European Investment Bank
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Portugal
Overview

EIB INVESTMENT SURVEY

2021

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EIB Investment Survey Country Overview: Portugal

About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, 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 firms face, such as climate change and digital transformation. 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 EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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

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EIBIS 2021 – Portugal

KEY RESULTS

Investment Dynamics and Focus

While fewer firms invested in 2020, firms have become more optimistic for 2021, with more firms expecting to increase rather than decrease investment. However, this still remains below the average levels in the EU.

On average, firms in Portugal spent almost three-fifths (61%) of their investment on replacement, an increase on EIBIS 2020 (52%) but similar to the EU average (50%). The highest share of investment went into machinery and equipment (50%).

Impact of COVID-19

COVID-19 hit firms in various ways. Slightly more than half of the firms (54%) report that their sales or turnover have declined compared to the beginning of 2020. COVID-19 also had an impact on investment. A third (32%) of firms in Portugal have revised their investment plans downwards as a result of COVID-19, higher than among EU firms (26%).

Asked about the short-term actions to react to to COVID-19, digitalisation stood out: two in five (42%) firms have taken action or made investments to become more digital due to COVID-19, similar to the EU average (46%).

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Again, digitalisation stands out, with around three in five (58%) firms believing that the increased use of digital technologies will be the long-term impact of COVID-19, similar to all EU firms (55%).

Around a half (48%) of all Portuguese firms report operations at or above full capacity, similar to what was reported in EIBIS 2020 (48%) and the EU average (51%). Portuguese firms do not perceive major gaps in their investment activities: eight in ten (80%) firms report that they invested about the right amount over the last three years.

Innovation Activities

The share of firms innovating has declined (32% in EIBIS 2021 versus 50% EIBIS 2020) but is similar to the EU average (36%). More than two thirds of firms (67%) have implemented at least one of the advanced digital technologies they were asked about.

Drivers and Constraints

More firms expect the political and regulatory climate to deteriorate than improve in the next twelve months, but to a lesser extent than what was reported in EIBIS 2020. On balance, Portuguese firms became positive again about the economic climate, business prospects in the sector and availability of finance.

The most frequently cited long-term barriers to investment are the uncertainty about the future (89%) and business regulations (80%). Firms in Portugal are more likely to cite the following aspects as a barrier to investment than EU firms: energy costs (76% versus 64%), labour market regulations (70% versus 61%), business regulations (80% versus 65%) and uncertainty about the future (89% versus 73%).

Investment Finance

Access to finance conditions in Portugal are benign: 6% of all firms in Portugal can be considered as external finance constrained, in line with the EU average. Firms that used external finance are on balance satisfied with the finance received. The highest level of dissatisfaction is with the cost of the finance (12%), which is higher than the EU average (5%)

As a result of the crisis, more than a quarter of firms (27%) have increased their debt and 4% have raised equity from current owners. Public support was substantial: more than half of all firms (65%) received financial support in response to COVID-19. The most common form of support came via subsidies and other financial support that do not need to be paid back in the future (41%).

Climate Change and Energy Efficiency

Three-quarters (72%) of firms in Portugal report that weather events have an impact on their business. This is much higher than the EU average (58%). Moreover, Portuguese firms are starting to internalise the risks associated with the transition to net zero. In particular, firms that think the transition to stricter climate standards and regulations will have an impact on their business are more likely to see it as an opportunity rather than an a risk (37% compared to 22%).

On average, 36% of Portuguese firms have already invested to deal with climate change, and 50% have plans to do so in the next three years. The share of firms planning to invest has increased compared to EIBIS 2020 (50% versus 41% EIBIS 2020). 44% of Portuguese firms set and monitored internal targets for carbon emissions, in line with the EU average (46%).

Firm management, gender balance and employment

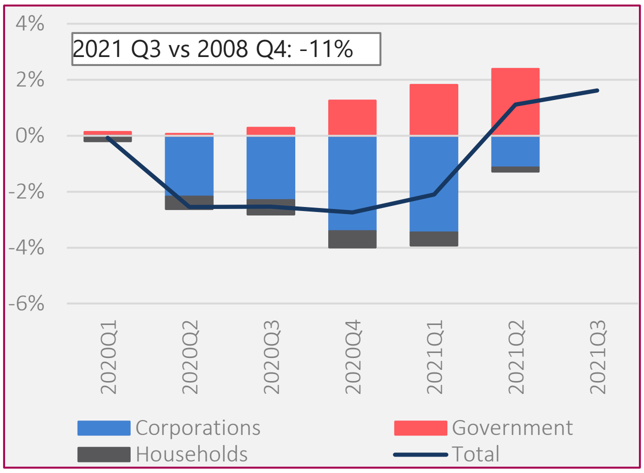
Around two thirds of Portuguese firms linked individual performance to pay (68%), made use of a strategic monitoring system (67%) and strove for gender balance (70%). Portuguese firms were more likely to strive for gender balance than the EU average (70% versus 60%). Employment in Portugal has declined slightly (-1.4%) since the start of the pandemic, with SMEs experiencing the largest decline (-5.5%).

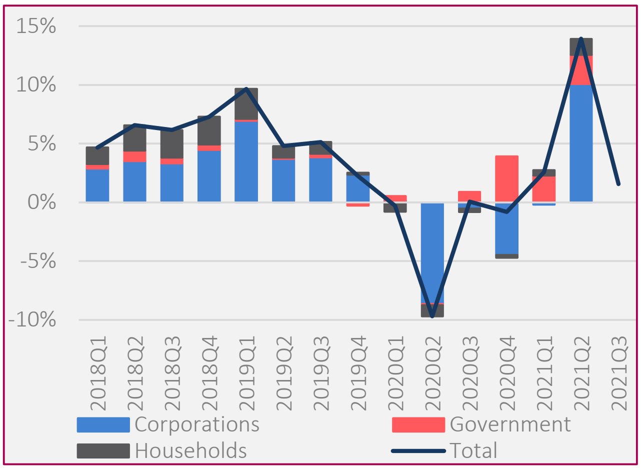
Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

Investment in Portugal was impacted by the COVID-19 pandemic, with investment levels declining from Q2 2020, until falling to 2.8% below the pre-crisis level in Q4 2020. Still, following a strong rebound in Q2 2021, investment rose back to 1.6% above the pre-crisis 2019 level in Q3 2021.

This aggregate picture masks significant sectoral differences. The recovery is mainly driven by government investment, while corporate and household investment, though improving in the first quarters of 2021, still remained below pre-crisis levels in Q2 2021.





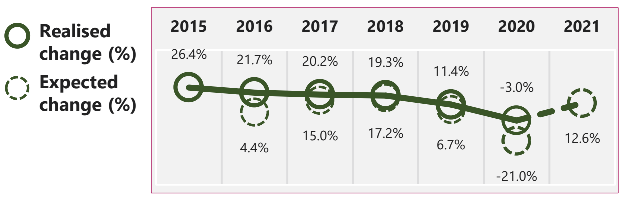
The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: Eurostat
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: Eurostat.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

While fewer Portuguese firms invested in 2020, they have become more optimistic for 2021, with more firms expecting to increase rather than decrease investment. However, this still remains below the average levels in the EU.

