



**European
Investment
Bank**

The EU bank



Slovenia

EIBIS 2016

EIB Group Survey on
Investment and
Investment Finance 2016

Country Overview

EIB Group Survey on Investment and Investment Finance Country Overview: Slovenia

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

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, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

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Disclaimer

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

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

EIBIS 2016 – COUNTRY OVERVIEW

Slovenia

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and

sustainability across all 28 EU member States. EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 416 firms in Slovenia in 2016 (July-October). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

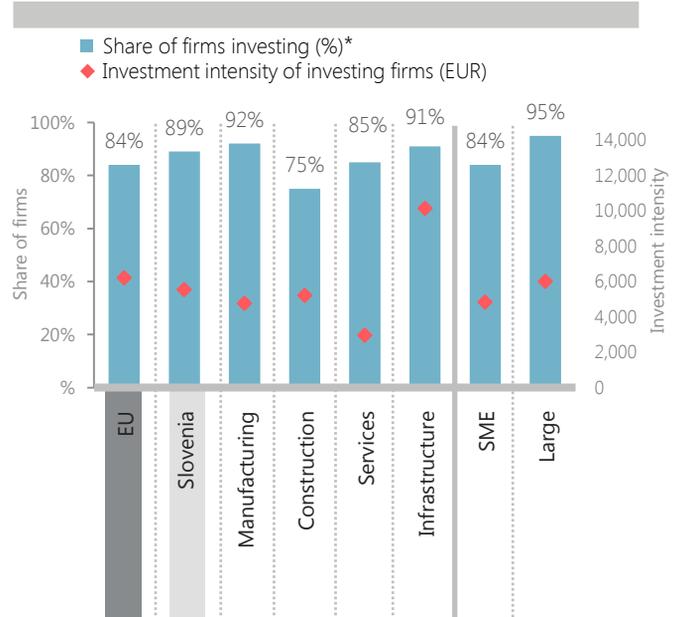
Key results

Investment outlook:	One-third of the firms plan to increase investment. This places firms in Slovenia in the 'high investment; expanding' quadrant within the investment cycle. Firms in services and manufacturing are the most likely to expect an increase in investment. Companies plan to put more emphasis on capacity expansion and product development.
Investment activity:	Nine out of ten firms invested in the last year. Intensity of investment (investment per employee) is close to the EU average. The share of investment into R&D is higher in the manufacturing sector compared to the country average.
Investment gap:	28% of firms report investing too little in the past. The perceived investment gap is less pronounced in the infrastructure sector. The average share of state-of-the-art machinery and equipment is comparatively high in Slovenia. The share of commercial building stock meeting high energy efficiency standards is close to the EU average.
Investment barriers:	Like in most other countries in the EU, political and regulatory climate perceived to be the main barrier to investment. Firms that invested little in the past perceive access to finance as an impediment to investment.
External finance:	One in ten firms are finance constrained. Some firms would like to see improvements in the cost of external funding, and in the collateral requirements.
Firm performance:	On a value-added basis, Slovenia has a high proportion of SMEs. Forty-six per cent of firms report operating at or above maximum capacity.

INVESTMENT DYNAMICS

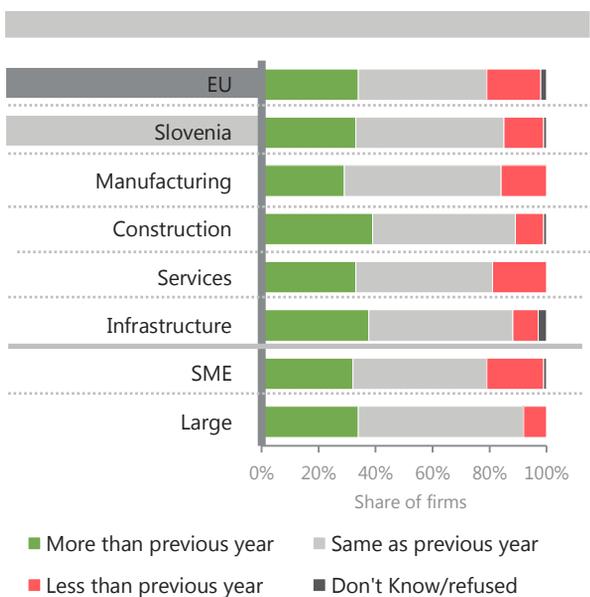
- Nine out of ten firms in Slovenia invested in the last financial year.
- The intensity of investment (investment per employee) in Slovenia was close to the EU average.
- Investment intensity has been particularly high in the infrastructure sector, whereas it has been lower for the services industry.

