



# Portugal

Overview

**EIB INVESTMENT SURVEY**

**2020**



EIB Group survey on investment  
and investment finance 2020  
Country overview

# Portugal

## **EIB Group survey on investment and investment finance 2020.**

### **Country overview: Portugal**

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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](mailto: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](http://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**

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# EIBIS 2020 – Portugal

## KEY RESULTS

### Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 9.5% below the pre-crisis 2019 level. More than a half (55%) of firms expect to change their investment expectations due to COVID-19 –around half (47%) of firms expect to invest less and eight per cent to invest more. This is similar to the EU averages (45% and 6% respectively).

### Investment Focus

One-third (33%) of firms, with investment plans for the current financial year, expect to abandon or delay at least some of those plans. This is similar to the EU average (35%). Services sector firms are more likely than manufacturing, construction and infrastructure firms to abandon or delay investment (47% versus 36%, 21% and 22% respectively).

In the last financial year, the main purpose of investment continued to be replacing capacity (52%), and the highest share of investment was in machinery and equipment (53%), above the EU average (49%).

### Investment Needs and Priorities

Eight in ten firms say they invested about the right amount over the last three years (83%), similar to the EU average (80%). In addition, 51% of firms were operating at or above maximum capacity in 2019, below the EU overall (61%).

For firms impacted by COVID-19, developing new products or services is the most cited investment priority (38%), higher than the EU average (30%). This is followed by replacing capacity (29%), similar to the EU overall (34%).

### Innovation Activities

Around half of all firms developed or introduced new products, processes or services as part of their investment activities, higher than the EU average (43%). This includes 18% of firms reporting innovations new to the country or the global market, higher than the EU average (15%).

Two-thirds of firms have implemented, either fully or partially, at least one of the digital technologies they were asked about, similar to EIBIS 2019 (69%) and higher than the EU overall (63%).

### Drivers and Constraints

Firms have, on balance, a pessimistic outlook. Pessimism is greatest concerning the economic climate (-67%) and smallest concerning the availability of external finance (-11%).

The most frequently cited long term barriers to investment are uncertainty about the future (92%, up from EIBIS 2019 86%), followed by business regulations (79%) and energy costs (78%).

### Investment Finance

A third of investment activities of firms in Portugal was financed by external sources in the last financial year, in line with EIBIS 2019 and the EU average. Among all firms, only 22% say they were happy to rely exclusively on internal sources to finance investment, above the EU average (17%). Eight in ten firms report making 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. The highest proportion of dissatisfaction is with collateral (11%). Only 4% of all firms in Portugal could be considered finance constrained in 2019, in line with the EU average (6%). The share of external finance constrained firms in Portugal has been on a downward trend since 2016 when it reached 13.2%.

### Energy Efficiency

Half of firms (48%) were investing in measures to improve energy efficiency, in line with the EU average (47%). Firms used 10% of their total investment for this purpose in the last financial year on average, similar to EIBIS 2019 (11%) and the EU average (12%).

### Climate Change

Three-quarters of firms (76%) say that climate change currently has an impact on their business, well above the EU overall (58%). This includes around one-quarter (26%) that say it is a major impact.

On balance, firms feel that the transition to a low-carbon future will have a positive impact on market demand and their reputation (net +12% and +32%, respectively), but a negative impact on their supply chain (net -12%) in the next five years.

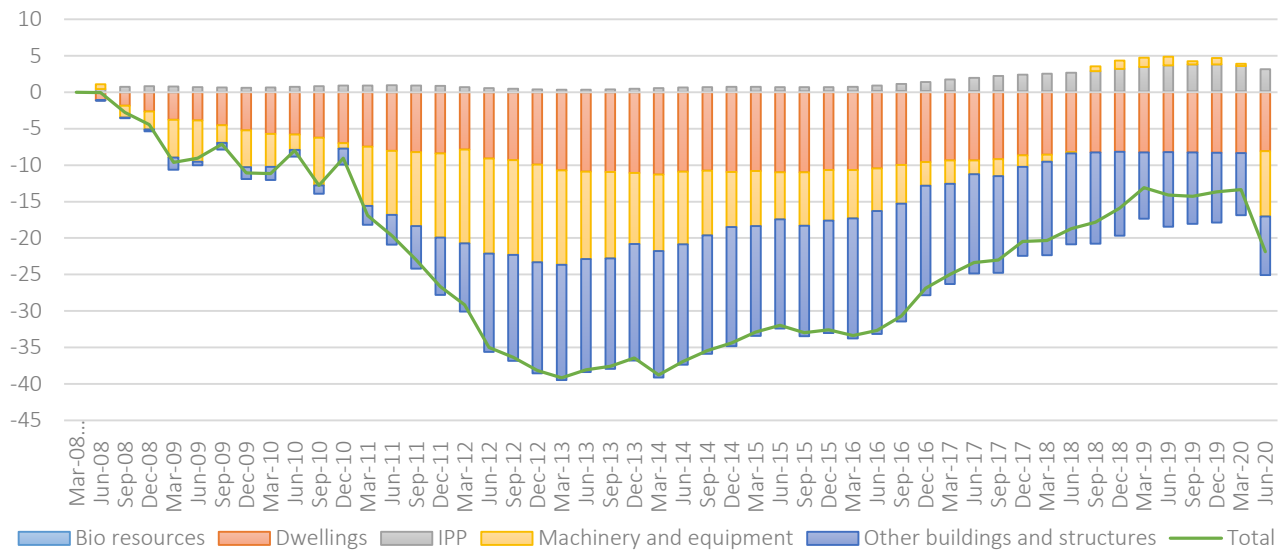
Two-thirds of firms report already investing or planning to invest to tackle the impact of climate change, in line with the EU average. The most frequently cited barriers to investing to tackle climate change are the uncertainty about regulatory environment, taxation cost of investment activities and uncertainty about climate change impacts.

# Investment Dynamics

## INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 9.5% below the pre-crisis 2019 level.

After a long period of subdued investment in the aftermath of the global financial crisis, these negative dynamics halt the growth in investment observed over the past years.



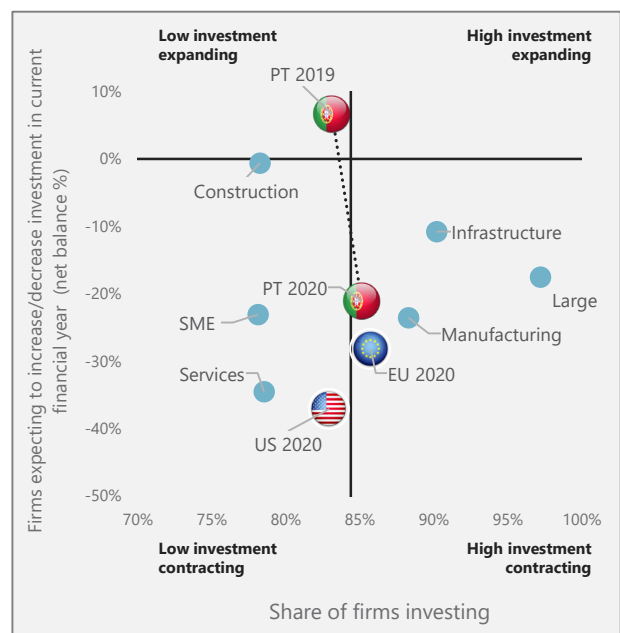
The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

## INVESTMENT CYCLE

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

This aggregate picture masks significant differences across sectors. The net balance of services firms expecting to increase rather than decrease their investment activities in the current year is strongly negative (-35%), while the balance among manufacturing firms is less negative (-24%) and in construction firms is close to zero (-1%).

Large firms have a higher share of firms investing than SMEs. Still, on balance, more large firms expect to decrease rather than increase their investment in the current year.



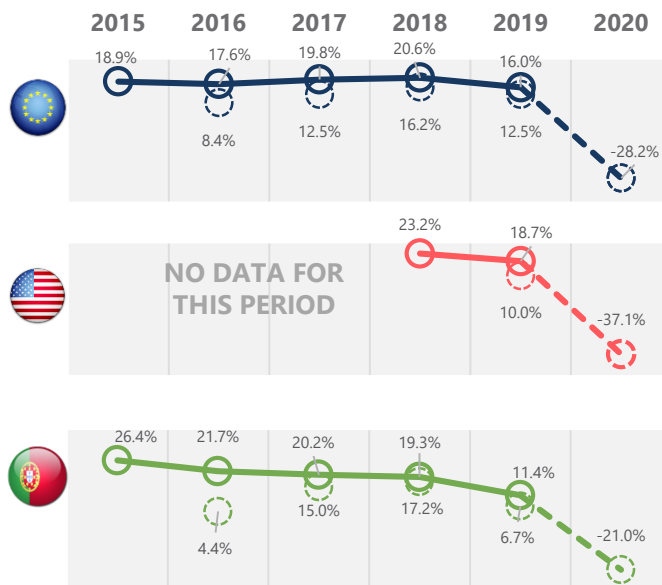
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

# Investment Dynamics

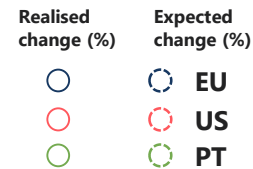
## EVOLUTION OF INVESTMENT EXPECTATIONS

### Realised/expected change in investment



On balance, more firms in Portugal increased rather than reduced their investment activities in the last financial year, with the extent of the difference slightly exceeding expectations from EIBIS 2019.