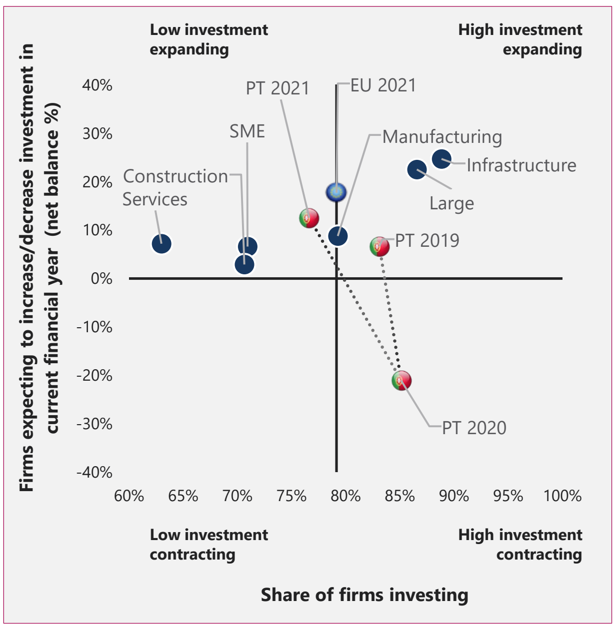
Large firms and firms within the infrastructure sector are the most likely to have invested and to expect to increase rather than decrease investment.

Investment expectations have returned to the positive although they have not yet reached EIBIS 2019 levels.



'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



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 EIBIS 2021.

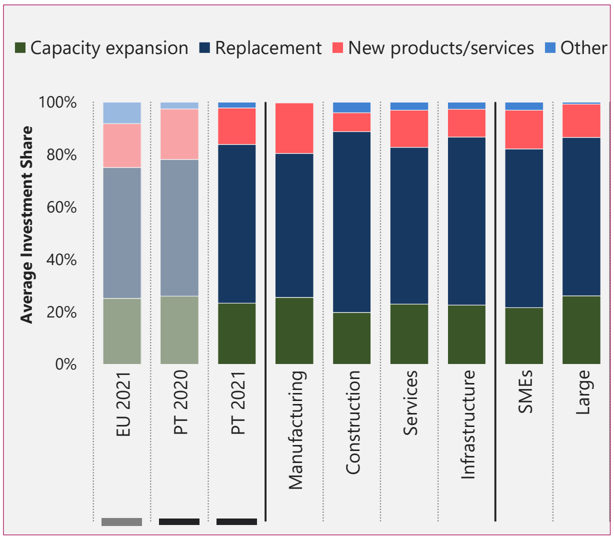
Base: All firms (excluding don't know/refused responses)

Investment Dynamics and Focus

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

On average, firms across Portugal spent three-fifths (61%) of their investment in 2020 to replace buildings and equipment, an increase compared to EIBIS 2020 (52%) but similar to the EU average (50%).

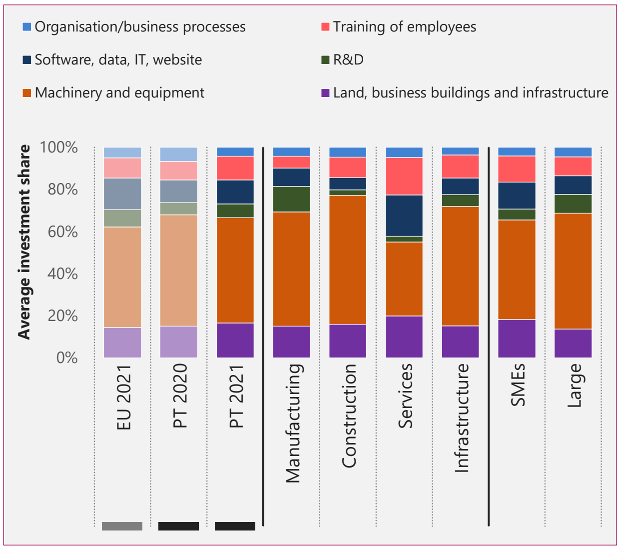
Investment in capacity expansion accounts for around a quarter (23%) of all investment spent in Portugal, while investment in the development and introduction of new products and services made up 14% of the investment, lower than what was reported in EIBIS 2020 (19%). Manufacturing firms have allocated the largest share of investment to developing or introducing new products, processes and services (19%). Large firms invested a larger share to expand capacity than SMEs (26% vs 22% 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 largest share of investment in Portugal went into machinery and equipment (50%), followed by land, business buildings and infrastructure (17%), software, data, IT and website activities (11%) and training of employees (11%). The pattern is broadly in line with the EIBIS 2020 findings and the EU average.

Investment activities varied depending on the sector and size of the business. Firms in the services sector invested a higher share in 'intangible assets' (R&D, software, training and business processes) and a lower share in 'tangible assets' (land, buildings, infrastructure and machinery).

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?

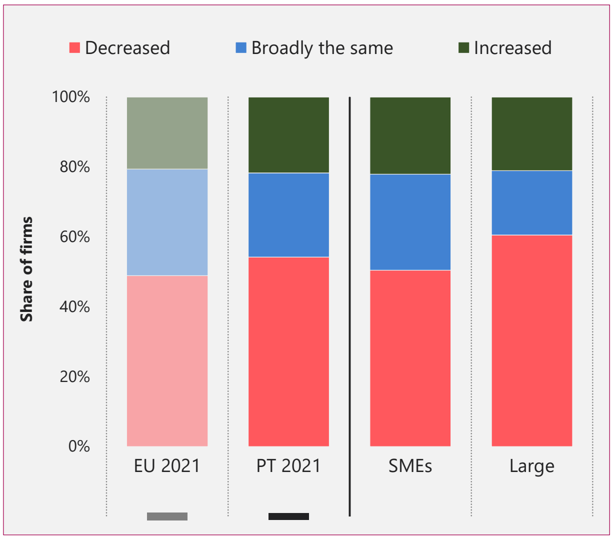
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES

COVID-19 hit firms in various ways. When asked about the impact on sales, more than a half of firms (54%) report that their sales have declined compared to the beginning of 2020, broadly in line with the EU average (49%).

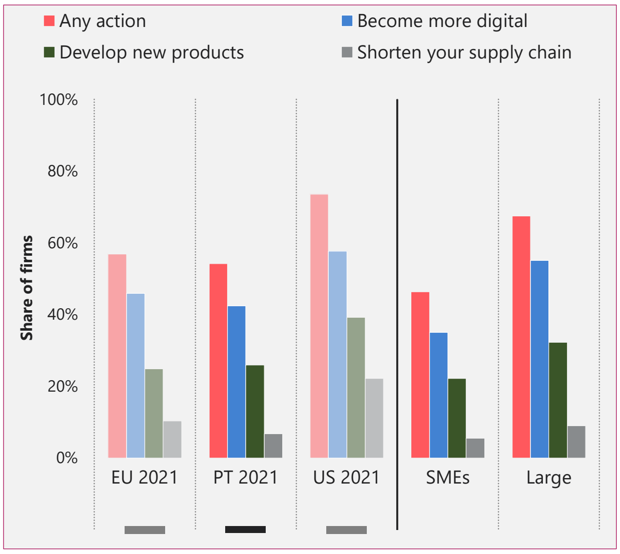
Large firms are slightly more likely than SMEs to have seen a decline in sales due to COVID-19 (60% versus 50%).



