



Denmark

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Denmark

EIB Group survey on investment and investment finance 2020.

Country overview: Denmark

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

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

Main contributors to this publication

Frank Betz.

Disclaimer

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

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

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

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EIBIS 2020 – Denmark

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 2.8% below the pre-crisis 2019 level. This drop in investment levels is lower than the drop experienced in the EU on average (19%).

COVID-19 has affected firms' investment strategies for 2020 with four in ten firms (40%) investing less than planned. This is broadly in line with the EU average (45%).

Investment Focus

More than a third (35%) of firms, with investment plans for the current financial year, plan to abandon or delay at least some of their investments as a result of COVID-19, the same as the EU average (35%). One in six (16%) firms with investment plans report that they will continue at least some of their investment plans with a reduced scale/scope. This is similar to the EU average of 18%.

Across all sectors, the most frequently cited long term impact of COVID-19 is expected to be the increased use of digital technologies (50%).

Investment Needs and Priorities

Two-thirds of firms (66%) were operating at or above full capacity in the last financial year, similar to EIBIS 2019 (67%) and the EU average (61%).

Investing in new products and services (35%) continues to be the top investment priority for firms in Denmark over the next three years.

Innovation Activities

Three-quarters of firms in Denmark (75%) have implemented, either fully or partially, at least one of the digital technologies.

Drivers and Constraints

On balance, firms in Denmark expect a deterioration across all five short-term outlooks in the next twelve months.

Uncertainty about the future (70%) is now the biggest long term barrier to investment, an increase of eleven percentage points compared to EIBIS 2019 but still below the EU average (81%).

Investment Finance

Internal funds continued to account for the highest share of investment finance by firms in Denmark (72%). This is higher than in EIBIS 2019 and the EU average (64% and 62% respectively).

More than four in five (84%) of firms report generating a profit in the last financial year, in line with EIBIS 2019 and the EU average (79% and 80% respectively).

Access to Finance

Firms using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

Energy Efficiency

More than half (51%) of firms have invested in measures to improve their energy efficiency, in line with EIBIS 2019 and the EU average (48% and 47% respectively).

The average share of investment in measures to improve energy efficiency by firms in Denmark is 10% of total investment in EIBIS 2020, which is similar to EIBIS 2019 (7%) and the EU average (12%).

Climate Change

Firms in Denmark are expecting the transition to a low-carbon future to be positive for market demand (36%) and for their reputation (22%) but to have a negative impact on their supply chain (-6%) over the next five years.

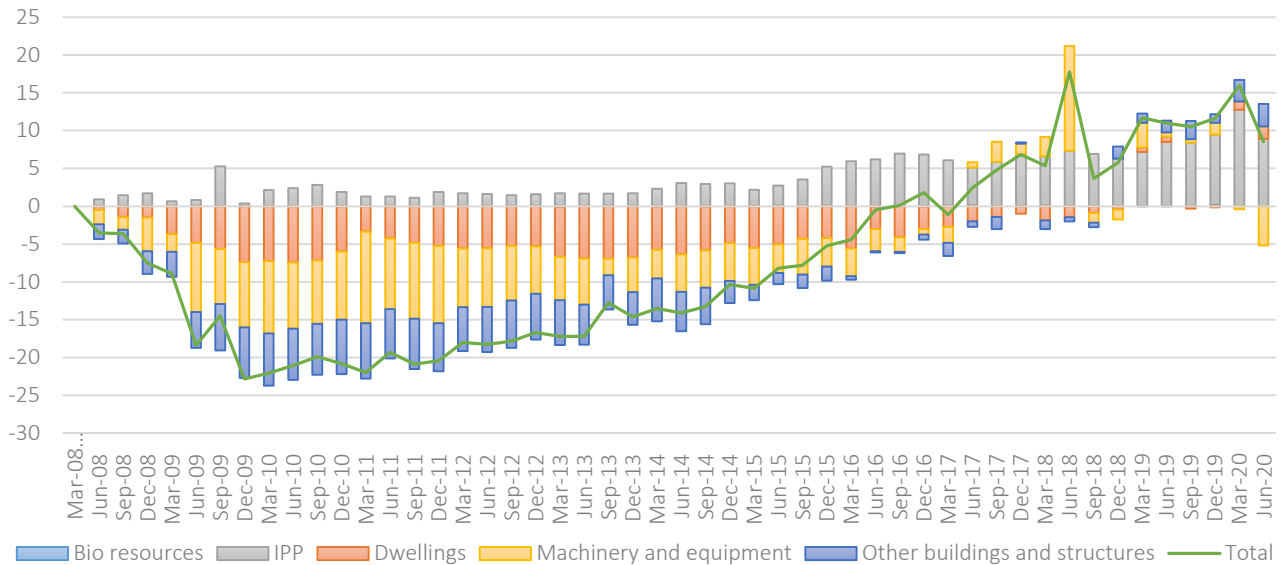
Two-thirds of firms in Denmark (66%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events or to reduce carbon emissions. This is in line with the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 dropped 2.8% below the pre-crisis 2019 level.

Denmark is one of the countries with least impact on investment and well above the EU average where investment is dropping by 19%.

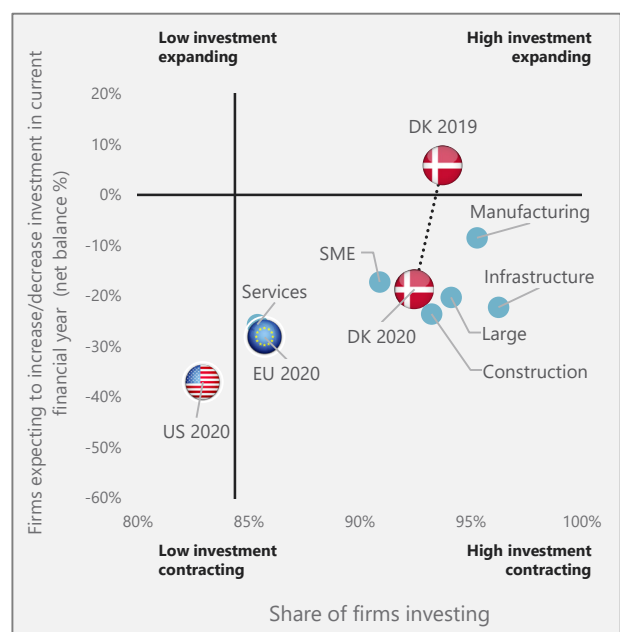


The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

In line with the EU, the investment cycle in Denmark has peaked, with the country moving into the 'high investment contracting' quadrant. Thus, unlike in 2019, firms expect, on balance, investment in the current financial year to decline.

This result applies to firms of all sectors and regardless of size class. However, firms in the service sector (85%) are the least likely to invest.



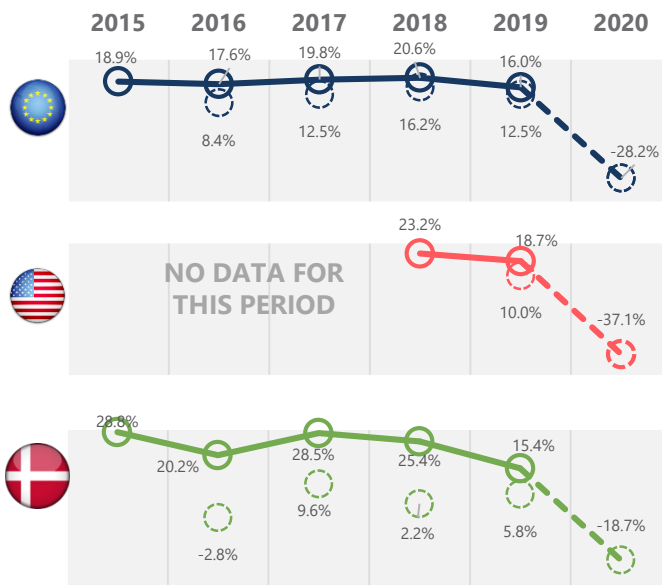
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

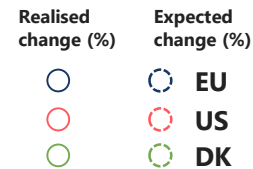
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



Regarding realised investment in 2019, on balance 15% of firms reported increased investment activities, down from 25% in 2018. However, the net balance of firms increasing their investment was still above the expectations from EIBIS 2019 (net 6%).