Investment activity in last financial year



Base: All firms (excluding don't know/refused responses)
 *The blue bars indicate the proportion of firms who have invested in the last financial year.
 A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.
 Investment intensity is the median investment per employee of investing firms.

Investment activity in last financial year compared to previous

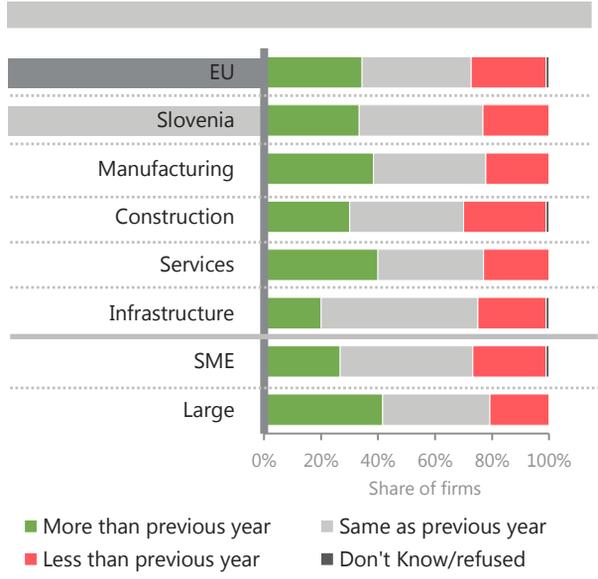


Base: All firms who invested in the last financial year
 Q. Overall was this more, less or about the same amount of investment as in the previous year?

- Out of all firms investing, 33% increased their investment activities in 2016. This is similar to the EU as a whole. The net balance has been positive for all sectors and firm sizes.
- SMEs were more likely to reduce their investment relative to the previous year than larger companies.

- In line with the EU average, 33% of the firms in Slovenia expect their investment in the current financial year to increase compared to the previous year.
- The net balance is positive overall, but in certain sectors - construction, infrastructure - more firms are likely to decrease investment than increase it.
- Within the investment cycle, this places the bulk of firms in Slovenia in the 'high investment; expanding' quadrant.

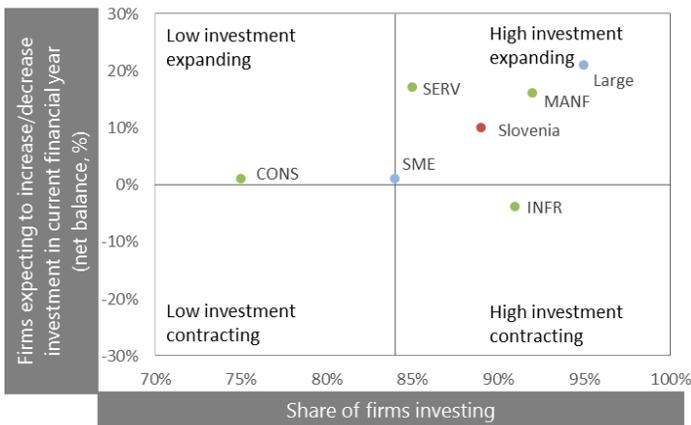
Expected investment in current financial year compared to last one



Base: All firms

Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

Investment cycle



- Firms in services and manufacturing are the most likely to expect an increase in investment.
- SMEs are less likely to increase their investment activity this year relative to the previous one than larger companies.