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

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

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



More than half of firms (54%) in Portugal undertook at least one of the short-term actions they were asked about as a result of COVID-19, similar to the EU average (57%), but below the US average (74%). The most common action is taking action or investing in order to become more digital, mentioned by around 42% of the firms, again similar to the EU average (46%). Large firms are more likely than SMEs to report that they have become more digital (55% versus 35%).

A quarter (26%) of firms have developed new products.

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

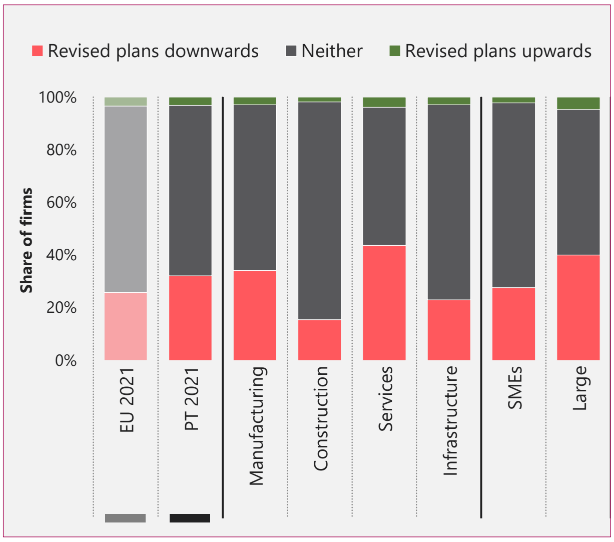
Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 also had an impact on investment. A third (32%) of the firms have revised their investment plans downwards as a result of COVID-19, higher than among EU firms (26%). However, around two thirds (65%) of the firms report that they have not changed their investment plans as a result of COVID-19, which is line with the EU average (71%).

Firms in the services (44%) and manufacturing (34%) sectors and large (40%) firms are the most likely to have revised their investment plans downwards.

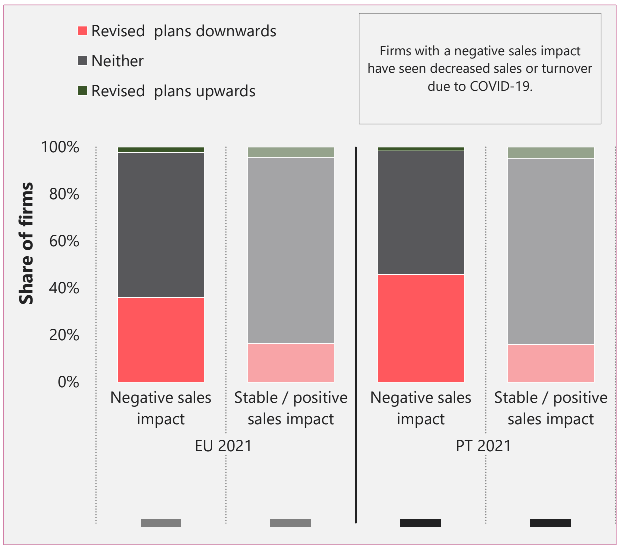


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

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

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



Overall, firms whose sales or turnover have been negatively impacted by COVID-19 are more likely to have revised their investment plans downwards compared to firms whose sales or turnover have been buoyant.

More firms in Portugal who have experienced a reduction in sales, have revised their investment plans downwards compared with the EU overall (46% versus 36%).

Overall, very few firms in Portugal revised their investment plans upwards regardless of the impact they felt on their sales.

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

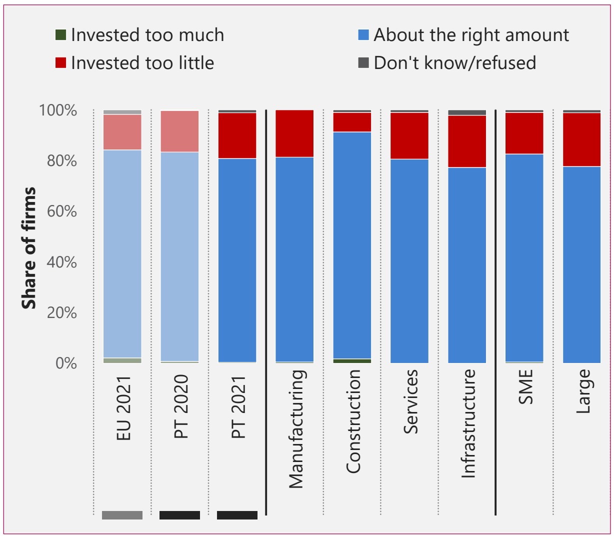
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Portuguese firms do not perceive major gaps in their investment activities. Eight in ten (80%) firms believe their investment over the last three years was about the right amount, while 18% report investing too little. These figures are in line with the EU average.

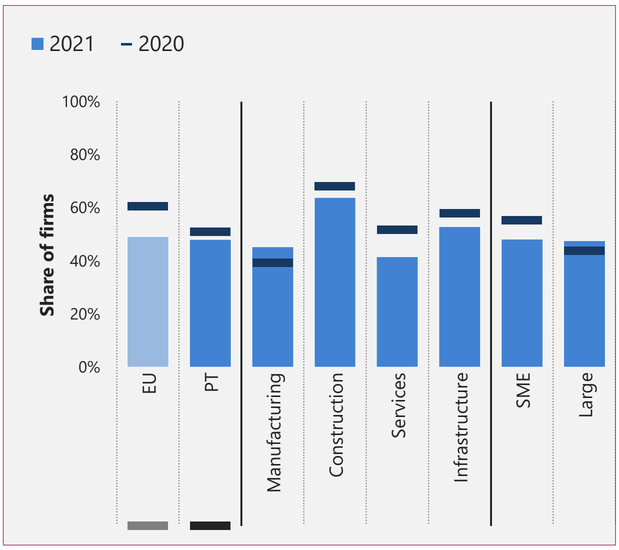
Almost 9 in 10 firms (89%) in the construction sector believe they have invested the right amount, the highest share amongst all sectors. Firms in the infrastructure sector (77%) are the least likely to report that their investment was in line with their needs.



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



Around a half (48%) of all Portuguese firms report operations at or above full capacity in 2020, similar to what was reported in EIBIS 2020 (51%) and the EU average (49%).

Firms in the construction sector were the most likely to operate at or above full capacity (64%, compared to between 42% and 53% among firms in the other sectors).

Large firms were as likely as SMEs to operate at or above full capacity in 2020. This is a change from EIBIS 2020, where SMEs were more likely to be at or above full capacity

Full capacity is the maximum capacity attainable 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?