The investment outlook for 2020 is negative, with more firms expecting to reduce than increase investment. However, the outlook is not as negative as for the EU average or the US.



'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.

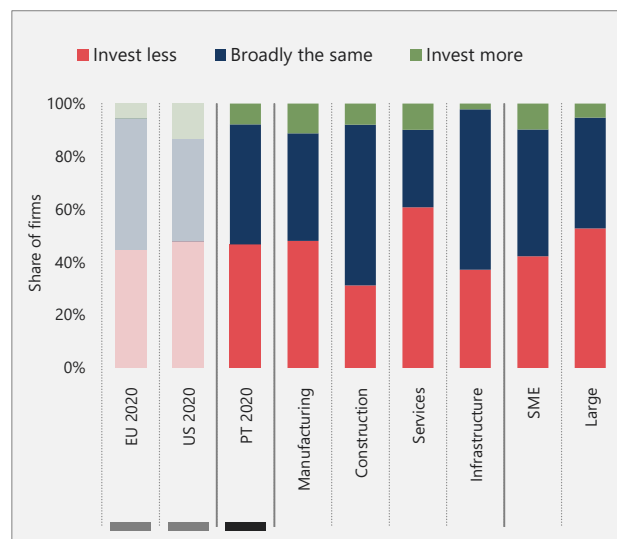
Base: All firms

## IMPACT OF COVID-19 ON INVESTMENT

More than a half (55%) of firms expect to change their investment expectations due to COVID-19 – around a half (47%) expect to invest less and eight per cent to invest more. This is similar to the EU averages (45% and 6% respectively).

Services firms are more likely to expect to invest less (61%) than firms in infrastructure (37%) and construction (31%) sectors.

A slightly higher share of large firms expects to invest less than SMEs ( 53% vs 43%). Also, despite the small share, SMEs are also more likely to invest more (10% vs 5%).



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)

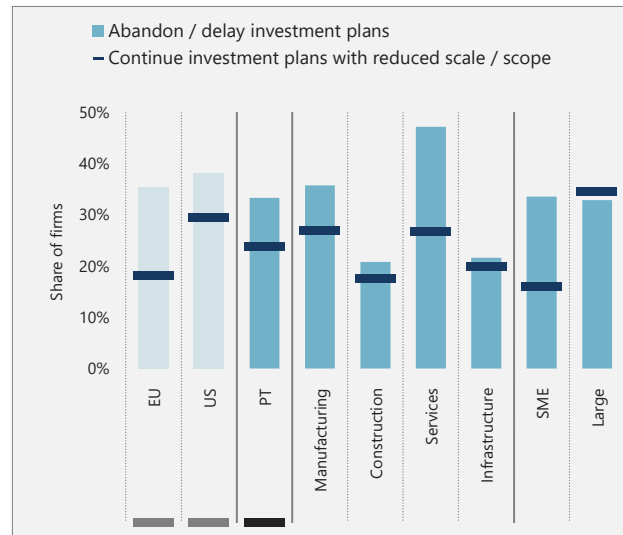
# Investment Focus

## ACTIONS AS A RESULT OF COVID-19

One-third (33%) of firms, with investment plans for the current financial year, expect to abandon or delay at least some of those plans. This is similar to the EU average (35%). Services sector firms are more likely than manufacturing, construction and infrastructure firms to abandon or delay investment (47% versus 36%, 21% and 22% respectively).

Nearly a quarter (24%) of firms expect to continue with at least some of their investment plans with a reduced scale or scope, higher than the EU average (18%).

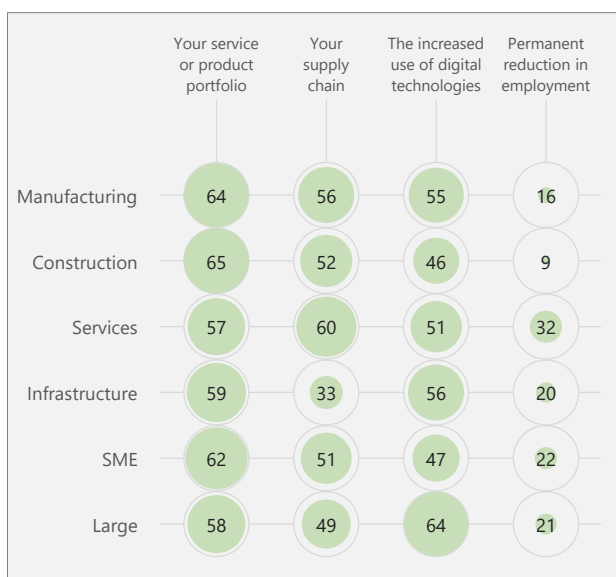
Broadly the same share of SMEs and large firms expect to abandon their investment plans (34% and 33% respectively). However, fewer SMEs expect to continue their investment plans with a reduced scale or scope than large firms (16% versus 35%).



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

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

## LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



Overall, six in ten firms in Portugal (60%) expect COVID-19 to have a long term impact on their service or product portfolio, while around half expect an impact on their supply chain (50%) and the increased use of digital technologies (53%). One in five expect a permanent reduction in employment (21%).

Fewer infrastructure firms expect COVID-19 to have a long term impact on their supply chain compared to other sectors (33% versus other sectors ranging between 52% and 60%).

Firms in the services sector are the most likely to expect the long term impact to be a permanent reduction in employment (32% versus other sectors ranging between 9% and 20%).

Large firms are more likely than SMEs to expect the long term impact to be an increased use of digital technologies (64% versus 47%).

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)

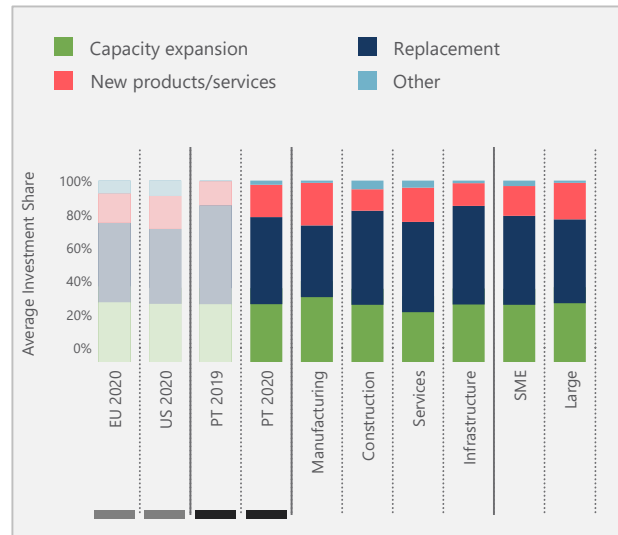
The main purpose of investment in the last financial year was driven by the need to replace existing building, machinery, equipment and IT (with an average share of 52% of investment allocated to capacity replacement). This is lower than the share reported in EIBIS 2019 (59%), but higher than the EU average (47%).

The average share of investment allocated to capacity replacement was lower in the manufacturing sector compared to other sectors (43% versus other sectors ranging from 54% to 59%).

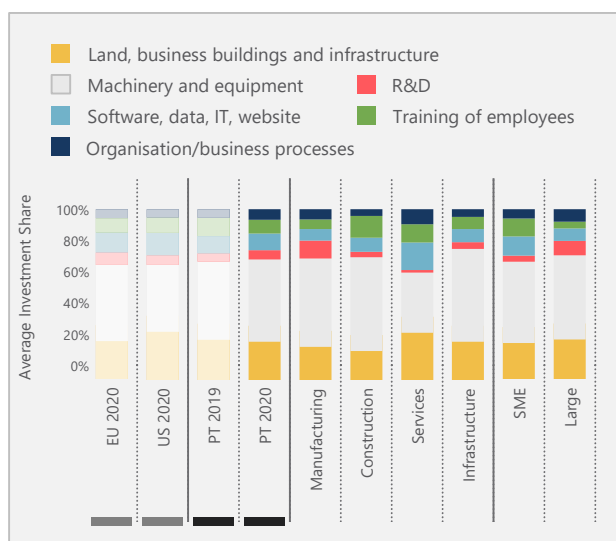
However, manufacturing firms allocated a greater share of investment to new products or services than both firms in the construction and infrastructure sectors (26% versus 13% and 14% respectively).

Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

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



## INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

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

Out of the six investment areas considered, the highest share of investment was in machinery and equipment (53%), above the EU average (49%). The second highest was land, business buildings and infrastructure (15%), in line with the EU average (16%).

Firms in the service sector allocated a higher share of their overall investment to software, data, IT networks and website activities than all other sectors (18% versus other sectors ranging between 7% to 9%).

Firms in the manufacturing sector allocated a higher share of their investment to R&D than all other sectors (11% versus other sectors ranging between 2% and 4%).

Large firms also allocated a higher share of their investment to R&D compared with SMEs (10% versus 4%).

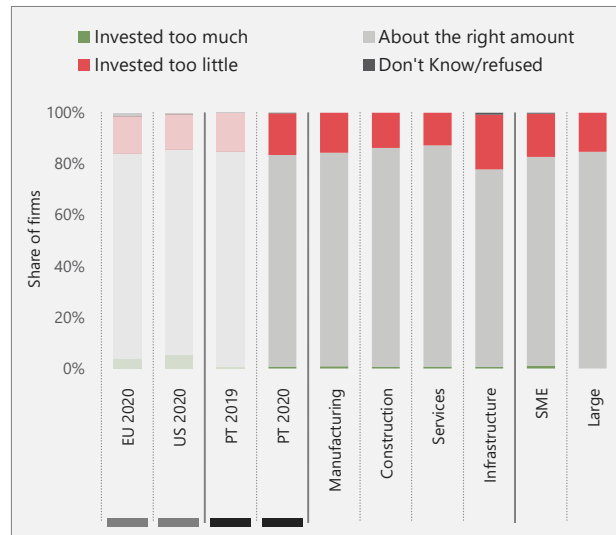
# Investment Needs and Priorities

## PERCEIVED INVESTMENT GAP

Eight in ten firms believe their investment over the last three years was about the right amount (83%), in line with both EIBIS 2019 (84%) and the EU average (80%).

Only one percent reported having invested too much and 16% they invested too little.

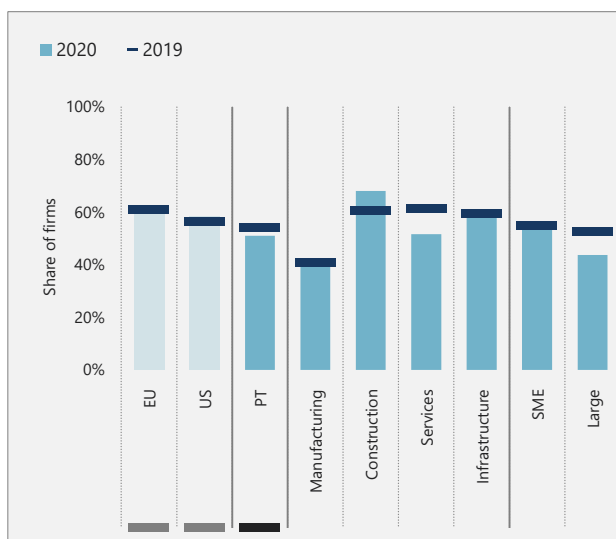
The perceived investment gap is slightly larger for infrastructure firms, with 21% reporting having invested too little. The pattern is broadly similar across all the other sectors and sizes of firms.



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)

Half of firms (51%) were operating at or above full capacity in the last financial year, in line with EIBIS 2019 (54%) but lower than the EU average (61%).

Around two-thirds (68%) of construction firms report that they were at or above full capacity, higher than firms in both the manufacturing (39%) and services (52%) sectors.

A slightly higher share of SMEs than large companies were operating at or above full capacity (54% versus 44% respectively).

# Investment Needs and Priorities

## FUTURE INVESTMENT PRIORITIES (% of firms)

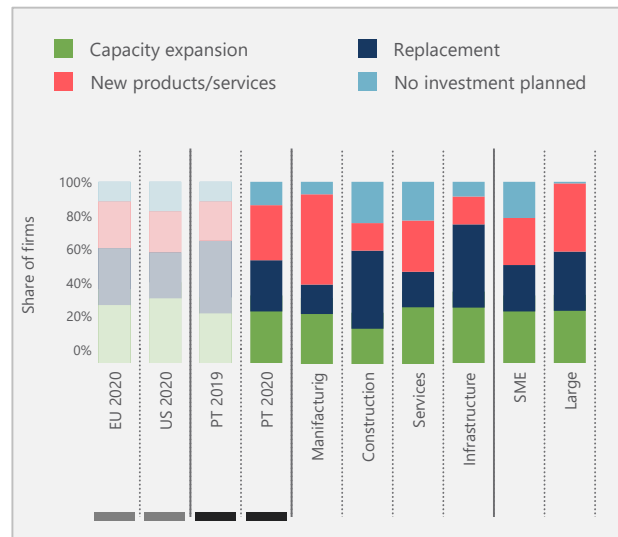
One-third of the firms (33%) cite developing new products or services as an investment priority, higher than both EIBIS 2019 (23%) and the EU average (28%)

The share of firms citing replacing capacity as a priority has declined from EIBIS 2019 (31% down from 44%). However, this is now in line with the EU average (34%).

Manufacturing and large firms are the most likely to prioritise investment for new products or services (54% and 41% respectively), while firms in construction and infrastructure are the most likely to prioritise replacing capacity (47% and 50% respectively).

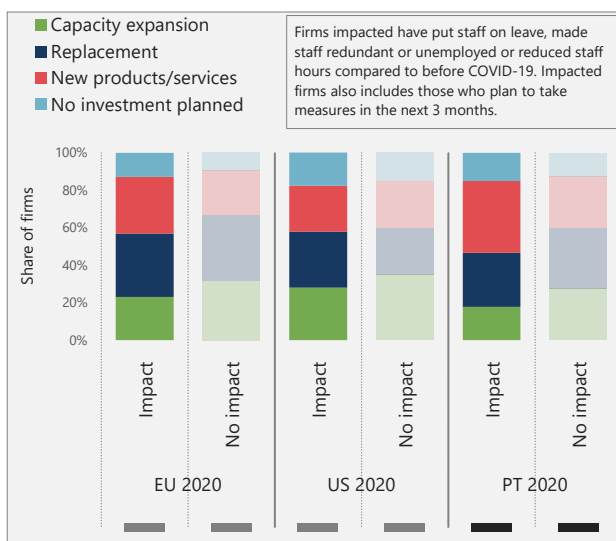
Services, construction firms and SMEs are the most likely to have no investment planned.

*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?*



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)

For firms impacted by COVID-19, developing new products or services is the most cited investment priority (38%), higher than the EU average (30%). This is followed by replacing capacity (29%), closer to the EU (34%).

The pattern of investment priorities is broadly similar for firms not impacted by COVID-19 across Portugal and the EU.

Within Portugal, firms that were impacted by COVID-19 are more likely than firms not impacted to have been prioritising investment in new products and services (38% versus 27%) and less likely to have been prioritising capacity expansion (18% versus 28%).

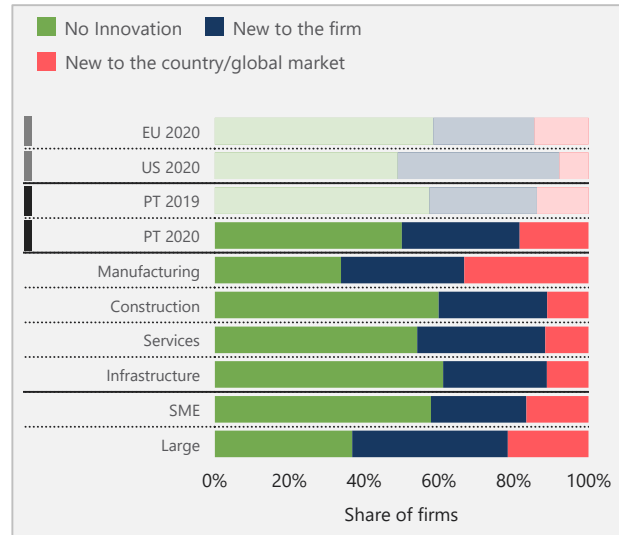
# Innovation Activities

## INNOVATION ACTIVITY

Around half of all firms (50%) developed or introduced new products, processes or services as part of their investment activities, higher than the EU average (42%). This includes 18% of firms reporting innovations new to the country or the global market, higher than the EU average (15%).

Compared to other sectors, manufacturing firms are the most likely to report innovation activity (66%) and the most likely to report innovations new to the country or global market (33%).