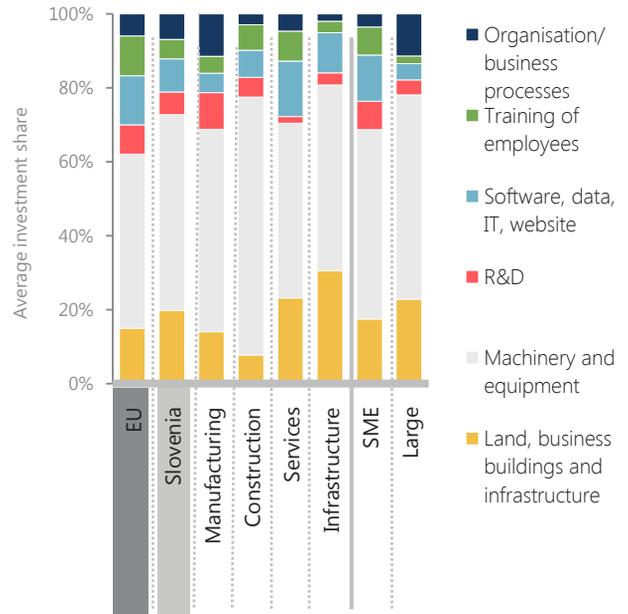
Base: All firms

Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

INVESTMENT ACTIVITY

- Relative to the EU average, companies in Slovenia are more likely to invest into tangible assets – such as land, buildings and infrastructure, or machinery and equipment - as opposed to intangibles.
- The share of investment into R&D is higher in the manufacturing sector compared to the country average.

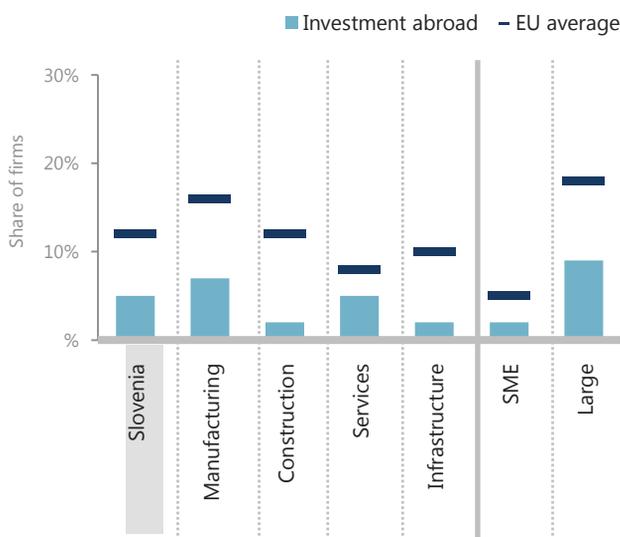
Investment areas



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

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?

Investment abroad

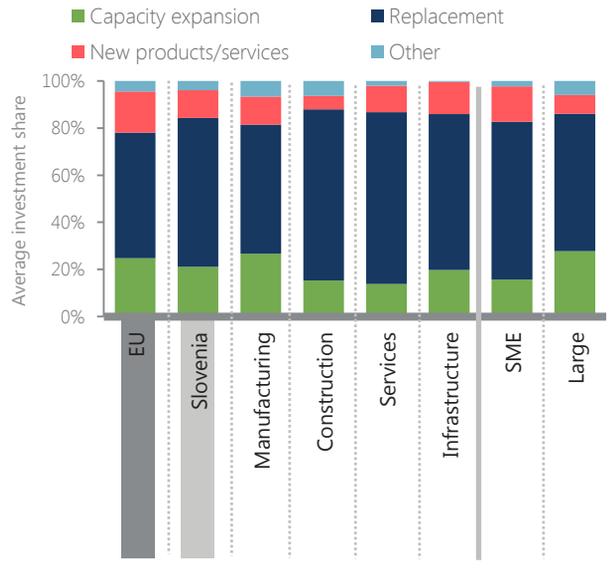


Base: All firms who invested in the last financial year
Q. In the last financial year, has your company invested in another country?

- Overall five per cent of firms in Slovenia have invested in another country in 2015, significantly below the EU average.
- Firms in the construction and infrastructure sector are less likely to invest abroad than companies in manufacturing or services.