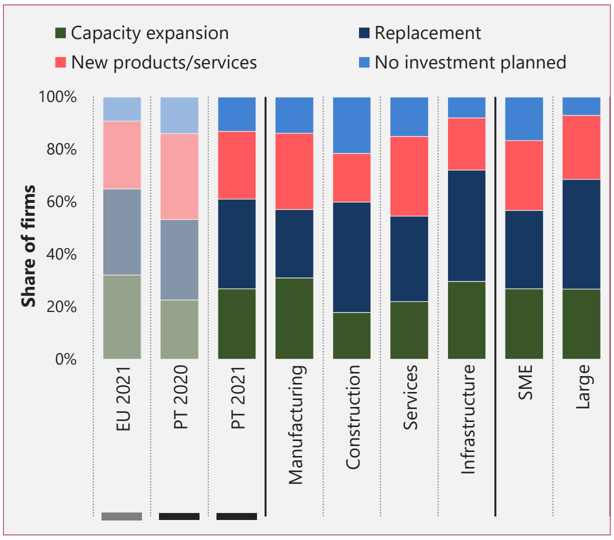
Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing existing buildings and equipment is the most commonly cited investment priority among firms (34%). Capacity expansion for existing products and services is the priority for more than a quarter (27%) of firms, followed by the development or introduction of new products, processes or services (26%). The share of firms prioritising the development and introduction of new products, processes or services has declined (26% in EIBIS 2021 versus 33% in EIBIS 2020).

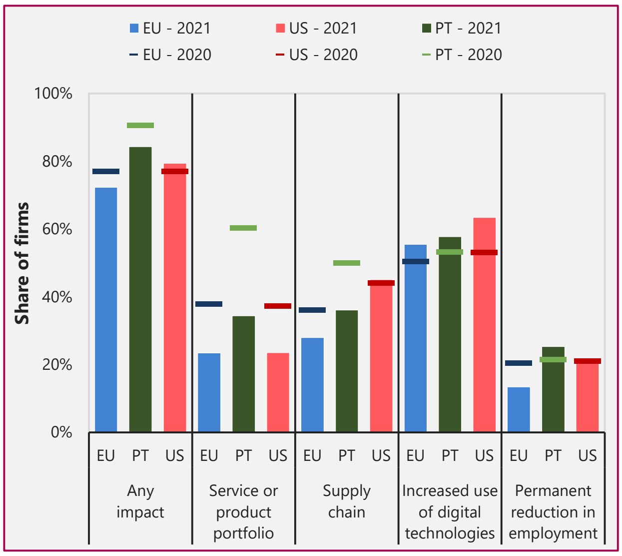
Firms in Portugal are more likely than EU firms to have no investment planned (13% versus 9%) and firms in the construction sector are the most likely to have no investment planned (22%).



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 LONG-TERM IMPACT



COVID-19 will undeniably have a long-term impact on needs and priorities. Overall, more than eight in ten (84%) firms think COVID-19 will have a long-term impact on their business, in at least one of the aspects they were asked about, which is higher than among EU firms (72%).

Around three in five (58%) firms think the long-term impact of COVID-19 will be the increased use of digital technologies, similar to all EU firms (55%). Firms in Portugal are more likely than all EU firms to think that COVID-19 will have a long-term impact on their services or product portfolio (34% versus 23% respectively), on their supply chain (36% versus 28%) and in form of a permanent reduction in employment (25% versus 13%). In addition, in first two instances the share of firms in Portugal who think there will be a long-term impact has declined.

Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

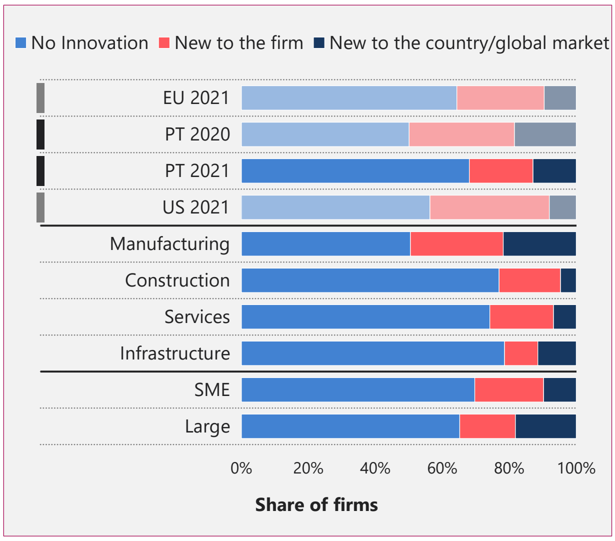
Base: All firms

Innovation Activities

INNOVATION ACTIVITY

The share of firms innovating has declined since EIBIS 2020 (32% versus 50% EIBIS 2020), in line with the EU average (36%). Manufacturing firms were the most likely to innovate (50%) and infrastructure firms were the least likely (21%) to do so.

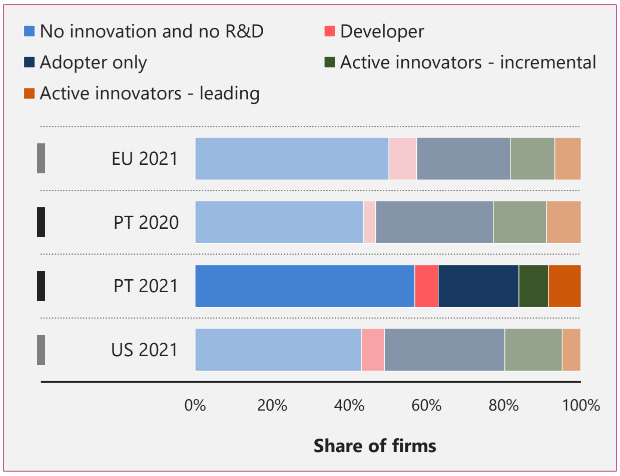
Large firms were more likely than SMEs to develop or introduce new products, processes, services that are new to the country or global market (18% versus 10%).



Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

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

INNOVATION PROFILE



When firms' innovation and research and development behaviour is profiled more widely, 16% of firms in Portugal can be classified as 'active innovators', and a further 6% of firms as 'developers', both relatively similar to the EU average, but slightly below the US average.

Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

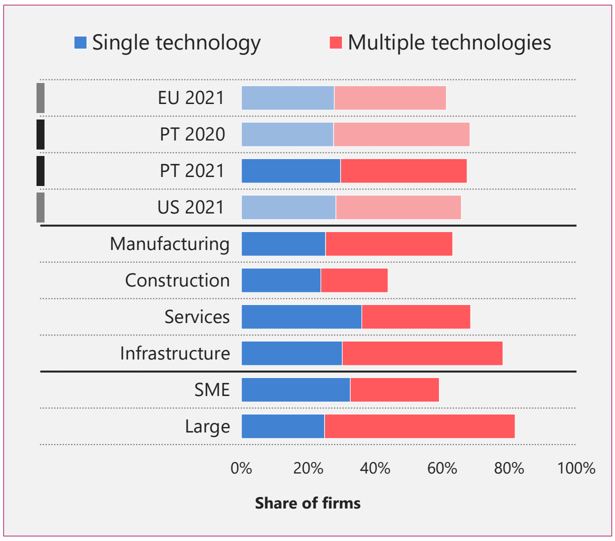
The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are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

Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

More than two thirds of Portuguese firms (67%) have implemented, at least one of the advanced digital technologies they were asked about. This proportion is in line with the EU average (61%).

Firms in the construction sector are the least likely to have implemented advanced digital technologies within their business (44%). Large firms are more likely than SMEs to have implemented at least one advanced digital technology (82% versus 59%). Portuguese service and manufacturing firms report a relatively high uptake of new digital platforms when compared with all EU firms.