Large firms are more likely to report innovation activity than SMEs (63% versus 42%) and they are particularly likely to have introduced an innovation that is new to the firm (42% versus 26%).

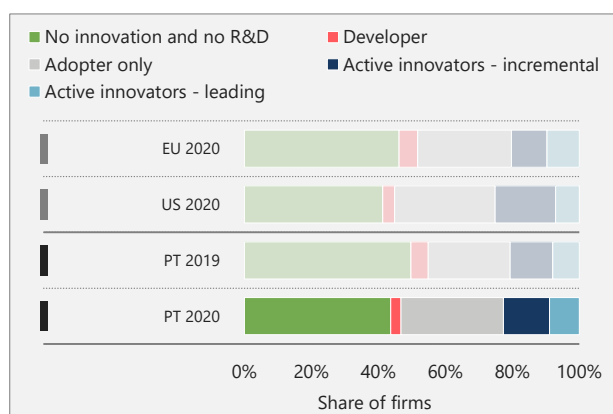


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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, 23% of firms in Portugal are classified as 'active innovators' (i.e. firms that invested in R&D). Only three percent fit under 'developers' (i.e. firms that developed new products or services). This profile is broadly in line with Portugal in EIBIS 2019.

The innovation profile is also broadly in line with the EU average, except that firms in Portugal are more likely to be classified as 'incremental active innovators' than in the EU overall (14% versus 11%).

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 (68%) have either fully or partially implemented at least one digital technology, in line with EIBIS 2019 (69%), but higher than the EU average (63%).

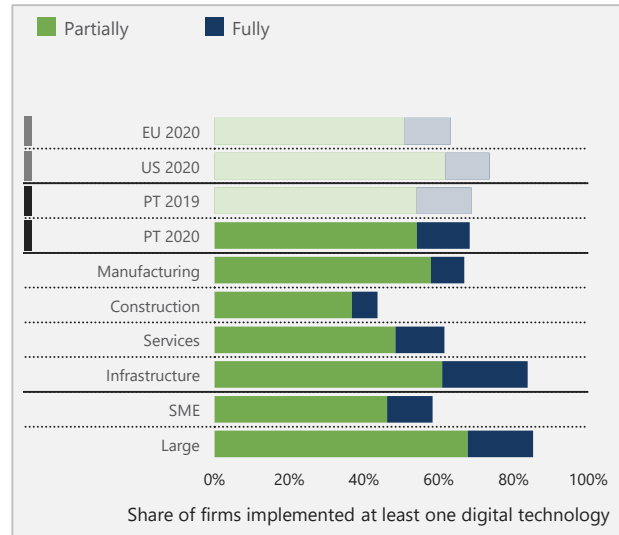
Firms in the infrastructure sector are the most likely to have implemented digital technologies, either fully or partially, within their business (84%). Whilst firms in the construction sector are the least likely to have implemented these technologies (44%).

Large firms are more likely than SMEs to have implemented at least one digital technology (85% versus 58%).

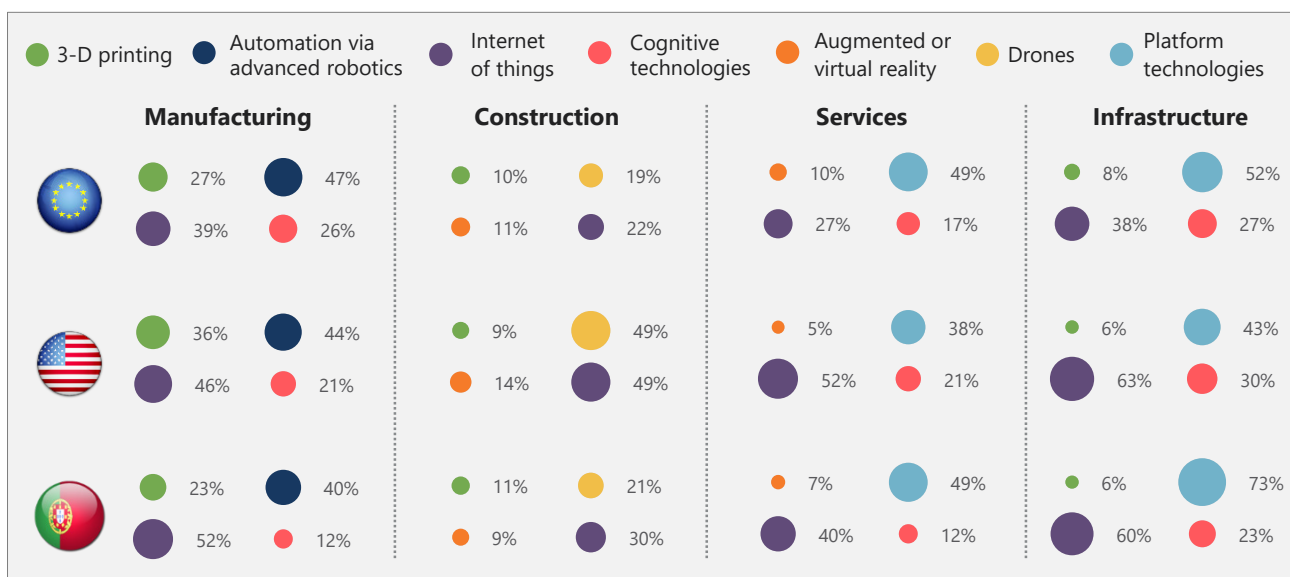
The share of firms in Portugal that have implemented the internet of things is higher than the EU sector average in manufacturing, services and infrastructure.

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

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



## DIGITAL TECHNOLOGIES BY SECTOR



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

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

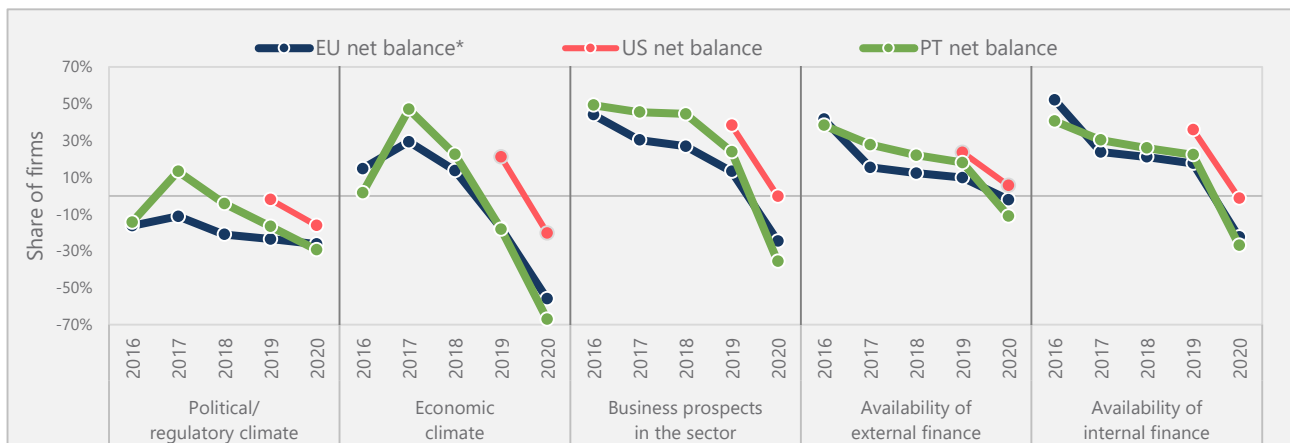
Base: All firms (excluding don't know/refused responses)

# Drivers And Constraints

## SHORT TERM FIRM OUTLOOK

On balance, firms in Portugal have become more pessimistic about the short-term outlook. The trend for firms in Portugal closely reflects the trend for the EU overall.

Pessimism is more marked concerning the economic climate (-67%) and less so concerning the availability of external finance (-11%).

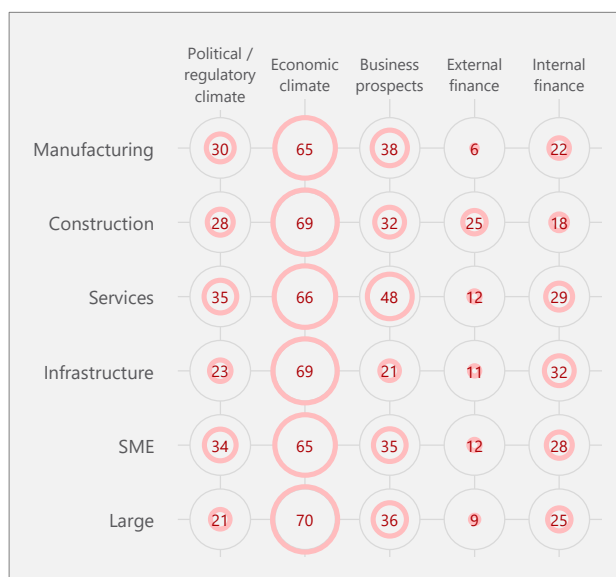


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

\*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: 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

Firms across all sectors and sizes are consistently more negative than positive about all the short term firm outlook measures.

