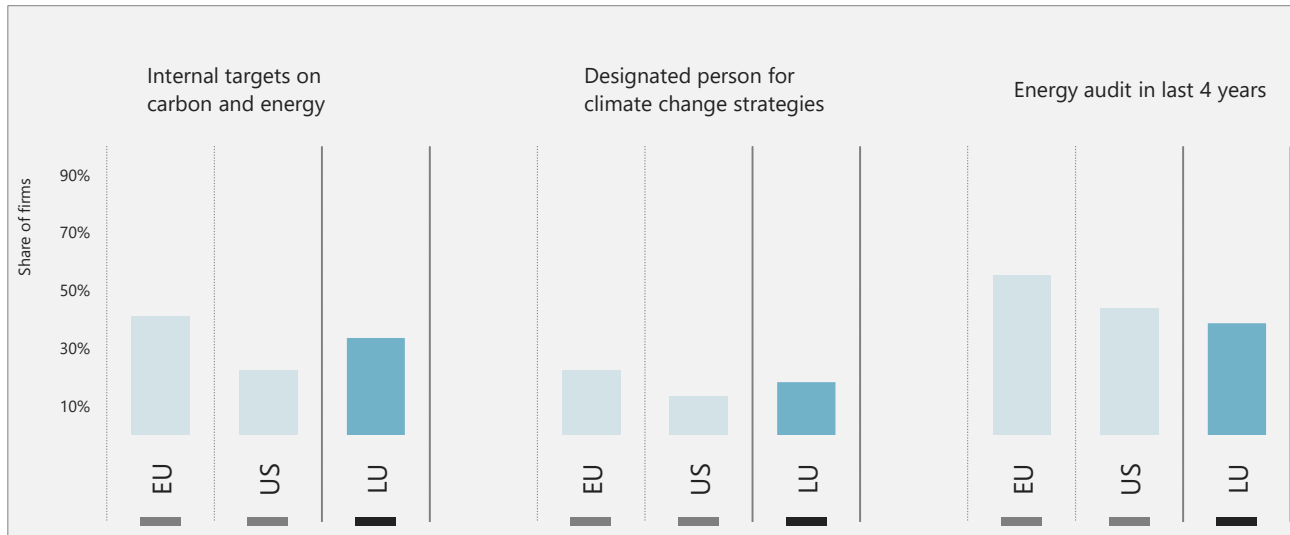
The share of investment is broadly similar across all sectors.

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



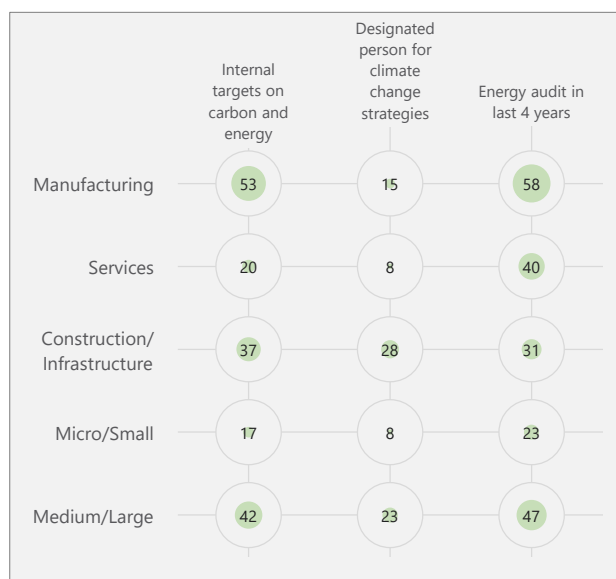
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

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 Luxembourg are as likely as EU firms to have internal targets on carbon and energy (34% and 41% respectively) and have a designated person for climate change strategies (18% and 23% respectively).

Nearly two fifths of firms in Luxembourg (39%) have had an energy audit in the last four years, lower than the EU overall (55%).

Manufacturing firms have the highest share of firms who have internal targets on carbon and energy and have had an energy audit in the last 4 years.

For all three measures, the share of micro and small firms is lower than the share of medium and large firms.

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

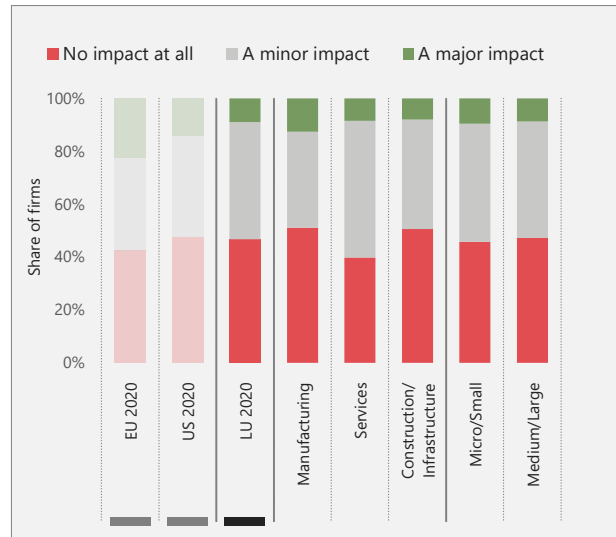
Climate Change

CLIMATE CHANGE IMPACT

A majority of firms (53%) report that climate change currently has either a major or minor impact on their business, similar to the EU average (58%).