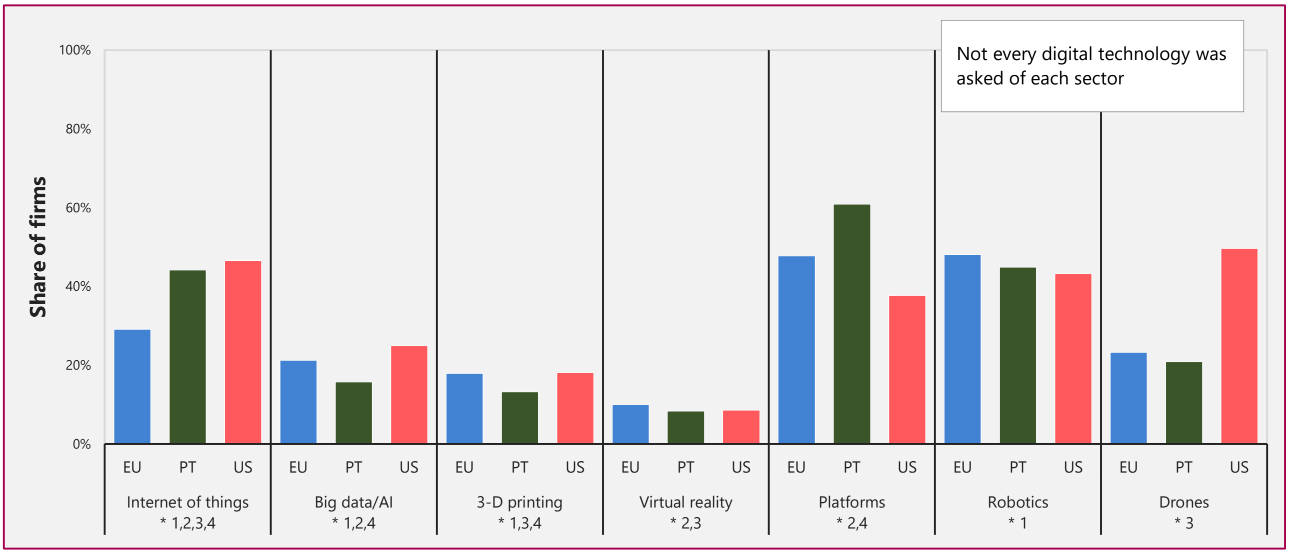


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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)

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms**

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'

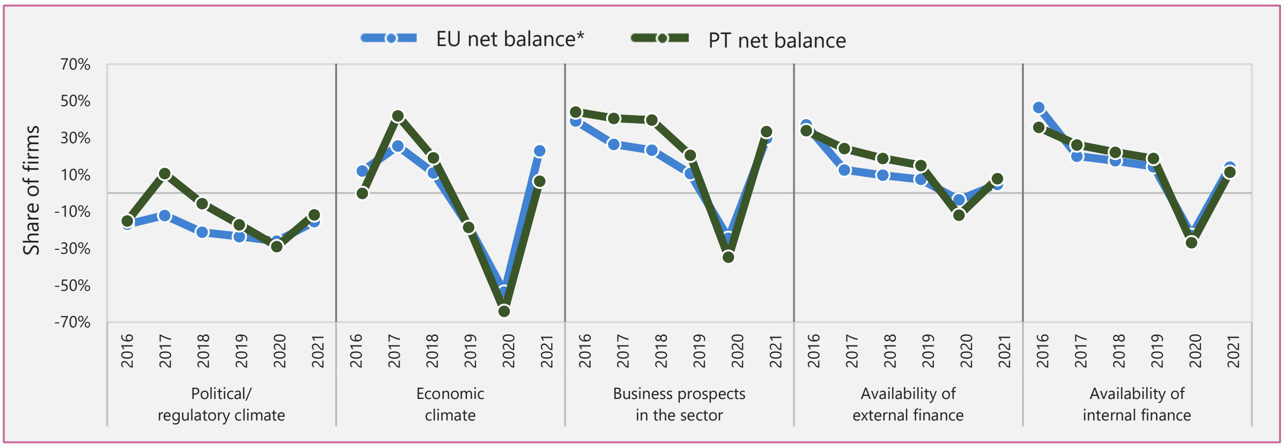
Base: All firms (excluding don't know/refused responses);
Sample size PT: Manufacturing (141); Construction (110); Services (110); Infrastructure (120)

Drivers And Constraints

SHORT-TERM FIRM OUTLOOK

More firms expect the political and regulatory climate to deteriorate than improve in the next twelve months, but to a lesser extent than in EIBIS 2020 (-11% versus -29% EIBIS 2020). This is in line with firms across the EU.

Firms are more optimistic than in EIBIS 2020 about: the overall economic climate (+9% versus -67%), business prospects in the sector (+38% versus -36%) and the availability of internal (+14% versus -27%) and external (+10% versus -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 %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Manufacturing	16	8	40	3	15
Construction	15	1	36	11	12
Services	8	23	38	17	18
Infrastructure	6	16	35	12	11
SME	15	4	33	11	9
Large	4	17	45	8	24

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

Firms are consistently more negative than positive about the political/regulatory climate.

In contrast to other sectors, manufacturing and construction sectors firms are more negative than positive about the economic climate. Large firms are, on balance, more optimistic about business prospects in their sector, the economic climate and internal finance than SMEs firms.

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

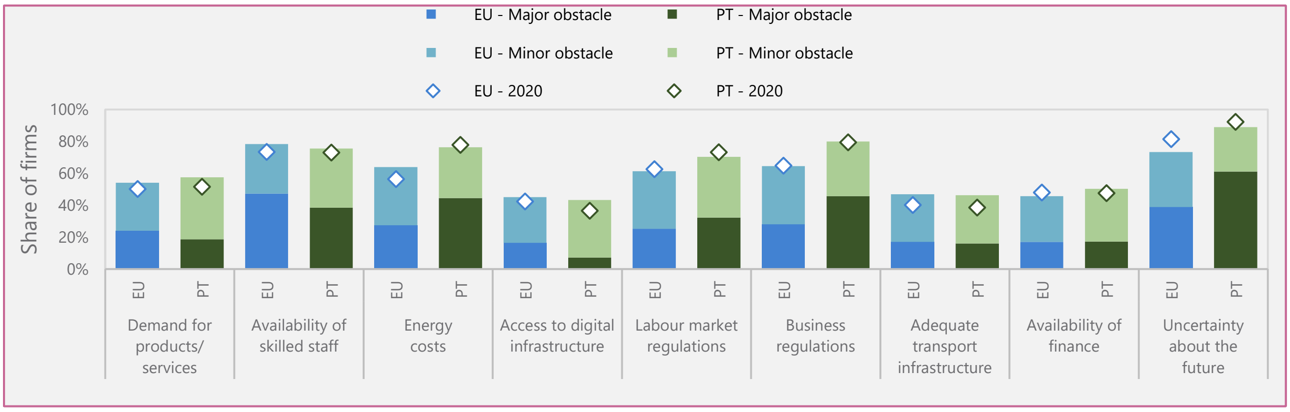
Base: All firms

Drivers And Constraints

LONG-TERM BARRIERS TO INVESTMENT

The most frequently cited long-term barriers to investment are the uncertainty about the future (89%) and business regulations (80%). Firms in Portugal are also more likely to cite the following barriers to investment than EU firms: energy costs (76% versus 64%), labour market regulations (70% versus 61%), business regulations (80% versus 65%) and uncertainty about the future (89% versus 73%).