Pessimism is greatest about the economic climate, with net scores ranging from -70% to -65%.

On balance, fewer firms are negative about external finance. Construction firms are the most negative about this measure (-25%), manufacturing and large firms are less negative (-6% and -9% respectively).

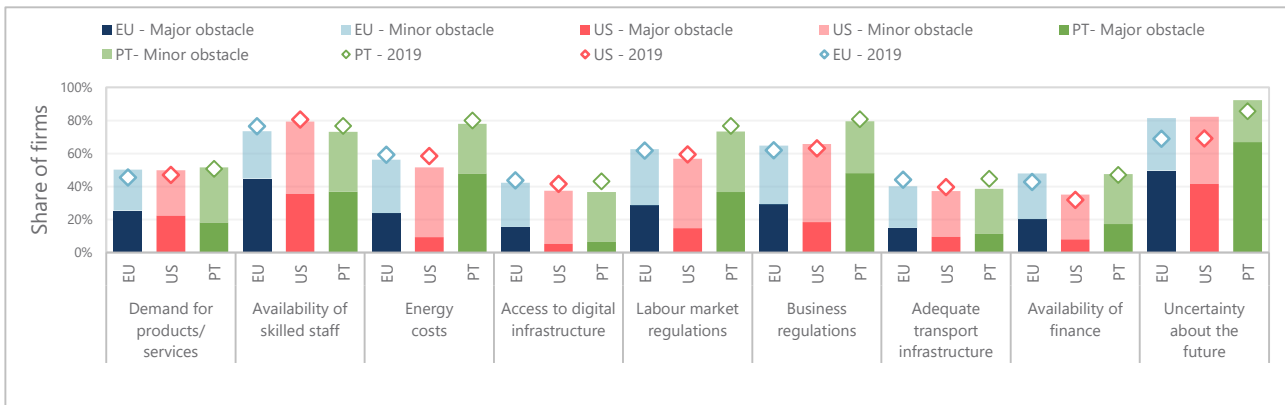
# Drivers And Constraints

## LONG TERM BARRIERS TO INVESTMENT

Firms in Portugal are more likely than their EU peers to consider energy costs (78% versus 56%), labour market regulations (73% versus 63%), business regulations (80% versus 65%) and uncertainty about future (92% versus 81%) as long term barriers to investment. In contrast, access to the digital infrastructure was less likely to be seen

as a barrier in Portugal than in the EU (37% versus 42%).

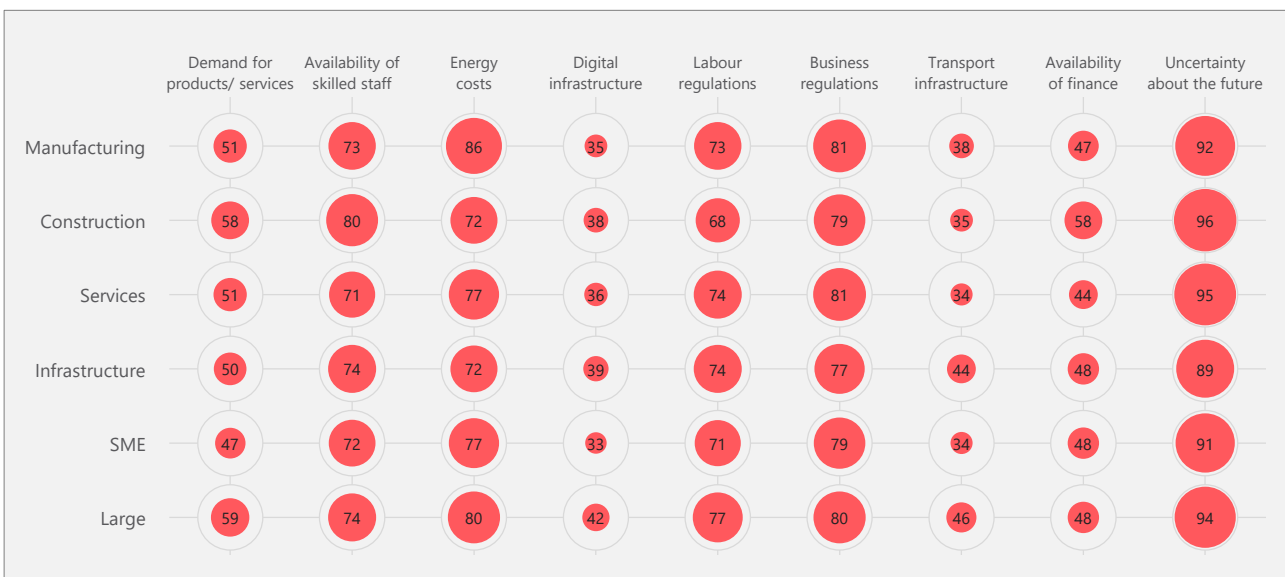
The most frequently cited long term barriers to investment are uncertainty about the future (92%, up from EIBIS 2019 86%), followed by business regulations (79%) and energy costs (78%).



Q. Thinking about your investment activities in Portugal, 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



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

Q. Thinking about your investment activities in Portugal, 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)

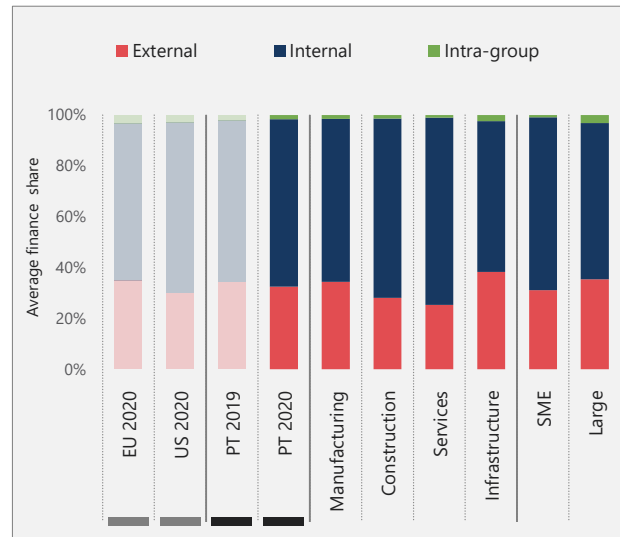
# Investment Finance

## SOURCE OF INVESTMENT FINANCE

A third (33%) of investment activities of firms in Portugal was financed by external sources, in line with EIBIS 2019 (34%) and the EU average (35%).

Conversely, internal finance made up for two thirds (66%) of the share of investment finance, which is higher than the EU average of 62%.

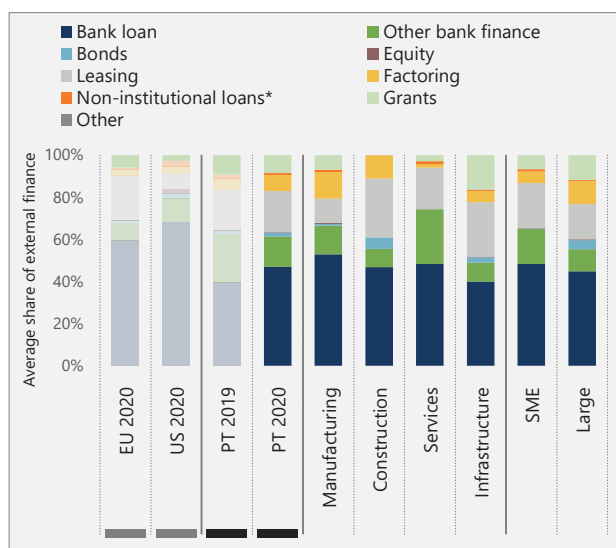
Services firm had a higher share of finance from internal funds (74% versus 59%). However, the pattern of the finance share is broadly similar across all sizes of firms.



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 (47%). This is well below the EU average (59%). The second highest share of external finance came from leasing or hire purchase (20%), similar to EIBIS 2019 (19%) and the EU average (21%).

Bank loans and other bank finance represented a higher share of external finance among manufacturing and services sector firms compared with the infrastructure sectors (67% and 74%, compared with the infrastructure sector 49%). There are no differences in the type of external finance used across the size of the firms.