However, only one in ten firms (9%) report that climate change has a major impact, which is below the EU average (23%).

The share of firms impacted by climate change is broadly similar across all sectors and size of firms.



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 %)



On balance, firms report that the transition to a reduction of carbon emissions will have a positive rather than a negative impact on market demand and their reputation (net +10% and +29%, respectively), but a negative impact on their supply chain (net -22%) over the next five years.

Manufacturing firms are the least negative about the impact the impact of climate change on their supply chain (-1%).

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?

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

Base: All firms

Climate Change

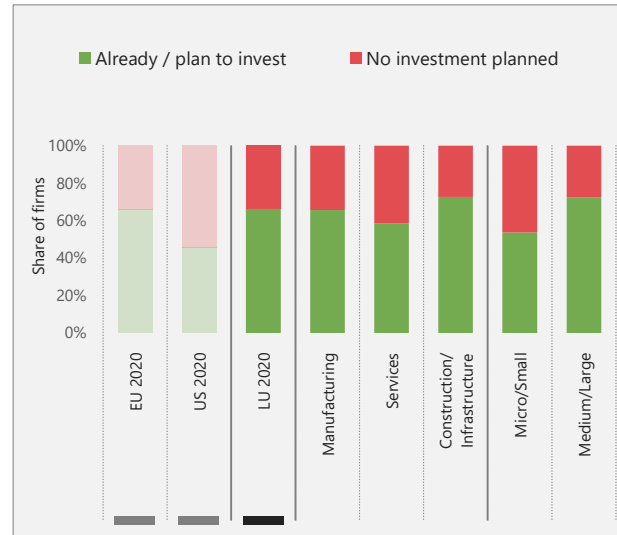
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Two-thirds of firms (67%) report already investing or planning to invest to tackle the impact of climate change, similar to the EU average (67%).

Micro and small firms are less likely to have already invested or plan to invest to tackle the climate change impact than medium and large firms (55% versus 73%).

The top three barriers to investing in activities to tackle climate change are the uncertainty about the regulatory environment and taxation (76%), the cost of investment activities (70%) and uncertainty about climate change impacts (66%).

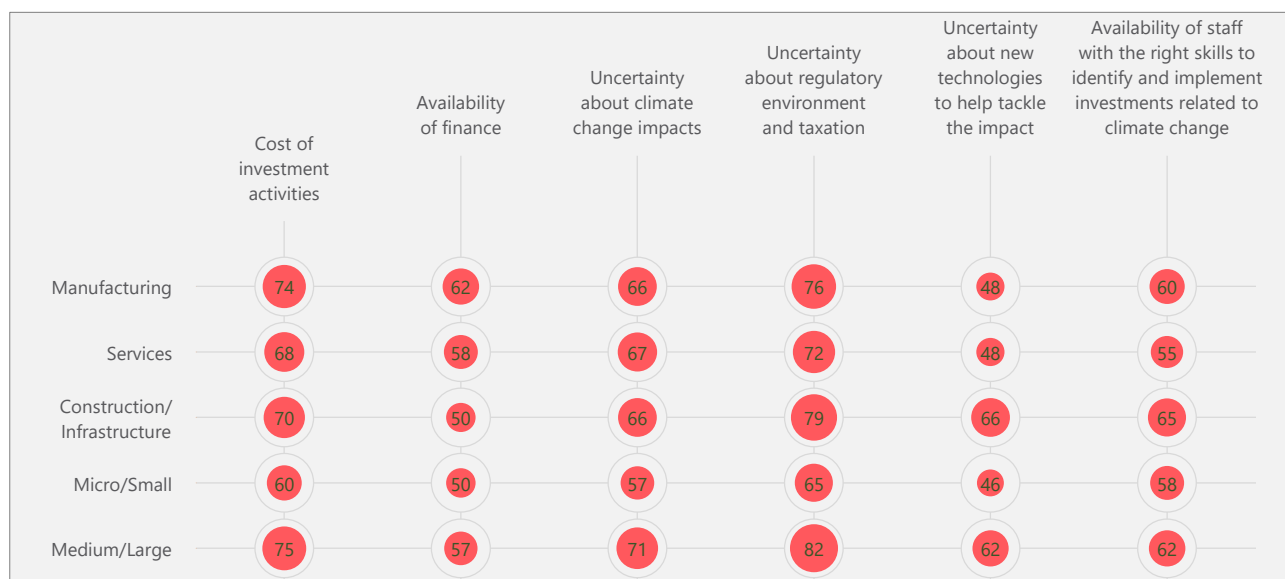
Medium and large firms are much more likely than micro and small firms to cite uncertainty about the regulatory environment and taxation as a barrier (82% versus 65%).