The share of firms citing adequate transport infrastructure has increased since EIBIS 2020 (46% versus 39%).



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

	Demand for products/ services	Availability of skilled staff	Energy costs	Digital infrastructure	Labour regulations	Business regulations	Transport infrastructure	Availability of finance	Uncertainty about the future
Manufacturing	63	80	83	46	68	82	49	50	91
Construction	49	88	77	42	75	86	35	52	80
Services	56	71	74	39	68	85	45	50	89
Infrastructure	56	73	72	46	74	72	48	51	89
SME	61	76	75	41	67	79	45	52	90
Large	52	74	78	48	76	82	48	47	88

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?

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

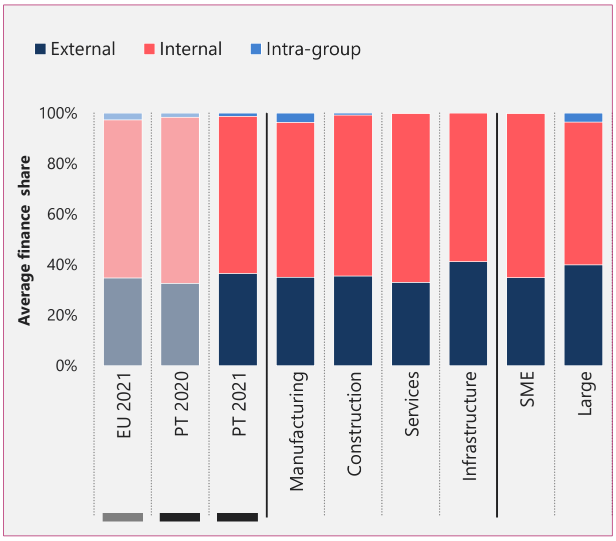
Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in Portugal continued to fund the majority of their investment in 2020 through internal financing (62%), which is similar to the EU average and EIBIS 2020 (63% and 66% respectively).

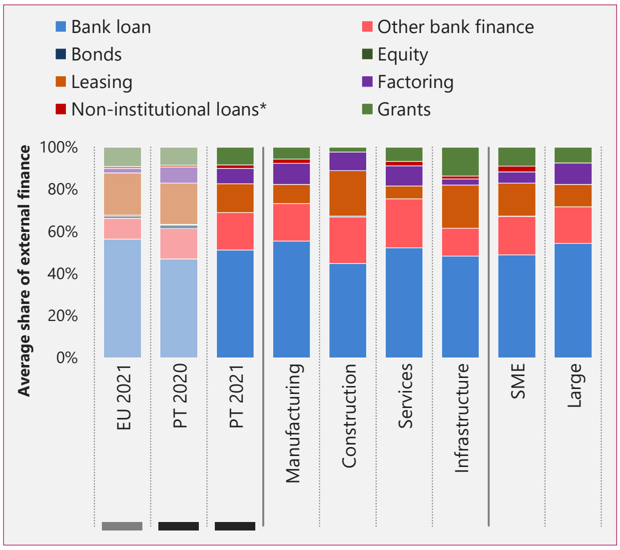
External finance made up more than a third of the overall investment finance in 2020 (37%). This is similar to the EU average (35%). Intra-group finance accounted for 1% of the overall investment finance and was predominantly used by manufacturing firms (4%) and by large (4%) firms.



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 continued to make up the largest share of external finance (51%). This is in line with what was reported in EIBIS 2020 (47%) and above the EU average (56%). Other bank finance accounted for the second largest share of external finance used (18%), which is above the current EU average (10%).

A fifth of finance in the construction (22%) and infrastructure (21%) sectors came from leasing or hiring.

Q. Approximately what proportion of your external finance does each of the following represent?
**Loans from family, friends or business partners*

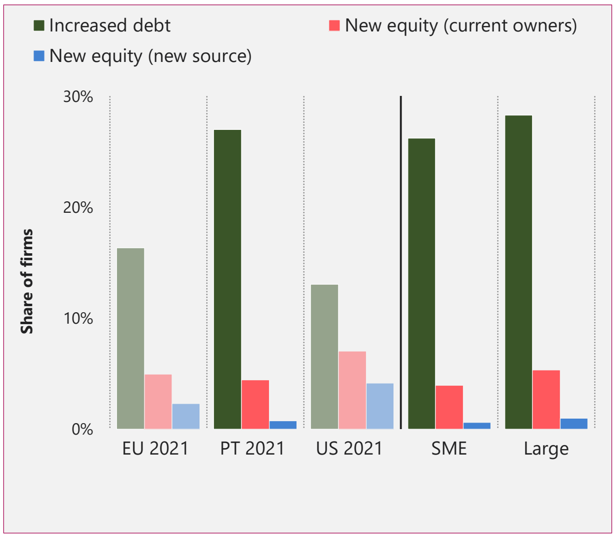
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the crisis, more than a quarter of firms (27%) have increased their debt and 4% have increased new equity from current owners.

This increase in debt is significantly above the EU (16%) and US (13%) averages and is similar across firms of all size classes.



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

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

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

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

Public support was important: around six in ten (65%) firms in Portugal report having received some form of financial help, above the EU average (56%) but below the US average (72%). Two in five (41%) firms in Portugal have received subsidies or other financial support that they do not need to pay back as a result of COVID-19, which is above the EU average (36%).

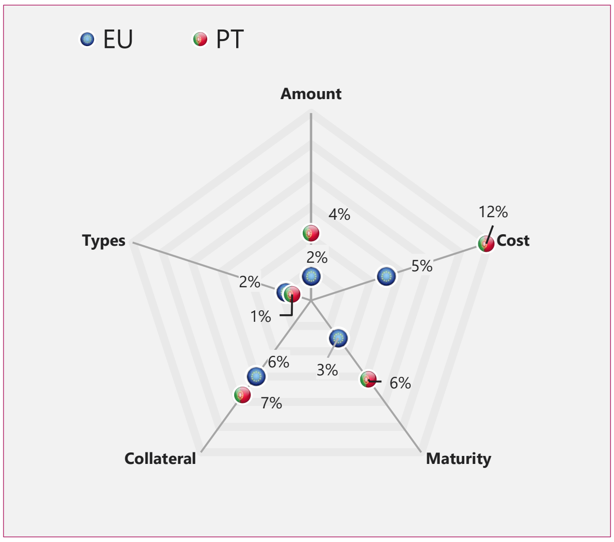
Overall, SMEs are slightly less likely than large firms to have received financial support (61% versus 71%).

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms are more satisfied than dissatisfied with the finance they have received in 2020.

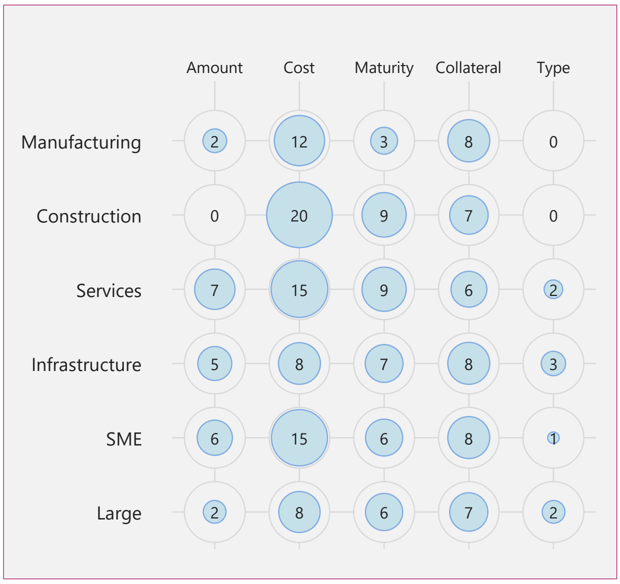
The highest level of dissatisfaction is with the cost of the finance (12%), which is higher than the EU average (5%).