Currently, the investment outlook is extremely negative. On balance, 19% of firms expect to reduce investment. Still, this share is lower than in the EU as a whole (net 28%).



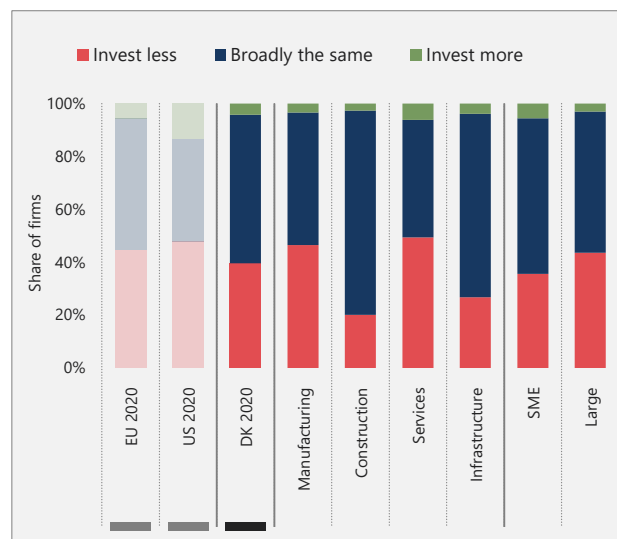
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020 with four in ten firms (40%) investing less than planned. This is broadly in line with the EU average (45%).

A greater share of firms in the services sector (49%) and the manufacturing sector (47%) have invested less than planned when compared to the construction and infrastructure sectors (20% and 27% respectively).



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

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

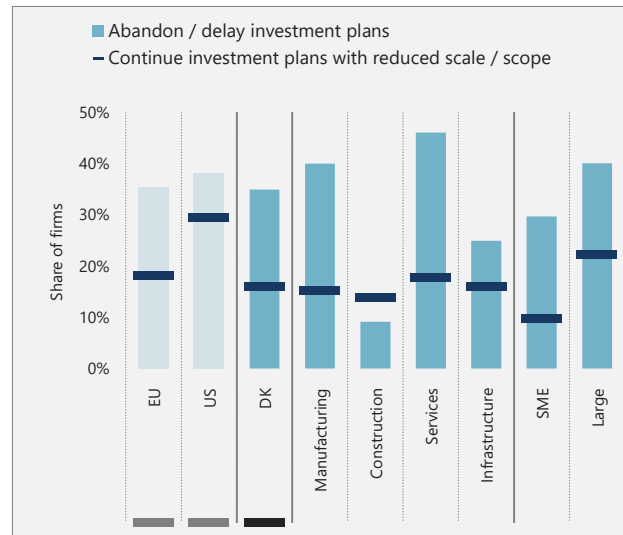
About 16% of firms with investment plans report that they will continue at least some of their investment plans with a reduced scale/scope. This is similar to the EU average of 18%.

Firms in the construction sector (9%) are much less likely to abandon or delay at least some of their plans compared to the other sectors (ranging from 25% to 46%).

SMEs are less likely than large firms to report that they will continue with at least some investment plans with a reduced scale/scope (10% versus 22%).

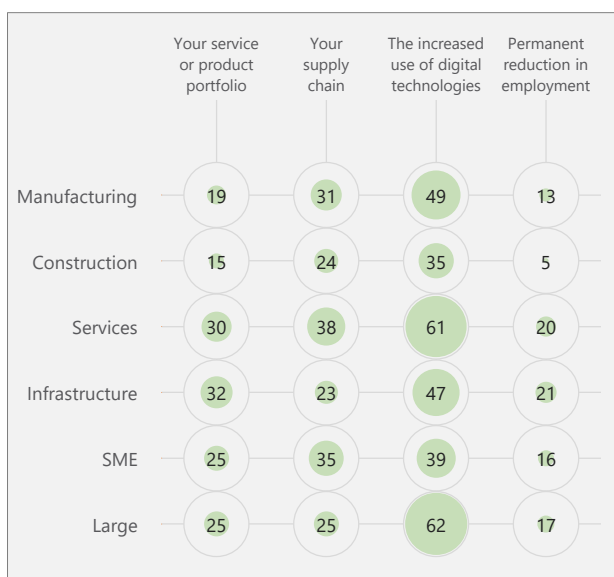
Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

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



Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



It appears that COVID-19 spurs technological change. Overall, the most frequently cited long-term impact of COVID-19 is expected to be the increased use of digital technologies (50%). This view is particularly prevalent among service sector firms (61%) and large firms (62%).

Three in ten firms in Denmark (30%) expect COVID-19 to affect their supply chain, although this is lower for firms in the construction (24%) and infrastructure (23%) sectors.

One in six firms (17%) expect a permanent reduction in employment levels, although this is much lower within the construction sector (5%).

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

Base: All firms

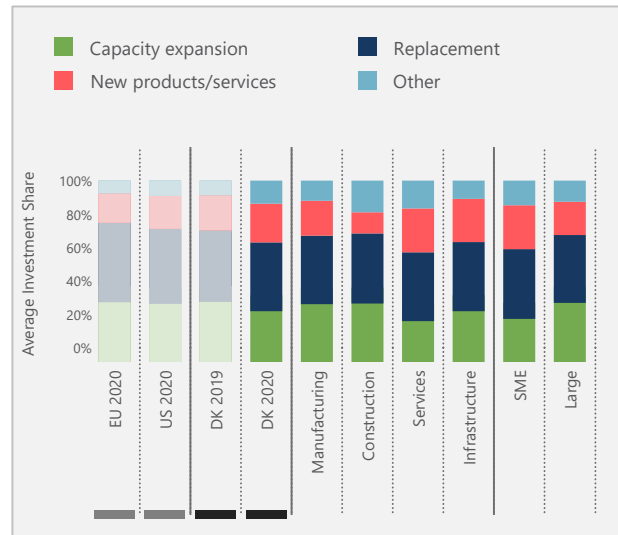
Investment Focus

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

The replacement of existing buildings, machinery, equipment and IT accounts for the largest share of investment in Denmark in 2019 (41%). The importance of replacement investment is similar to EIBIS 2019 (42%), broadly in line with the EU average (47%), and does not vary much across sectors and size class (all being 41% or 42%).

Construction firms (13%) had a lower share of investment for introducing new products, processes or services than firms in the other sectors (ranging from 21% to 26%).

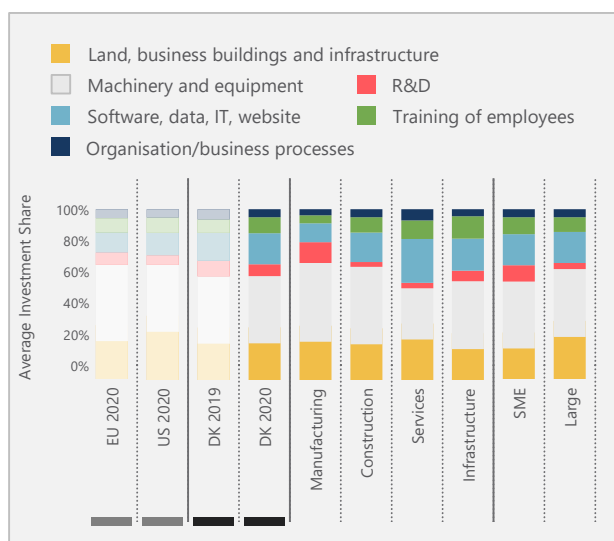
Large firms report a higher share of investment in capacity expansion than SMEs (27% versus 17%).



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



At 43%, investment in machinery and equipment accounted for the highest share of investment in Denmark, the same share as in EIBIS 2019 but lower than the EU average (49%).

This is followed by investment in software, data, IT and websites (20%), and land, business buildings and infrastructure (14%). The pattern for all six areas is in line with the EIBIS 2019 findings.

Manufacturing firms (13%) tended to allocate a larger share of their investment to R&D than other sectors (ranging from 3% to 7%).

Firms in the services sector report the highest share of investment in software, data, IT and websites (28%, compared to between 12% and 21% for the other sectors).