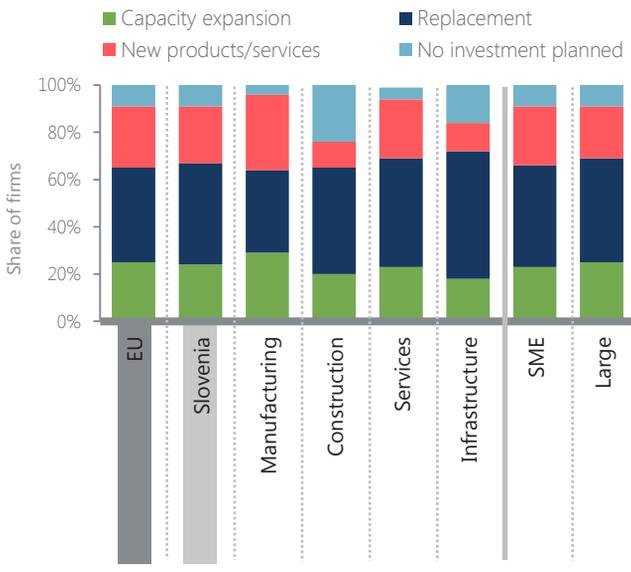
- The bulk (63%) of investment in Slovenia is driven by the need to replace existing buildings, machinery, equipment and IT, significantly above the average for the EU.
- Investment into developing new products and services is significantly lower than in the rest of the EU.
- Firms offering services were significantly more to invest in replacement of buildings and equipment and less in capacity expansion.

Purpose of investment in last financial year



Base: All firms who invested in the last financial year (excluding don't know/refused responses)
 Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Future investment priorities



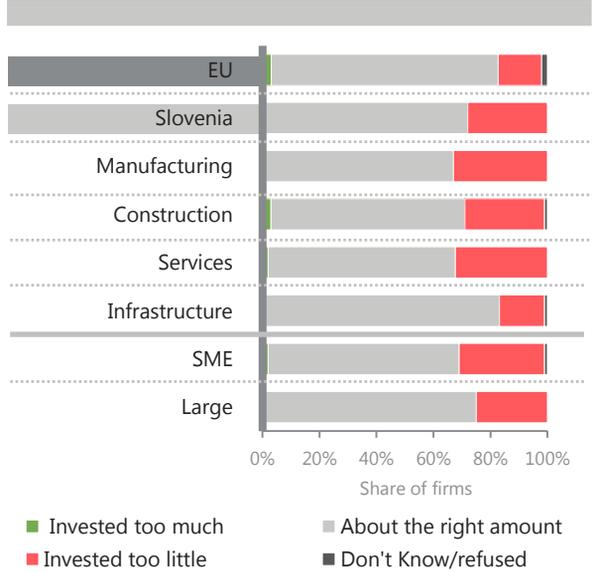
Base: All firms (excluding don't know/refused responses)
 Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Looking ahead, 91% of Slovenian firms are planning to invest in the next three years, which is above the weighted EU average of 91%.
- Looking ahead, firms plan to put more emphasis on capacity expansion and new product development than they did in the past.
- Construction firms are more likely to refrain from investment in the next three years than other companies.

INVESTMENT NEEDS

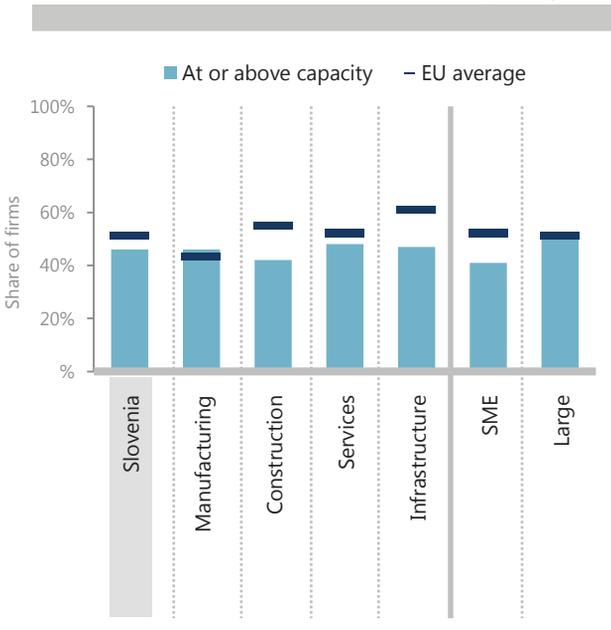
- The share of Slovenian firms that state having invested too little in the last 3 years is 28%, which exceeds the EU average of 15% significantly.
- The perceived investment gap is less pronounced in the infrastructure sector, possibly as a result of the inflow of EU funds.

Perceived investment gap



Base: All firms (excluding 'Company didn't exist three years ago' responses)
 Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

Share of firms at or above full capacity



- Forty-six per cent of firms in Slovenia report operating at or above maximum capacity in the last financial year – marginally below the EU average on that measure.
- Larger firms in Slovenia are more likely to report operating at full capacity compared to SMEs.