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 sources of dissatisfaction vary across sectors and firm size classes.

Construction firms have the highest level of dissatisfaction, with the cost of finance.

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

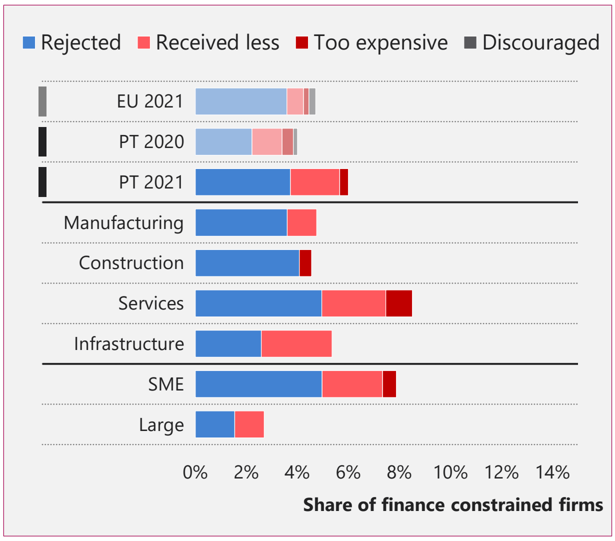
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

6% of all firms in Portugal can be considered as external finance constrained, which is similar to the EU average (5%) and the share reported in EIBIS 2020 (4%).

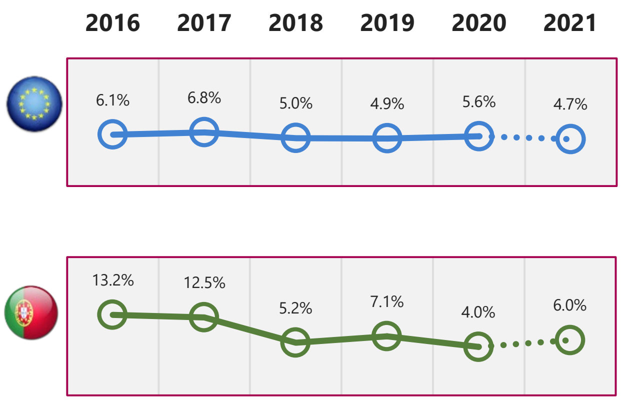
A higher share of firms in the services sector report to be finance constrained (8.5%). The share of SMEs reporting to be finance constrained is more than the double that of large firms (8% vs 3%).



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 (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



There has been little change in the EU average of finance constrained firms since EIBIS 2020.

Firms in Portugal are slightly more likely to be finance constrained when compared to the EU average.

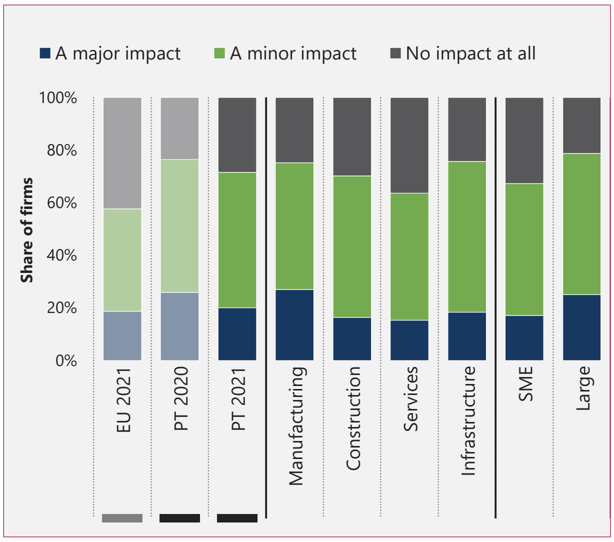
Base: All firms (excluding don't know/refused responses)

Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

A large share of firms feel the effect of weather events: three-quarters (72%) of firms in Portugal report that weather events are currently having an impact on their business, although they are more likely to think it has a minor rather than a major impact (51% compared to 20%). This is much higher than the EU average (58%).

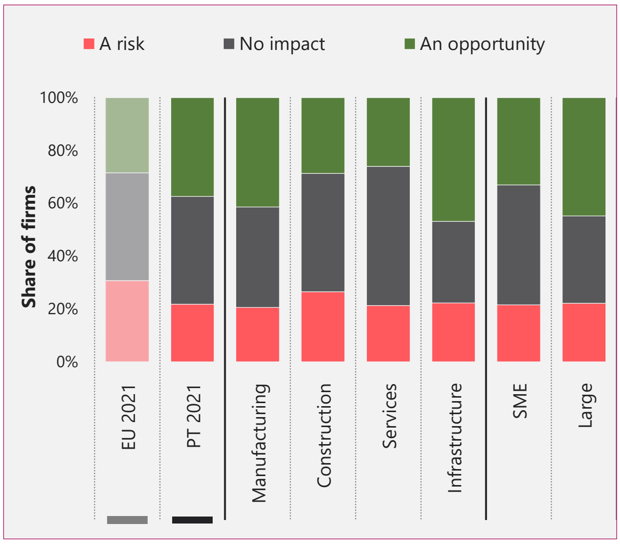
Firms in the services sector (36%) and SMEs (33%) are the most likely to believe that climate change and the related changes are not having an impact on their business.



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)

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



Two in five (41%) firms in Portugal think that the transition to stricter climate standards and regulations will have no impact on their company over the next 5 years. However, firms that think it will have an impact are more likely to see it as an opportunity rather than an a risk (37% compared to 22%). Firms in the infrastructure and manufacturing sectors are the most likely to view the transition as an opportunity (47% and 41% respectively).

The share of firms viewing the transition as an opportunity is much higher in Portugal than among EU firms (37% versus 28%).

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

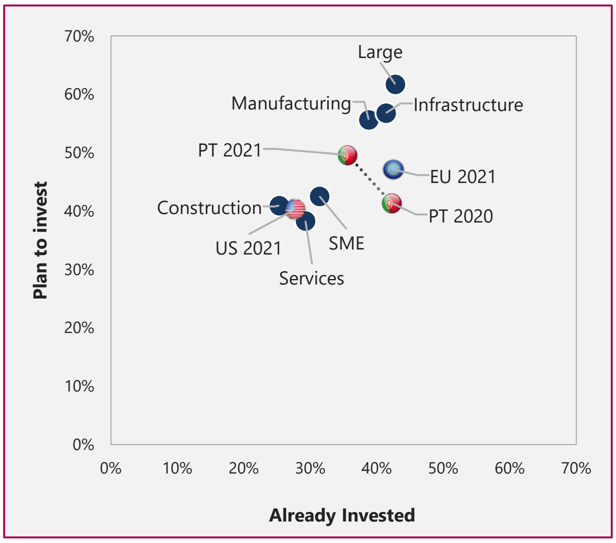
Base: All firms (excluding don't know / refused responses)

Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

On average, 36% of Portuguese firms have already invested to deal with climate change and 50% have plans to do so in the next three years. The share of firms planning to invest has increased compared to EIBIS 2020 (50% versus 41%); however, the share of firms who have already invested has declined from 42% to 36%.