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

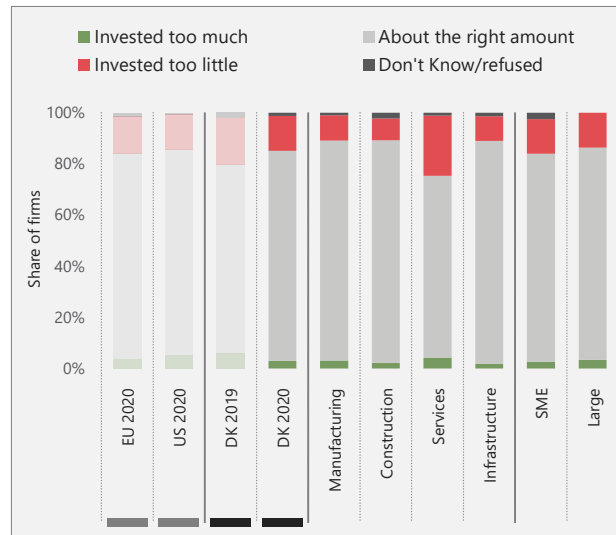
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Around eight in ten firms believe their investment over the last three years was about the right amount (82%). This is eight percentage points higher than in EIBIS 2019 and in line with the EU average (80%).

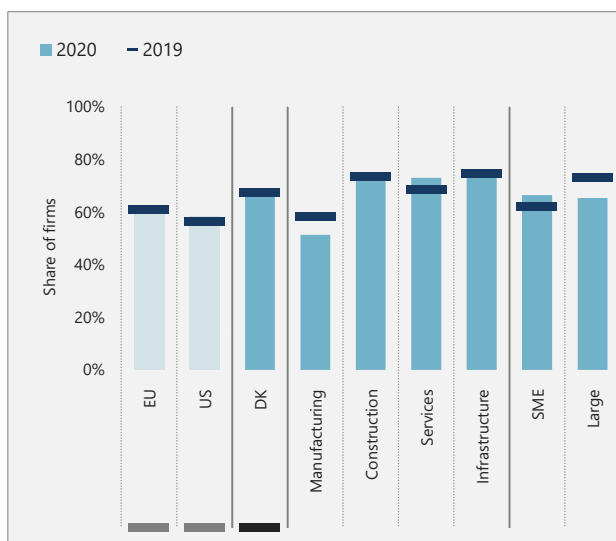
Firms in the service sector were the least likely to report they had invested about the right amount (71% compared between 86% to 87% among firms in other sectors).



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)

Two-thirds of firms (66%) were operating at or above full capacity in the last financial year, similar to EIBIS 2019 (67%) and broadly comparable to the EU average (61%).

Firms in the manufacturing sector are the least likely to be operating at or above full capacity (51%, compared to between 73% and 75% among firms in the other sectors).

Investment Needs and Priorities

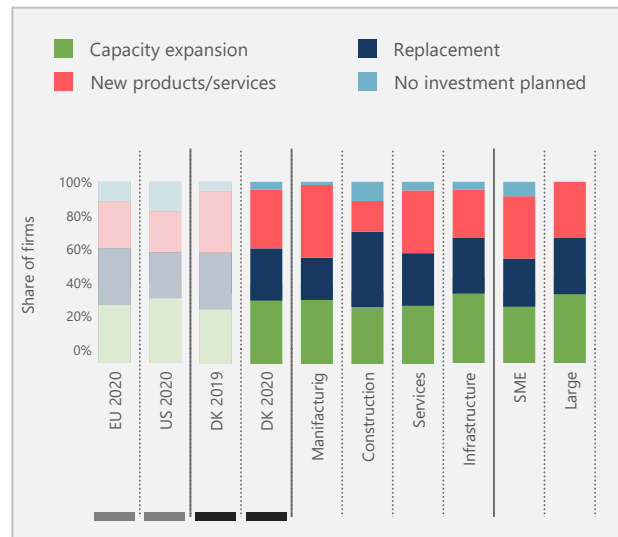
FUTURE INVESTMENT PRIORITIES (% of firms)

Investing in new products and services (35%) continues to be the top investment priority for firms in Denmark over the next three years.

Firms in the manufacturing sector (43%) are the most likely to cite developing new products and services, whilst those in the construction sector are the least likely (18%).

Replacing existing buildings, machinery, equipment and IT is the most commonly cited investment priority among firms in the construction sector (45%, compared to between 25% and 33% for other sectors).

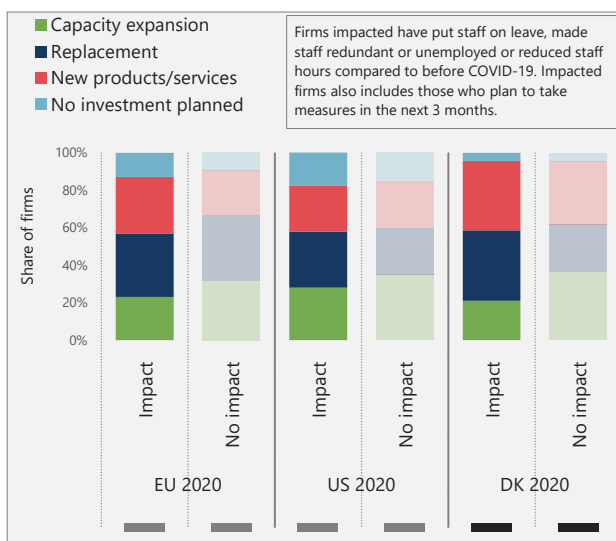
Fewer firms in Denmark state that they have no investment planned compared to the EU average (4% versus 12%). Construction firms are the most likely to have no investment planned (12%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

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

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

The investment priorities of firms affected by COVID-19 in Denmark differ slightly from those not affected. In particular, the share of firms investing in capacity expansion is lower among firms impacted by COVID-19 (21% and 36% respectively).

Impacted firms in Denmark were less likely than impacted firms in the EU to have no investment planned (4% and 13% respectively).

Innovation Activities

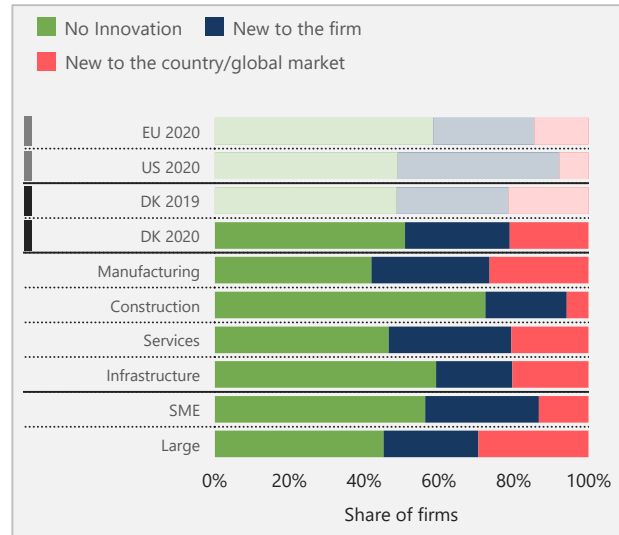
INNOVATION ACTIVITY

Just under half of firms (49%) claim to have developed or introduced new products, processes or services. This is in line with EIBIS 2019 (51%), but above the EU average (42%).

Specifically, around one-fifth (21%) of all firms claim that their innovation is new to the country or the world, ahead of the EU average (15%).

Construction firms are the least likely to innovate (72% compared with between 42% to 59%, among other sectors).

As expected, large firms are more likely to innovate than SMEs (55% and 44%, respectively).

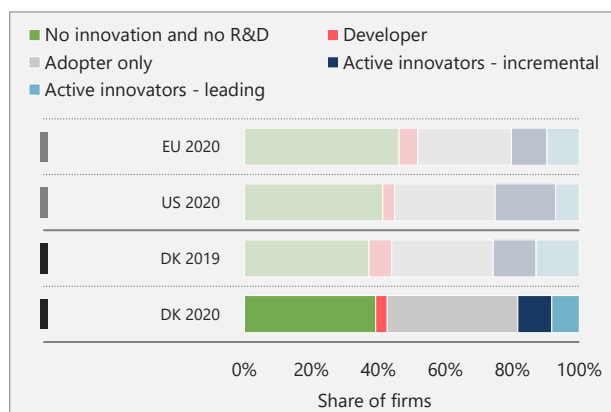


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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

INNOVATION PROFILE



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 examining firms' innovation activities more closely, it turns out that 18% of firms in Denmark fit one of the active innovators categories, which is similar to the EU average (20%). Four per cent are 'developers', and again this is close to the EU average (6%).