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)

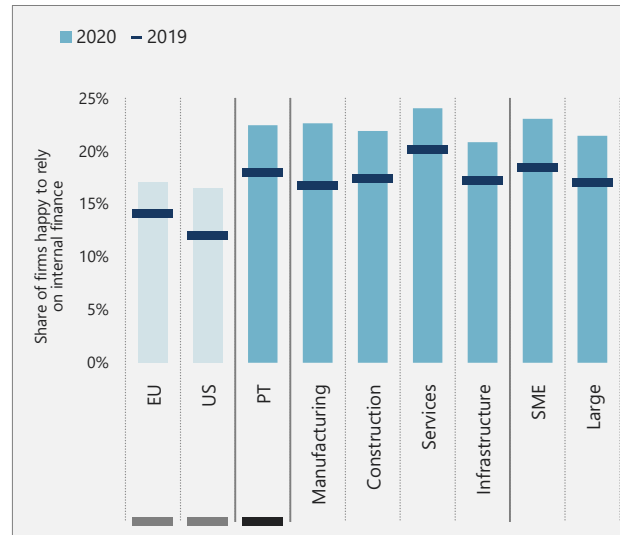


# Investment Finance

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

Around one in five firms in Portugal (22%) were happy to rely exclusively on internal sources to finance investment in the last financial year, slightly above both the EIBIS 2019 (18%) and the EU average (17%).

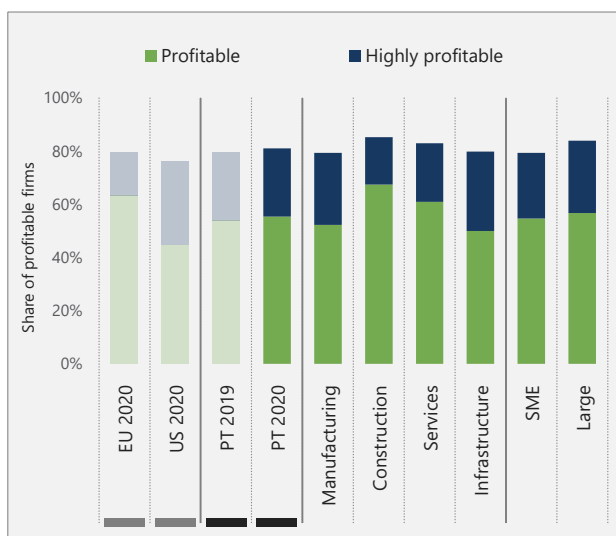
Service firms and SMEs were relatively more happy to rely exclusively on internal sources to finance investment. The share of firms happy to rely exclusively on internal sources to finance investment was broadly similar across all the other sectors.



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



Eight in ten firms (81%) report to have made a profit in the last financial year, in line with EIBIS 2019 (80%). This includes 26% who report being highly profitable, well above the EU average (16%).

Overall, the share of firms who made any profit is broadly similar across all sectors and sizes of firms.

Infrastructure firms have the highest share of firms reporting that they are highly profitable (30%), whereas only 18% of construction firms report the same.

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)

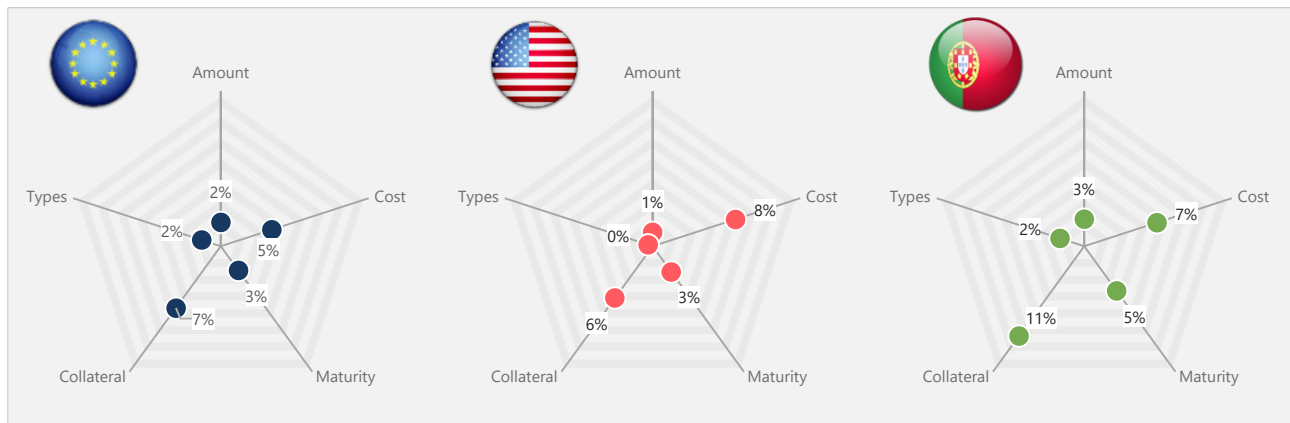
# Access To Finance

## 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 (11%), followed by the cost of finance (7%).

Dissatisfaction with maturity among firms in Portugal (5%) is slightly above the EU average (3%). Types of external finance exhibits the lowest level of dissatisfaction (2%).

### 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 (%)



Overall dissatisfaction levels are generally low, except for collateral requirements and cost of finance.

Construction, manufacturing and small firms report the greatest overall levels of dissatisfaction with collateral requirements (with 18%, 15% and 14% respectively). Services and large firms report the lowest levels of dissatisfaction with 4% and 5%, respectively.

Manufacturing firms report a higher level of dissatisfaction with the cost of finance (11%).

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)

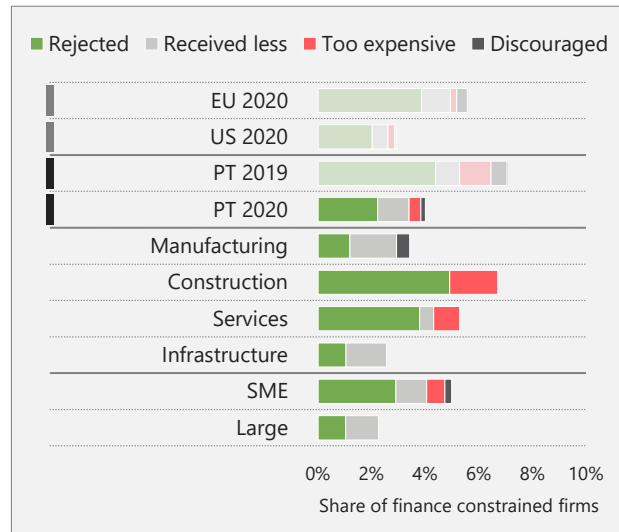
# Access To Finance

## SHARE OF FINANCE CONSTRAINED FIRMS

Only four percent of firms in Portugal could be considered finance constrained in 2019, similar to 7% in EIBIS 2019 and 6% EU average.

Construction firms were most likely to be finance constrained (7%), while infrastructure firms the least likely (3%).

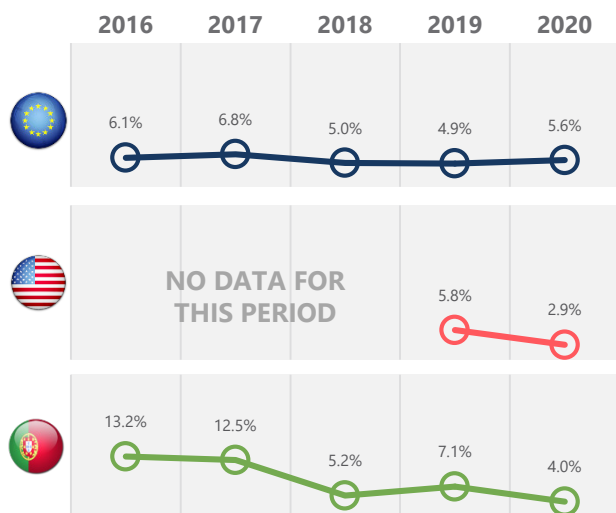
Five percent of SMEs and two per cent of large companies (2%) could be considered finance constrained.



*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



Firms in Portugal remained as likely to be finance constrained as the EU average.

The share of external finance constrained firms in Portugal has been on a downward trend since 2016 when it reached 13.2%, It has slightly declined once more when compared with the EIBIS 2019.

Base: All firms

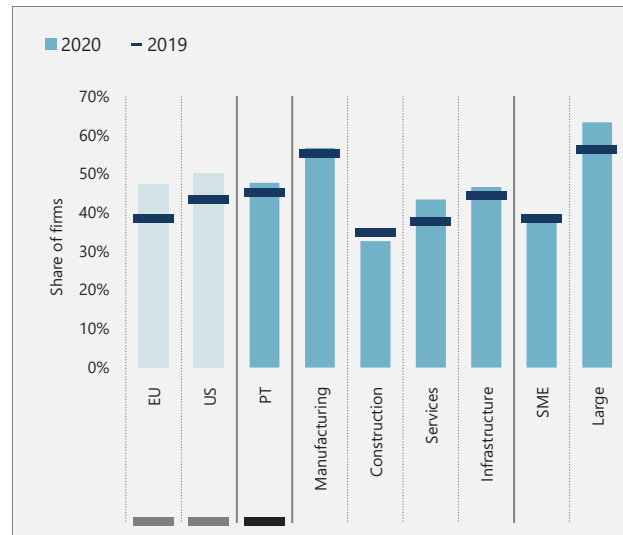
# Energy Efficiency

## SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Almost half of firms (48%) were investing in measures to improve energy efficiency, in line with EIBIS 2019 (45%) and the EU average (47%).