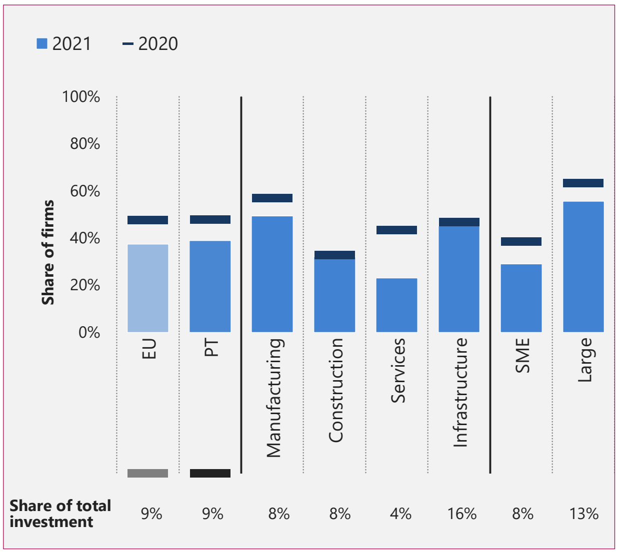
Large (62%) firms, along with manufacturing (56%) and infrastructure (57%) firms are the most likely to be planning to invest to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions.



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

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

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



The share of firms that invested in measures to improve energy efficiency has declined (39% in EIBIS 2021 versus 48% EIBIS 2020), but remains similar to the EU average (37%).

Firms in the services sector are the least likely to report that they have invested in these measures and the share has dropped since EIBIS 2020 (23% versus 43%). In addition, firms in the service sector (8%) have the lowest share of investment across all sectors. Large firms were more likely than SMEs to invest in measures to improve energy efficiency (56% versus 29%).

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

Base: All firms (for share of firms investing)

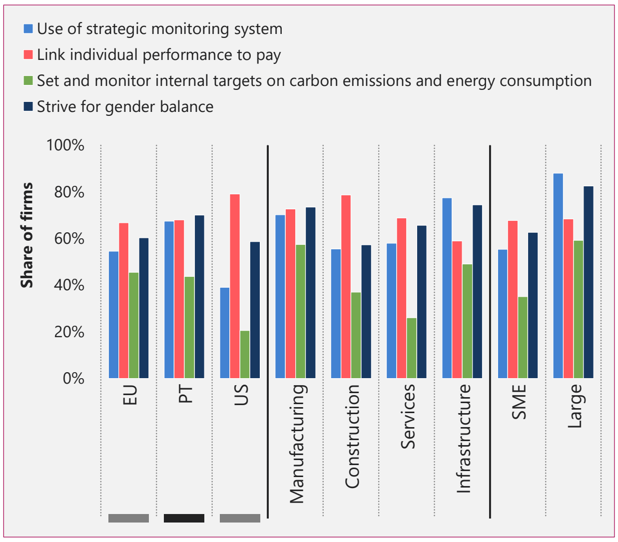
Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

When asked about several management practices, 68% of Portuguese firms report having linked individual performance to pay, 67% indicate to have made use of a strategic monitoring system and 70% report to have striven for gender balance in 2020. Portuguese firms were more likely to strive for gender balance than the EU average (70% versus 60%).

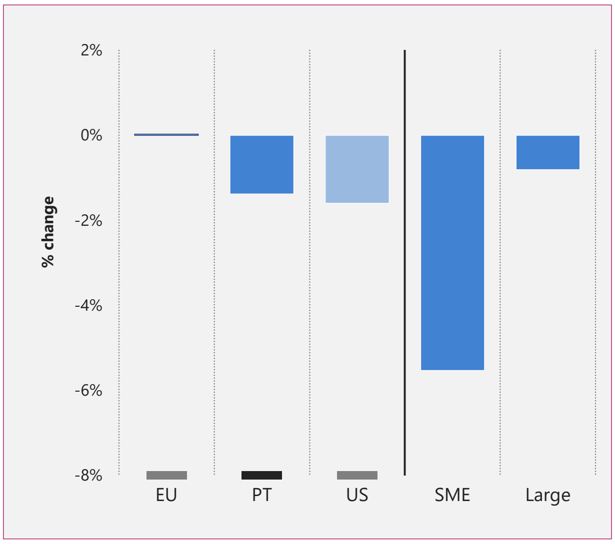
Large firms (88%) were the most likely to make use of a strategic monitoring system, whereas firms in the service industry were the least likely to set targets on carbon emissions and energy consumption (26%).



Q. In 2020, did your company...?

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

CHANGE IN EMPLOYMENT DURING COVID-19



Employment in Portugal has declined slightly (-1.4%) since the start of the pandemic, with SMEs experiencing the largest decline (-5.5%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

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

EIBIS 2021 – 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	Constr Vs Manuf	SME vs Large
	(11920)	(802)	(481)	(141)	(110)	(110)	(120)	(382)	(99)	(11920 vs 481)	(110 vs 141)	(382 vs 99)
10% or 90%	1.1%	3.5%	2.6%	4.5%	5.1%	5.2%	4.9%	2.8%	5.2%	2.8%	6.7%	5.8%
30% or 70%	1.7%	5.3%	3.9%	6.8%	7.8%	7.9%	7.5%	4.2%	7.9%	4.3%	10.3%	8.9%
50%	1.8%	5.8%	4.3%	7.4%	8.5%	8.6%	8.2%	4.6%	8.6%	4.7%	11.2%	9.7%

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.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 481 firms in Portugal (carried out between March and July 2021).

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

Base definition and page reference	EU 2021/2020	US 2021	PT 2021/2020	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	481/481	141	110	110	120	382	99
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	481/480	141	110	110	120	382	99
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	474/478	140	110	106	118	378	96
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	480/NA	140	110	110	120	381	99
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	481/NA	141	110	110	120	382	99
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	479/481	140	110	110	119	382	97
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	478/0	139	110	110	119	381	97
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	480/481	141	110	109	120	382	98
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	476/478	141	106	110	119	377	99
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	384/426	105	91	88	100	309	75
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	481/481	141	110	110	120	382	99
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	481/NA	141	110	110	120	382	99
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	480/NA	141	110	109	120	381	99
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	477/474	139	110	108	120	381	96
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	480/480	141	110	109	120	381	99
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	470/NA	136	108	108	118	373	97
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	478/479	140	110	108	120	380	98
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	468/NA	138	108	108	113	375	93
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	472/475	139	110	106	117	376	96
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	417/447	116	101	92	108	328	89
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	398/437	108	95	89	106	322	76
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	375/408	100	96	80	99	309	66
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	481/481	141	110	110	120	382	99
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4003/4354	284	200/208	58	47	38	57	150	50
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	202/210	60	47	38	57	151	51

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Portugal

Overview

EIB INVESTMENT SURVEY 2021