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

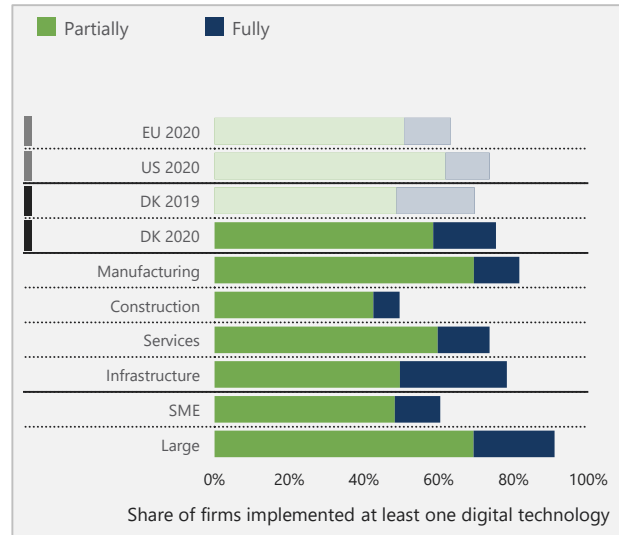
Three-quarters of firms in Denmark (75%) have implemented, either fully or partially, at least one of the digital technologies they were asked about. This is in line with EIBIS 2019 (70%) but well above the EU average (63%).

One in six firms report organising their entire business around at least one digital technology, again exceeding the EU average (17% and 12% respectively).

Large firms and manufacturing firms are the most likely to have implemented digital technologies, either fully or partially, within their business (91% and 82% respectively).

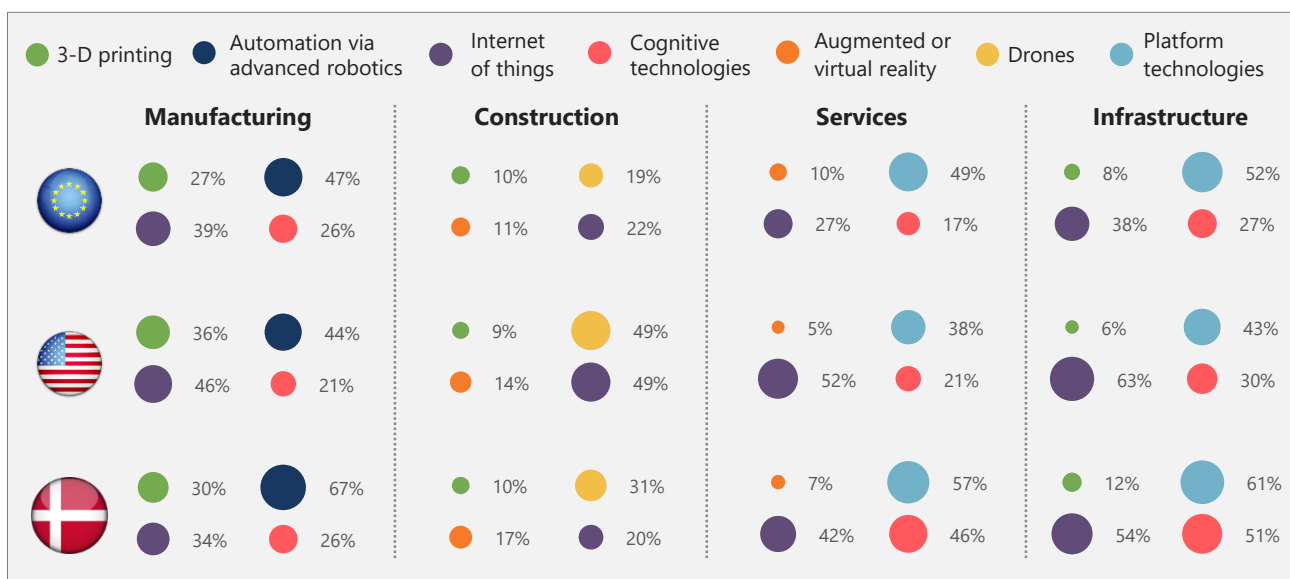
In terms of the adoption of individual technologies, service and infrastructure firms are more likely to be using cognitive technologies compared to the equivalent EU sector average.

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'

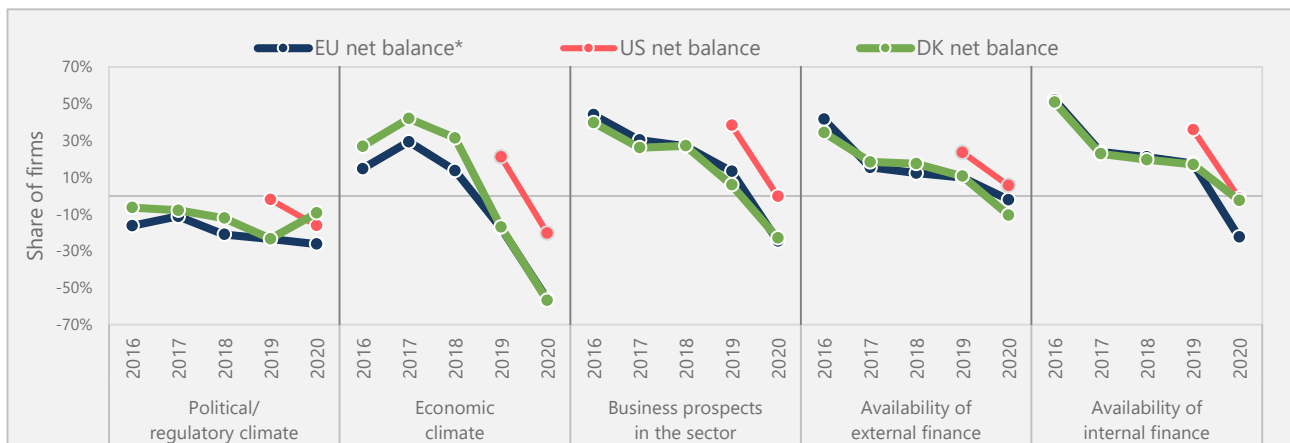
Base: All firms (excluding don't know/refused responses)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

On balance, firms in Denmark have become more pessimistic about the short-term outlook, although fewer firms are pessimistic about the political/regulatory climate than in EIBIS 2019 (-9% versus -23%).

Firms are more pessimistic about the overall economic climate compared to EIBIS 2019 (-57% versus -17%). However, this is in line with the EU net balance.

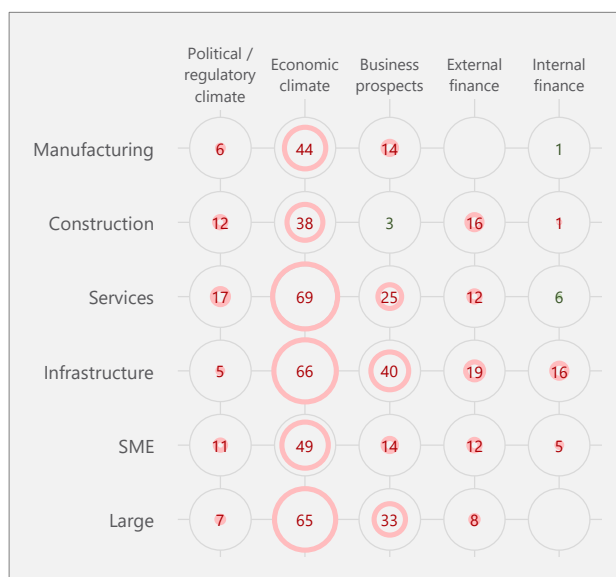


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

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

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



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

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

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

Base: All firms

The pessimistic assessment of the short term outlook applies to most sectors and regardless of firm size, but there are some differences.

Firms in the services and manufacturing sectors are on balance positive about the availability of internal finance (+6% and +1% respectively) and so too are firms in the construction sector on their business prospects (+3%).

Services and infrastructure firms are most likely to be negative about the overall economic climate (-69% and -66% respectively).

Large firms are more pessimistic than SMEs on balance about the overall economic climate (-65% versus -49%) and their business prospects in their sector (-33% versus -14%).