Fewer construction firms were investing in measures to improve energy efficiency compared with manufacturing firms (33% versus 57%).

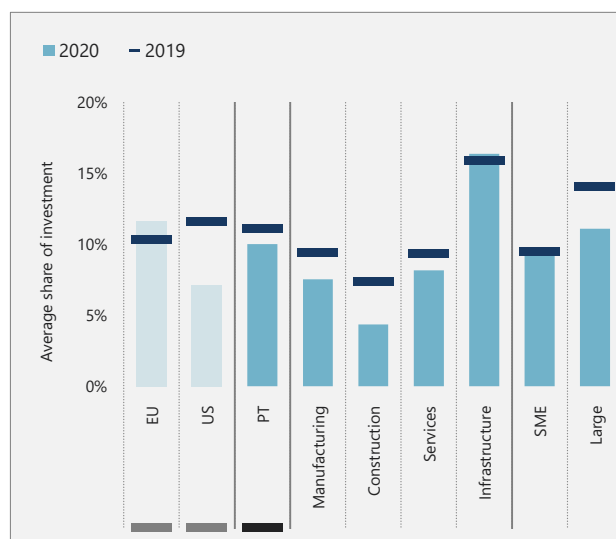
Comparing firm sizes, almost two-thirds of large firms (63%) report that they were investing in improving energy efficiency, well above the share of SMEs (39%).



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, firms in Portugal used 10% of their total investment in the last financial year to improve energy efficiency, in line with EIBIS 2019 (11%) and the EU average (12%).

Infrastructure firms used a higher share of their investment to improve energy efficiency (16%) than manufacturing (8%), construction (4%) and services (8%).

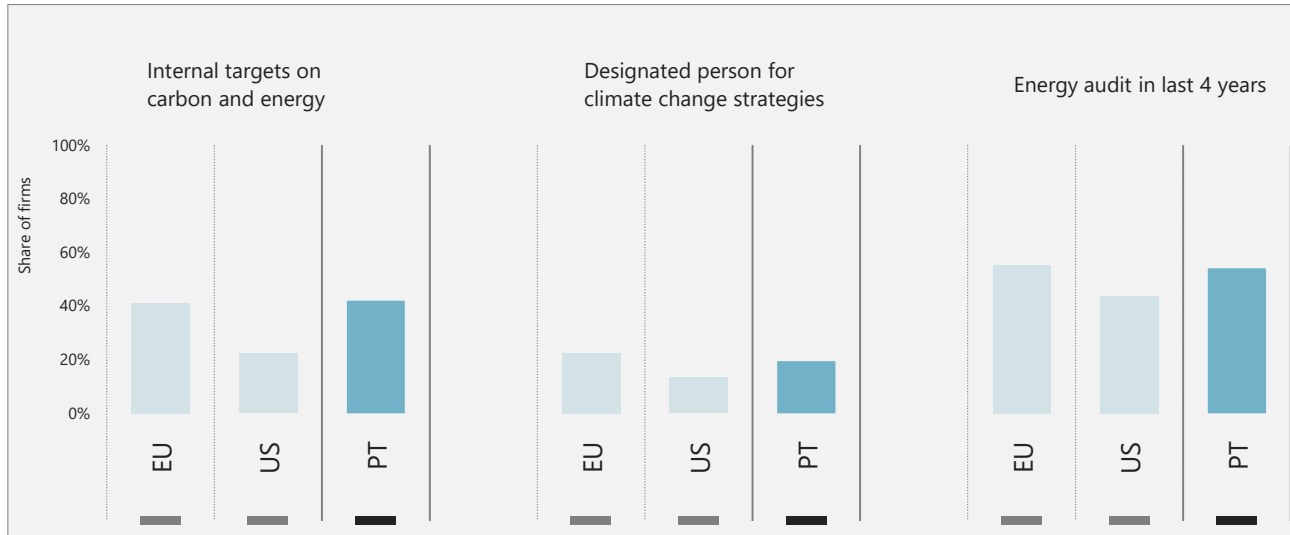
Large firms destined a slightly lower share of their investment to improve energy efficiency than in the EIBIS 2019 (11% versus 14%) and report now a similar share as SMEs.

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

# Energy Efficiency

## ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



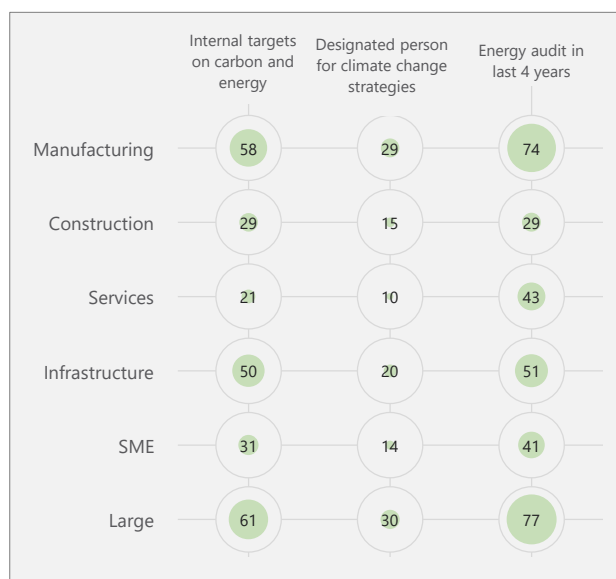
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

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



Four in ten firms (42%) have internal targets on carbon and energy, in line with the EU average (41%). Manufacturing, infrastructure and large firms are the most likely to have internal targets.

One in five firms (19%) have a designated person for climate change strategies, similar to the EU average (23%). Manufacturing and large firms are the most likely to have a designated person for climate change strategies.

Over half (54%) have had an energy audit in the last four years, in line with the EU average (55%). Again, manufacturing and large firms were the most likely to have had an energy 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

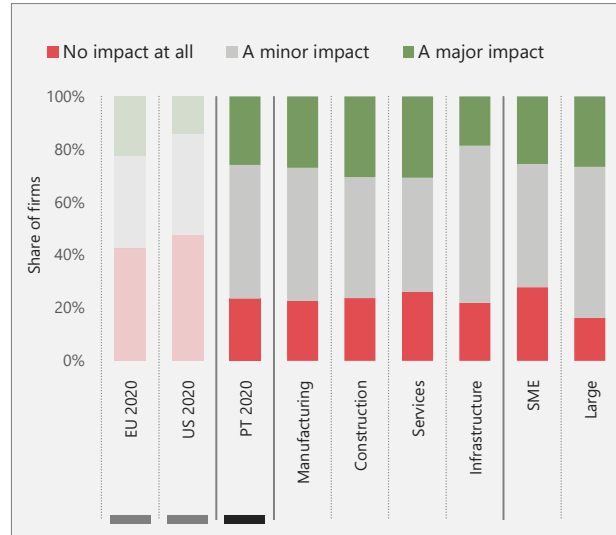
Base: All firms

# Climate Change

## CLIMATE CHANGE IMPACT

Around three-quarters of firms in Portugal (76%) report that climate change currently has an impact on their business, well above the EU average (58%). This includes around one quarter of firms (26%) who report a major impact, similar to the EU average (23%).

The distribution across sectors is broadly similar. However, SMEs are less likely to report an impact on their business from climate change (72%) than large businesses (84%).



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

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

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



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

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

Base: All firms

On balance, firms feel that the transition to a low-carbon future will have a positive impact on market demand and their reputation (net +12% and +32%, respectively), but a negative impact on their supply chain (net -12%) in the next five years.

On balance, a higher share of SMEs predict a negative impact on their supply chain (net -18%), compared with large firms (net -1%).