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?

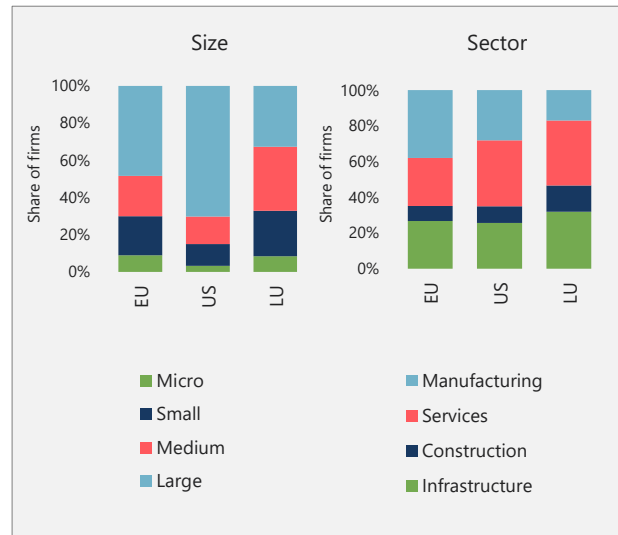
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Medium sized firms with 50-249 employees account for the largest share of value-added (34%) in Luxembourg, above the EU average (22%). This is followed by large firms with 250+ employees (33%), which is well below the EU average (48%).

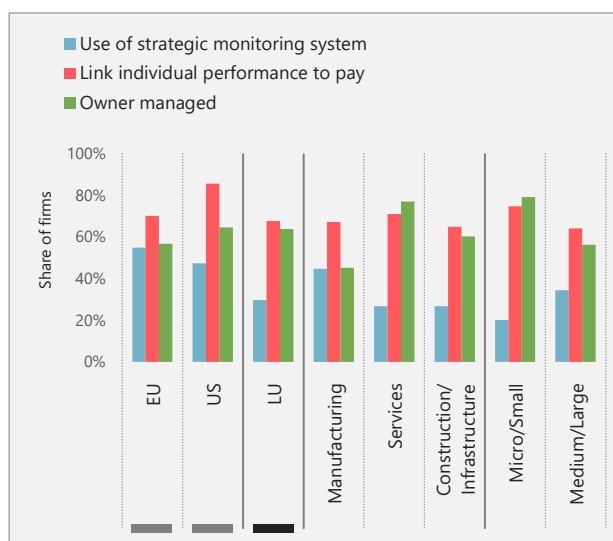
Comparing sectors, construction and services firms contribute more to value-added (15% and 36%, respectively) than the EU sectors overall (8% and 27%, respectively). Conversely, manufacturing firms in Luxembourg contribute a smaller share (17%) than the EU sector average (38%).



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+

Base: All firms

FIRM MANAGEMENT



Three in ten firms (30%) in Luxembourg report that they use a strategic monitoring system, which is well below the EU average (55%).

Two-thirds of the firms (68%) link individual performance to pay, in line with the EU average (70%).

Almost two-thirds of firms (64%) are owned or controlled by the CEO or company head or have a family member that owns it, similar to the EU average (57%).

Micro and small firms are more likely to be owner managed compared with medium sized and large firms (79% versus 56%).

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

	EU	US	LU	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs LU	Manuf vs Constr	SME vs Large
	(11971)	(800)	(180)	(46)	(43)	(51)	(38)	(157)	(23)	(11971 vs 180)	(43 vs 46)	(157 vs 23)
10% or 90%	1.1%	3.5%	4.7%	9.3%	9.6%	7.8%	9.9%	4.5%	11.2%	4.9%	13.4%	12.0%
30% or 70%	1.7%	5.3%	7.2%	14.3%	14.7%	11.9%	15.1%	6.8%	17.1%	7.4%	20.4%	18.4%
50%	1.9%	5.8%	7.9%	15.6%	16.0%	13.0%	16.5%	7.5%	18.6%	8.1%	22.3%	20.0%

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 180 firms in Luxembourg (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	LU 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	180/198	46	43	51	38	96	84
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	177/181	45	42	50	38	95	82
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	147/NA	37	36	41	31	74	73
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	157/150	41	40	39	35	79	78
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	165/159	42	40	45	36	86	79
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	180/198	46	43	51	38	96	84
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	177/188	46	43	49	37	93	84
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	177/0	46	43	49	37	93	84
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	177/189	45	43	49	38	93	84
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	153/131	40	40	36	35	75	78
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	179/195	45	43	51	38	96	83
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	132/123	35	32	37	26	79	53
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	66/56	12	17	16	19	31	35
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	159/147	43	38	43	33	84	75
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	65/56	11	17	15	18	30	34
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	180/NA	46	43	51	38	96	84
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	175/NA	45	41	49	38	93	82
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	175/189	43	42	50	38	94	81



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Luxembourg

Overview

EIB INVESTMENT SURVEY

2020