Drivers And Constraints

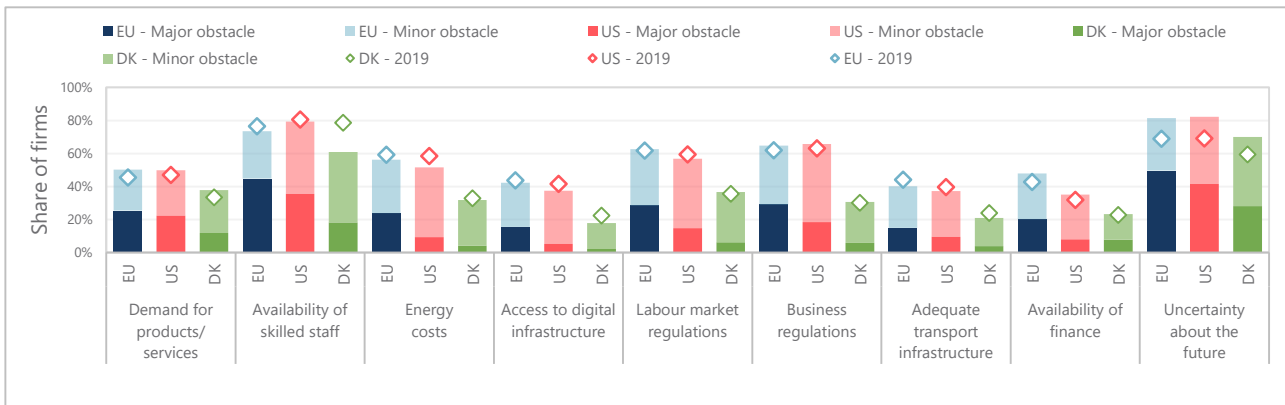
LONG TERM BARRIERS TO INVESTMENT

COVID-19 also shapes perception of investment barriers. Uncertainty about the future (70%) is now the most frequently cited long term barrier to investment, an increase of eleven percentage points on EIBIS 2019 but still below the EU average (81%).

The availability of skilled staff is perceived to be

less of a barrier than in EIBIS 2019 (61% versus 79%) and also below the EU average (73%).

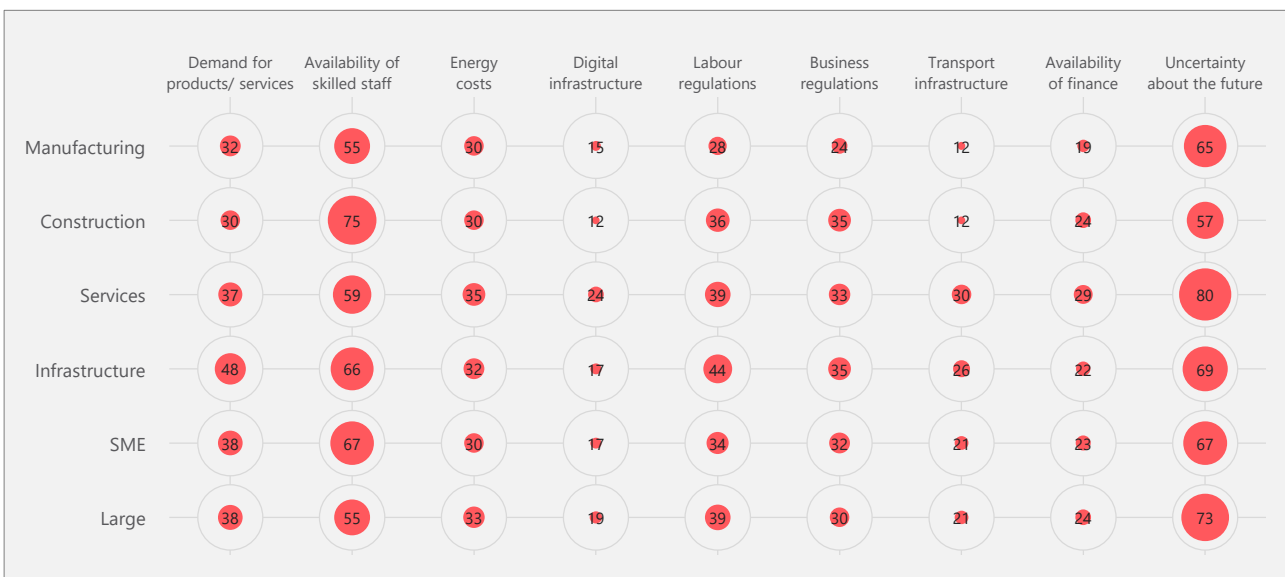
Firms in the services sector are relatively more concerned about the uncertainty about the future than other sectors (80%), whilst construction firms are relatively more concerned about the availability of skilled staff (75%).



Q. Thinking about your investment activities in Denmark, 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 Denmark, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

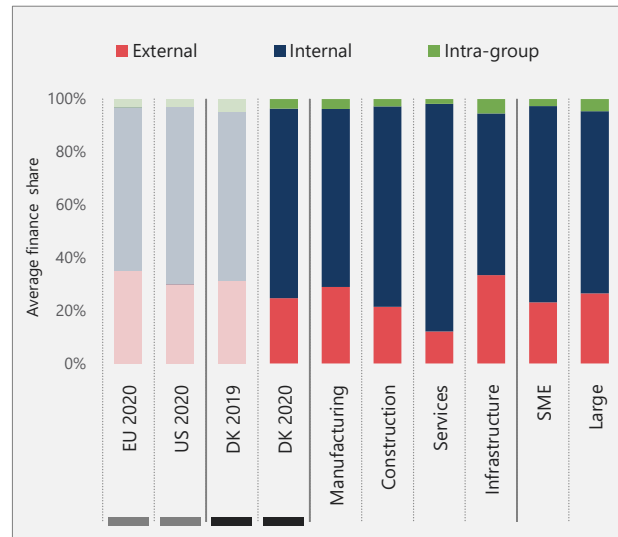
Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Investment Finance

SOURCE OF INVESTMENT FINANCE

Internal funds continued to account for the highest share of investment finance by firms in Denmark (72%) in the last financial year. This is higher than in EIBIS 2019 and exceeds the EU average (64% and 62% respectively).

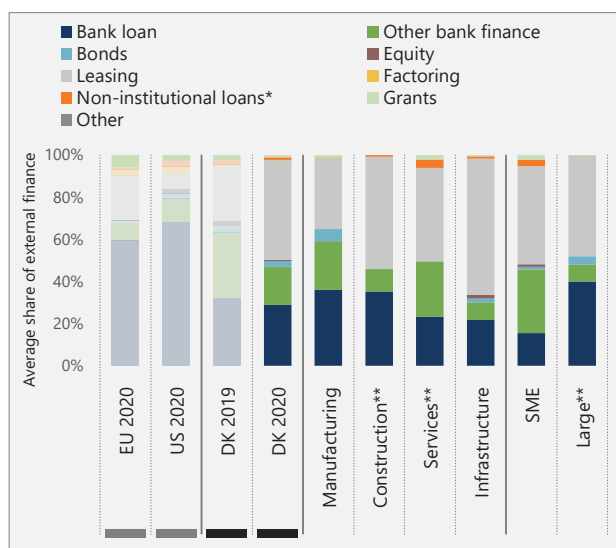
Service sector firms report the lowest level of external funding (12%) compared to the other sectors (ranging from 21% to 33%).



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



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

*Loans from family, friends or business partners

**Caution very small base size less than 30

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

There has been a major change in the type of external finance used for investment activities in Denmark, with leasing or hire purchase now accounting for almost half of all such finance (47%). This is almost twice the level recorded in EIBIS 2019 (26%) and well above the EU average (21%).

Infrastructure firms report the highest share of external financing coming from leasing or hire purchase (65%) but there has been a large increase among service sector firms (up from 8% in EIBIS 2019 to 44%).