\*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

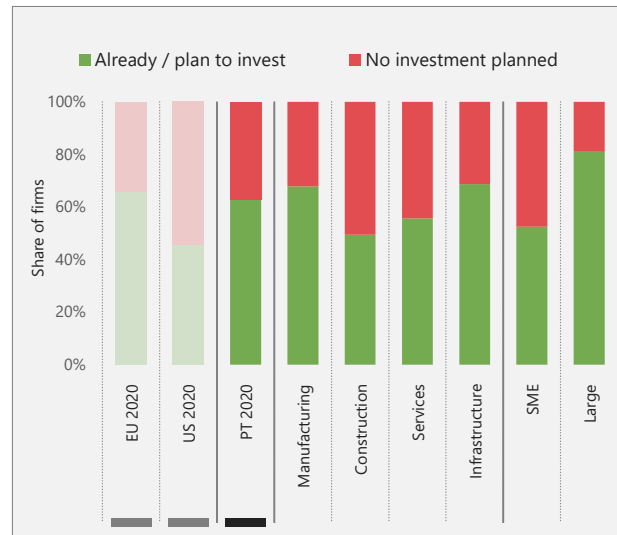
Almost two-thirds of firms (64%) are already investing or plan to invest to tackle the impact of weather events and a reduction in carbon emissions. This is in line with the EU average (67%).

Construction firms are more likely to have no investment planned than manufacturing and infrastructure firms (52% versus 33% and 32% respectively).

Similarly, SMEs are more likely to have no investments planned than large firms (49% versus 19%).

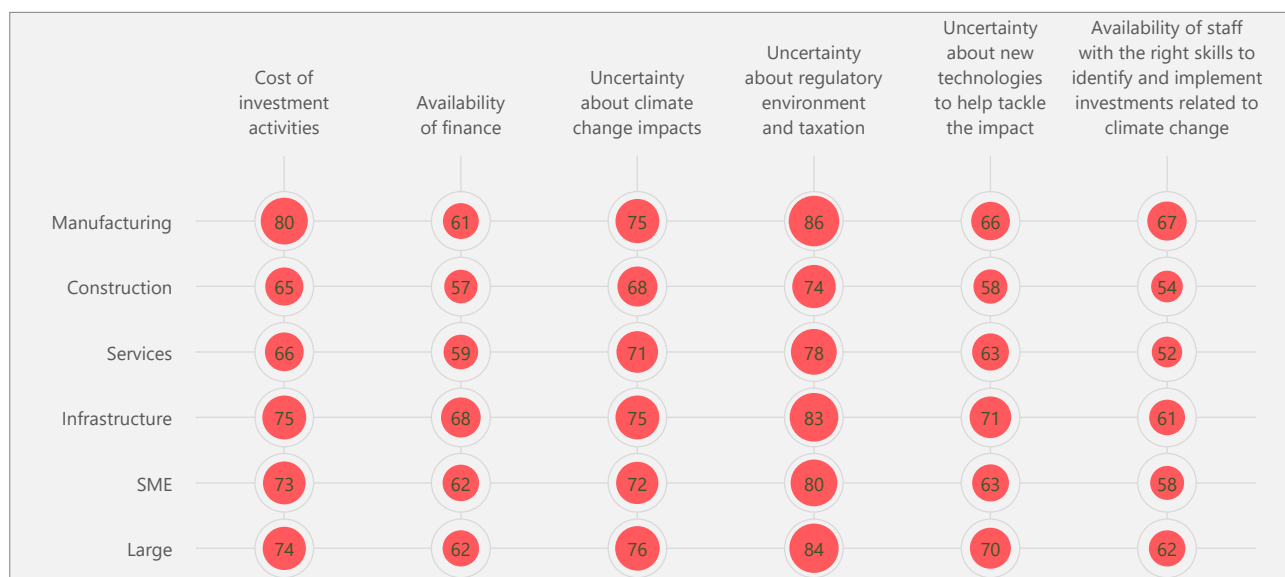
The most frequently cited barriers to investing to tackle climate change are the uncertainty about regulatory environment and taxation (82%), cost of investment activities (73%) and uncertainty about climate change impacts (73%). This distribution is relatively similar across sectors and firm size.

*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?*

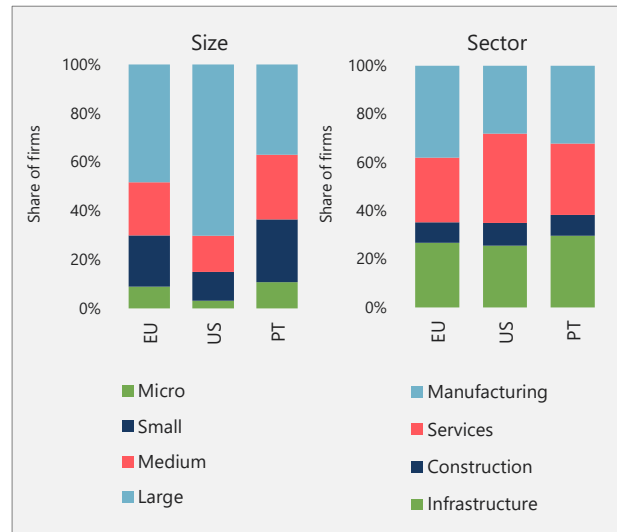
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

# Profile of Firms

## CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees account for the greatest share of value-added (37%) in Portugal, well below the EU average (48%). Around a quarter of value-added comes from small (26%) and medium (27%) firms, both higher than their EU peers.

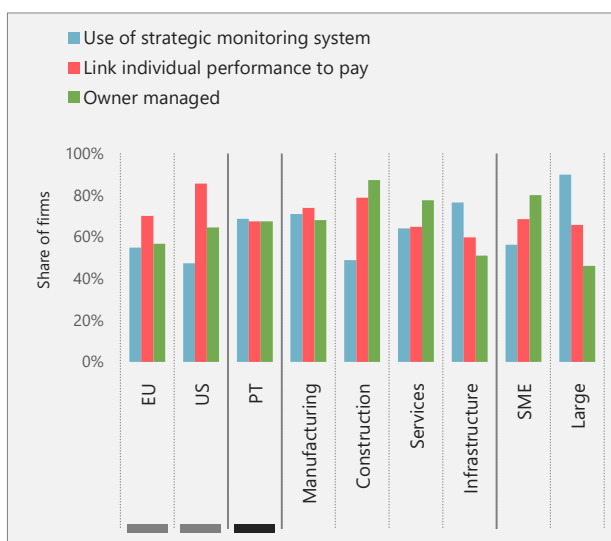
Comparing sectors, manufacturing firms contribute a third of value-added (32%), less than the EU average (38%). This is followed by the contributions from infrastructure (30%), services (29%) and construction (9%), all more in line with the EU sector averages.



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



Seven in ten firms (69%) use a strategic monitoring system, above the EU average (55%). Two-thirds link individual performance to pay (68%), in line with the EU average (70%). A similar proportion (68%) are owner-managed, higher than the EU average (57%).

Infrastructure firms are less likely to be owner-managed (51%) than other sectors, and less likely to link individual performance to pay (60%) than manufacturing (74%) and construction (79%). Construction firms are less likely to use a strategic monitoring system (49%) than other sectors.

Compared to large firms, SMEs are less likely to use strategic monitoring (56% versus 90%), but more likely to be owner managed (80% versus 46%).

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

	EU	US	PT	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs PT	Manuf vs Constr	SME vs Large
	(11971)	(800)	(481)	(150)	(96)	(116)	(119)	(392)	(89)	(11971 vs 481)	(96 vs 150)	(392 vs 89)
10% or 90%	1.1%	3.5%	2.6%	4.4%	5.4%	5.0%	5.0%	2.7%	5.3%	2.8%	7.0%	5.9%
30% or 70%	1.7%	5.3%	4.0%	6.8%	8.2%	7.7%	7.7%	4.1%	8.1%	4.3%	10.6%	9.1%
50%	1.9%	5.8%	4.3%	7.4%	9.0%	8.4%	8.4%	4.4%	8.9%	4.7%	11.6%	9.9%

## GLOSSARY

<b>Investment</b>	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.
<b>Investment cycle</b>	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.
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities, firms in group C (manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities, firms in group F (construction).
<b>Services sector</b>	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
<b>Infrastructure sector</b>	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).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.
<b>EIBIS 2019</b>	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
<b>EIBIS 2020</b>	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 481 firms in Portugal (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	PT 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	481/484	150	96	116	119	392	89
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	478/469	149	96	115	118	390	88
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	387/NA	127	82	83	95	302	85
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	447/442	140	94	99	114	361	86
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	437/401	137	92	97	111	357	80
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	480/482	150	95	116	119	391	89
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	481/482	150	96	116	119	392	89
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	480/0	150	95	116	119	391	89
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	478/480	149	96	116	117	390	88
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	426/384	134	90	93	109	348	78
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	481/483	150	96	116	119	392	89
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	408/393	125	92	88	103	342	66
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	208/215	71	43	37	57	169	39
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	456/451	146	93	105	112	371	85
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	210/217	73	42	36	57	169	40
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	480/NA	149	96	116	119	391	89
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	479/NA	149	96	115	119	390	89
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	476/478	150	95	114	117	388	88





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# Portugal

Overview

## EIB INVESTMENT SURVEY

# 2020