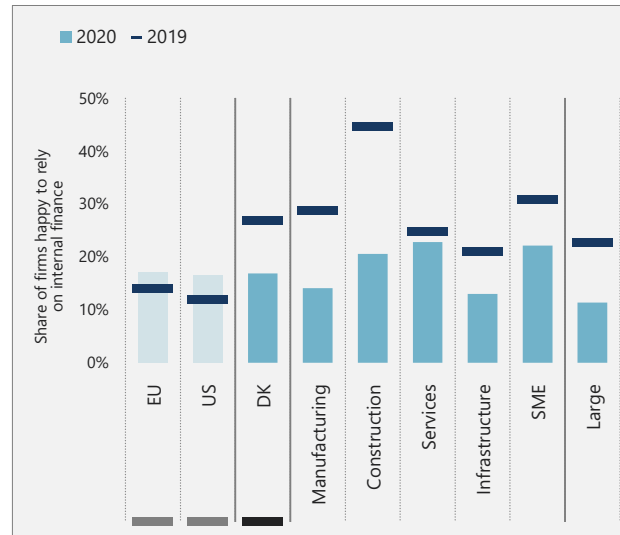
The use of bank loans has remained relatively steady compared to EIBIS 2019 (29% versus 32%) but the share of other source of bank finance has fallen from 31% to 18%.

Investment Finance

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

The share of firms in Denmark that were happy to use internal funds or did not have a need for external finance has fallen from 27% in EIBIS 2019 to 17% and is exactly the same as the EU average.

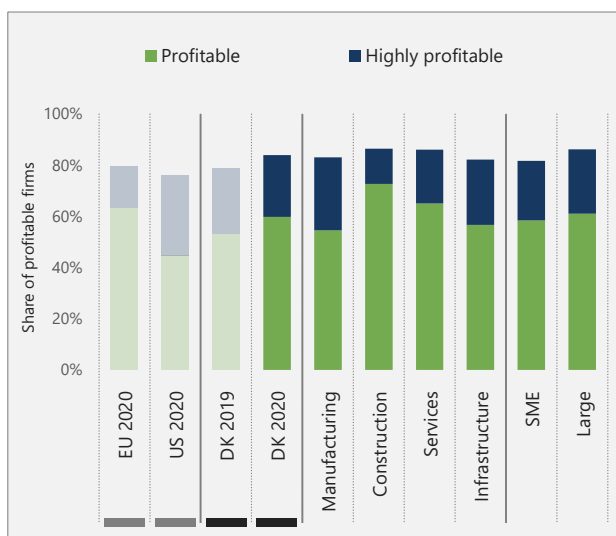
Decreases are noted across all sectors and size of firms but the biggest decrease was among construction sector firms, which has more than halved (21% from 45%).



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



More than four in five (84%) of firms report generating a profit in the last financial year, this is in line with both EIBIS 2019 and the EU average (79% and 80% respectively). As profit figures refer to the previous financial year, they do not yet reflect the impact of COVID-19.

Specifically, around one-quarter (24%) of firms claim to be highly profitable, defined as generating a profit level at least 10% of firm turnover. This is much higher than the EU average (16%).

The sector with the highest share of highly profitable firms is the manufacturing sector (29%).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

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

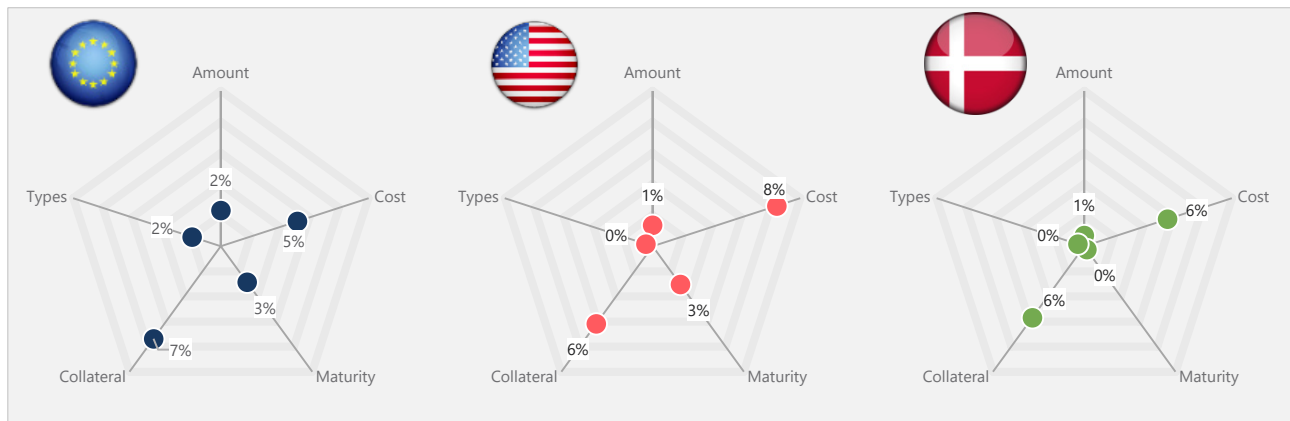
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance in the past financial year are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

Firms in Denmark most frequently report to be dissatisfied with the required collateral and the cost of finance (both 6%, and in line with the EU averages 7% and 5% respectively).

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 (%)



Although overall dissatisfaction levels are low, SMEs and manufacturing firms have the highest shares of firms dissatisfied with collateral requirements (8% and 10% respectively).

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

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

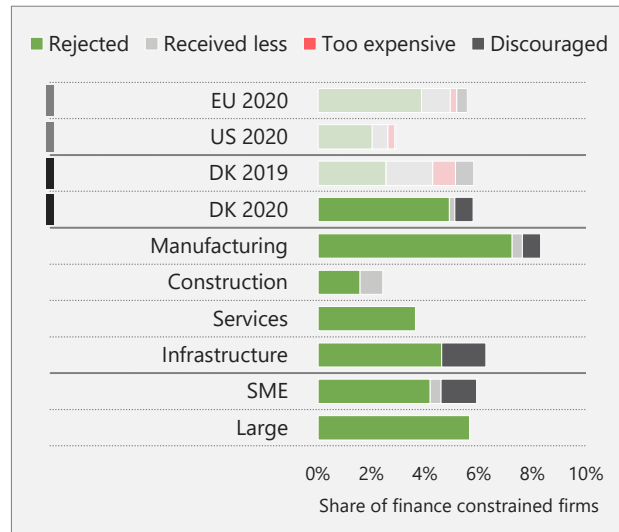
Effective bases less than 30 – no significance testing applied

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Six per cent of all firms in Denmark could be considered as finance constrained in 2019, which is the same as in EIBIS 2019 and the EU average.

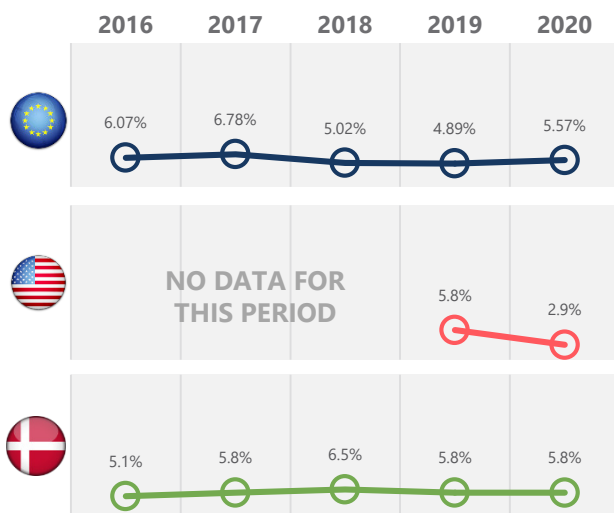
The manufacturing sector has the highest share of finance constrained firms (8%).



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

Base: All firms

FINANCING CONSTRAINTS OVER TIME



The share of finance constrained firms in Denmark not changed compared to EIBIS 2019 and is similar to the EU average.

Base: All firms

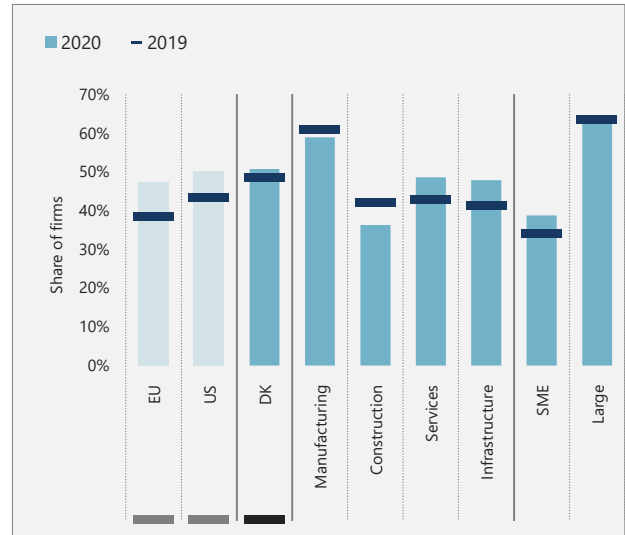
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than half (51%) of firms have invested in measures to improve their energy efficiency, in line with EIBIS 2019 and the EU average (48% and 47% respectively).

Firms in the manufacturing sector are far more likely to invest than firms in the construction sector (59% versus 36%).

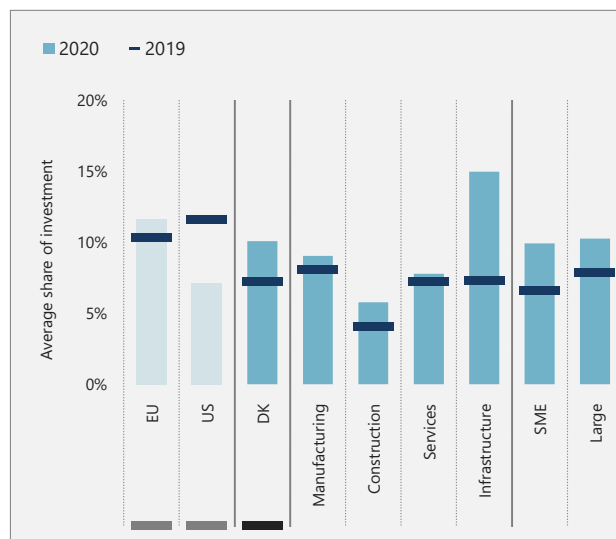
Similarly, large firms are also far more likely to invest than SMEs (63% versus 39%).



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



The average share of investment in measures to improve energy efficiency by firms in Denmark was 10% of total investment in EIBIS 2020, which is similar to EIBIS 2019 (7%) and the EU average (12%).

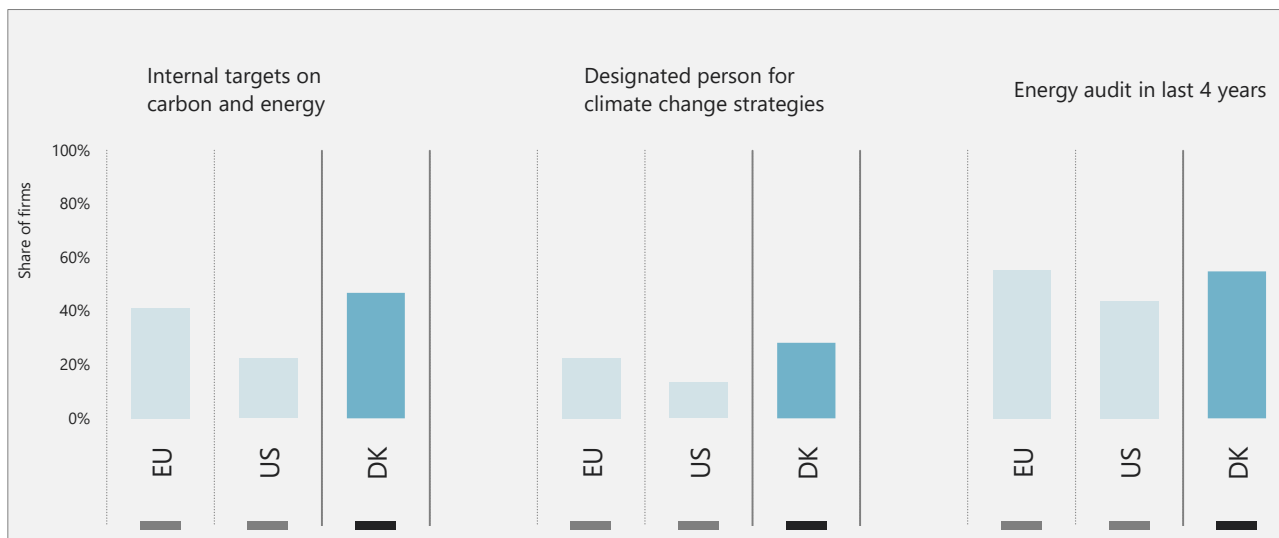
Firms of all sectors and regardless of size have reported an increase compared to the previous year. However, firms in the infrastructure sector have reported the strongest increase and now account for the highest share (15%, up from 7%).

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

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

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



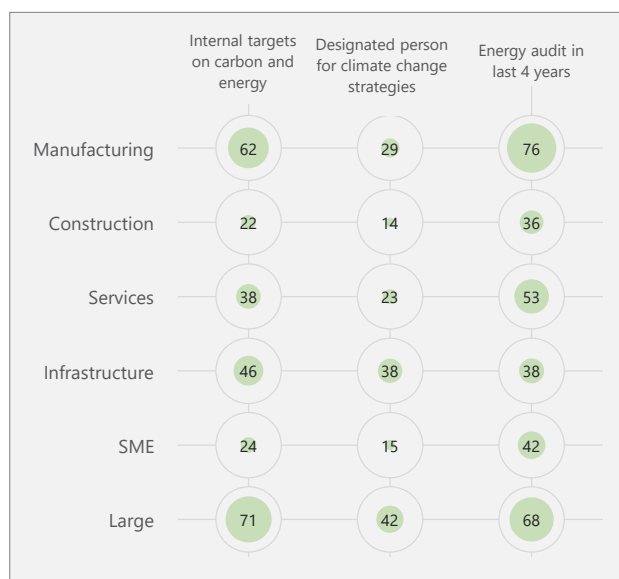
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Denmark are as likely as EU firms to have set internal targets on carbon and energy (47% and 41% respectively) and to have designated a person to develop their climate change strategies (28% and 23% respectively).

More than half of all firms in Denmark (55%) have had an energy audit in the past four years, the same as the EU average.

In comparison to the other sectors, firms in the manufacturing sector are the most likely to have set targets (62%) and to have had an energy audit (76%).

Large firms are three times as likely to have a set targets compared to SMEs (71% versus 24%) and to have a designated person in place (42% versus 15%).

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

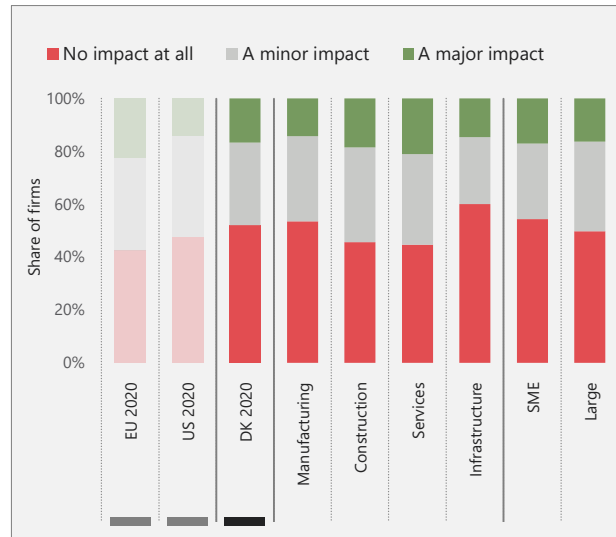
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

One in six firms (16%) feel climate change and the related changes in weather patterns had a major impact on their business, which is below the EU average (23%). A further one in three (31%) report a minor impact.

Firms in the infrastructure sector are more likely to have not been affected by climate change than firms in other sectors (overall 60% versus between 45% and 53%).



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

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

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



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

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

Base: All firms

Firms in Denmark expect the transition to a low-carbon future to be positive for their reputation (36%) and market demand (28%) but to have a negative impact on their supply chain (-6%) over the next five years.

Compared to firms in other sectors, construction firms are more likely to believe that lower carbon emission will be positive for market demand (53%) and for their reputation (48%).

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

Climate Change

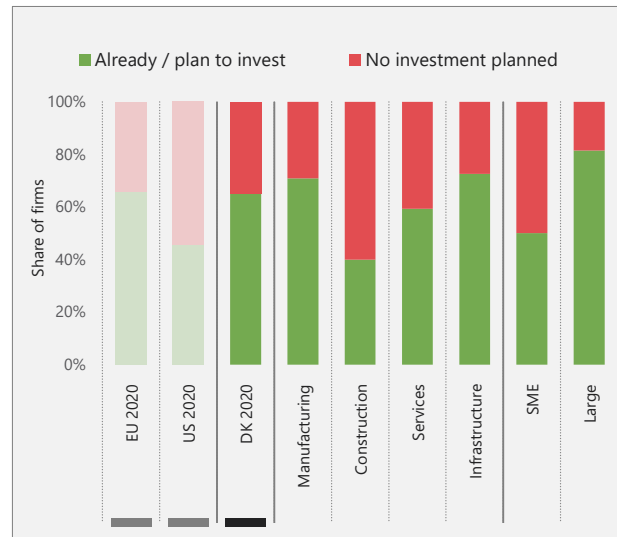
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Two-thirds of firms in Denmark (66%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and to reduce carbon emissions. This is in line with the EU average (67%).

Firms in the construction sector are less likely to have invested or plan to invest than firms in the other sectors (40% versus between 61% and 74%).

Large firms are more likely to have invested or plan to invest than SMEs (81% versus 52%).

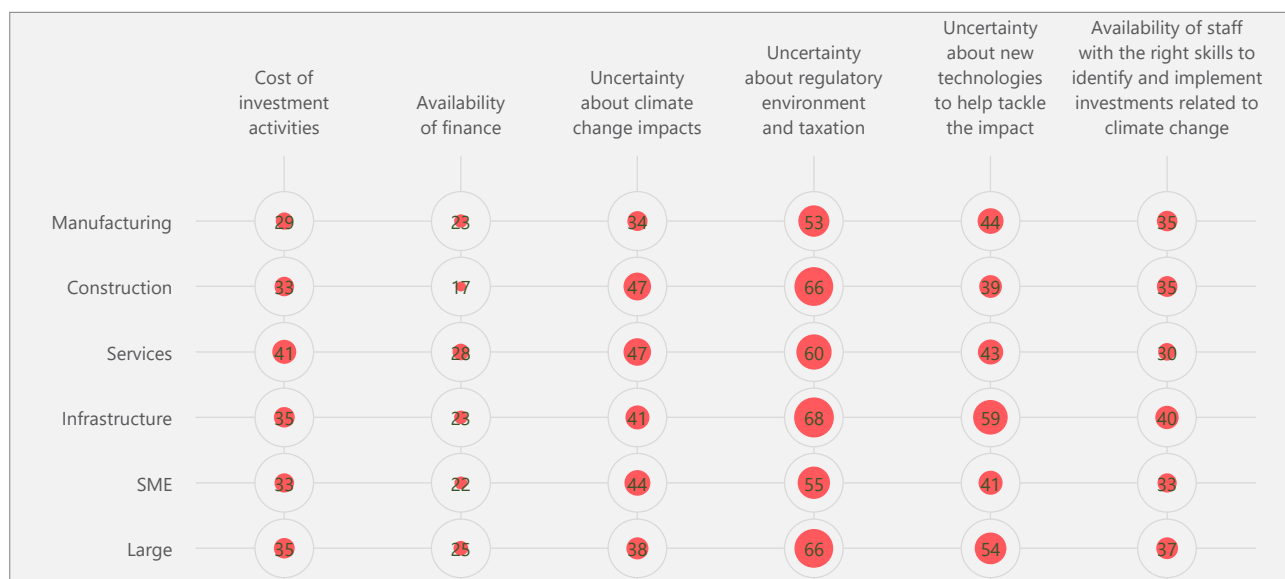
Uncertainty about the regulatory environment and taxation is the biggest barrier to investment in this area (60%), followed by uncertainty about new technologies to help tackle the impact (47%).



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?

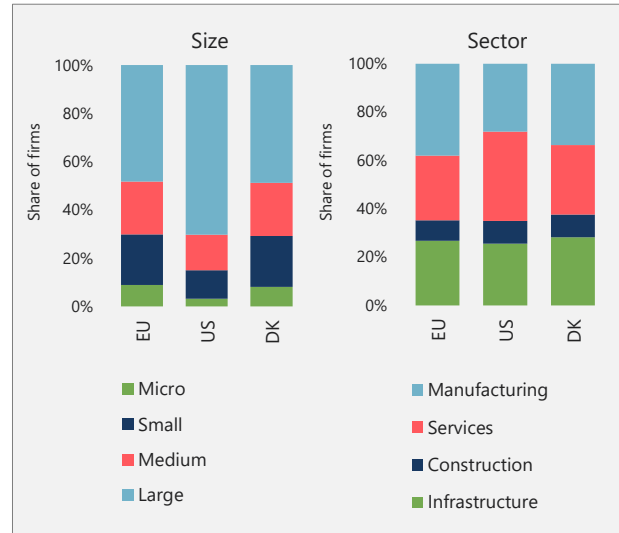
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

In line with the EU average (49%), large firms with 250+ employees (49%) account for the greatest shares of value-added in Denmark.

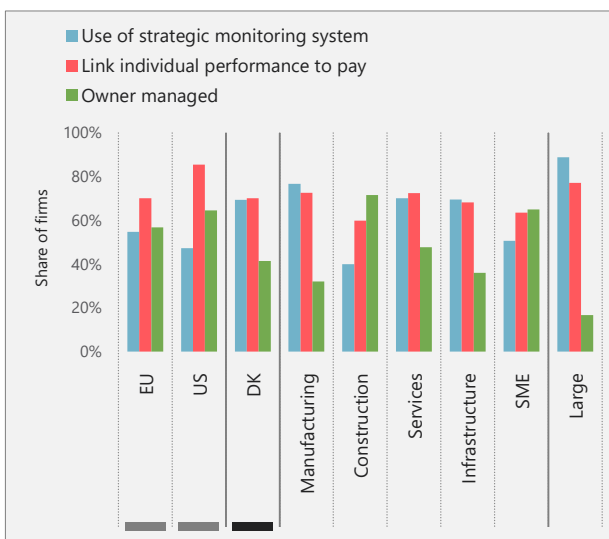
Among sectors, manufacturing contributes the highest share of value-added (34%, 38% across the EU).



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

Base: All firms

FIRM MANAGEMENT



Firms in Denmark are much more likely than the EU average to report using a formal strategic monitoring system (69% versus 55%). Large firms (89%) and manufacturing sector firms (77%) are the most likely to use a formal strategic monitoring system.

The share of firm that link individual performance to pay is the same in Denmark as the EU average (70%).

Just over four in ten firms in Denmark (41%) report being owned or controlled by their CEO or a member of the CEO's family, much lower than the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Denmark, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	DK	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs DK	Manuf vs Constr	SME vs Large
	(11971)	(800)	(480)	(151)	(106)	(108)	(115)	(412)	(68)	(11971 vs 480)	(106 vs 151)	(412 vs 68)
10% or 90%	1.1%	3.5%	3.3%	5.5%	6.1%	6.7%	6.5%	2.6%	6.2%	3.5%	8.2%	6.7%
30% or 70%	1.7%	5.3%	5.0%	8.4%	9.3%	10.2%	9.9%	3.9%	9.4%	5.3%	12.5%	10.2%
50%	1.9%	5.8%	5.5%	9.2%	10.1%	11.1%	10.8%	4.3%	10.3%	5.8%	13.6%	11.1%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 480 firms in Denmark (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	DK 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	480/481	151	106	108	115	412	68
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	461/472	143	101	106	111	396	65
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	436/NA	140	90	100	106	370	66
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	396/432	123	86	92	95	340	56
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	400/434	124	88	95	93	349	51
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	479/475	151	106	108	114	411	68
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	466/474	148	105	105	108	401	65
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	466/0	148	105	105	108	401	65
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	452/477	141	99	105	107	389	63
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	329/398	98	74	83	74	287	42
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	480/480	151	106	108	115	412	68
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	349/353	105	80	79	85	304	45
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	128/147	42	28	21	37	106	22
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	444/438	143	95	102	104	378	66
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	127/142	41	29	20	36	105	22
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	475/NA	149	105	108	113	408	67
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	479/NA	150	106	108	115	411	68
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	476/474	150	104	108	113	408	67



**European
Investment
Bank**

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Economics Department

✉ economics@eib.org
www.eib.org/economics

Information Desk

☎ +352 4379-22000
✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
www.eib.org

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Denmark

Overview

EIB INVESTMENT SURVEY

2020