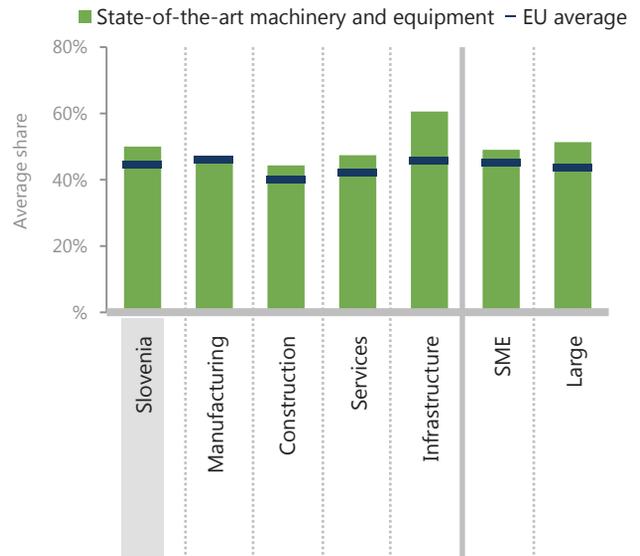
Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

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? 6

- The average share of state-of-the-art machinery and equipment in Slovenia is significantly higher than across the EU (50% for firms in Slovenia versus 42% across the EU).
- The infrastructure sector in Slovenia reports a share of state-of-the-art machinery and equipment significantly higher than firms in other sectors.

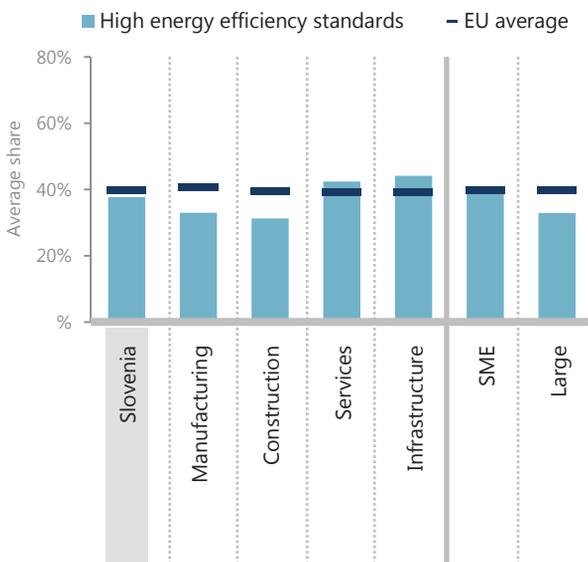
Average share of state-of-the-art machinery and equipment



Base: All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Average share of building stock meeting high energy efficiency standards



Base: All firms

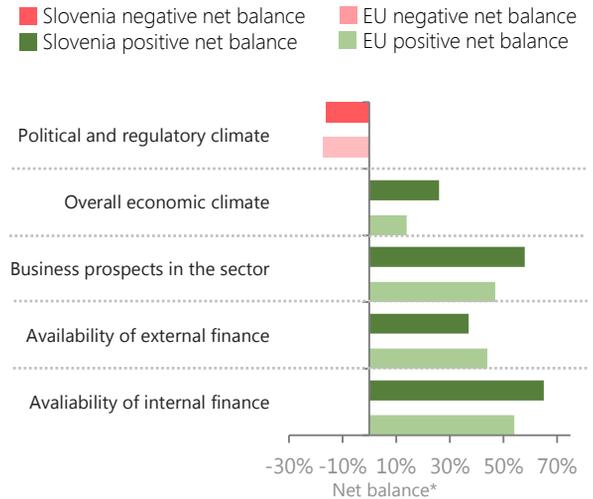
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- On average 38% of firms' building stock in Slovenia meets high energy efficiency standards, which is close to the EU average of 40%.
- The share of building stock with high energy efficiency standards is lower in the manufacturing and construction sectors.
- SMEs report better compliance with energy efficiency standards than larger companies.

INVESTMENT CONSTRAINTS

- In line with firms in the EU in general, companies in Slovenia cite the political and regulatory climate as the main barrier to implementing planned investment in the current financial year.

Short term influences on investment

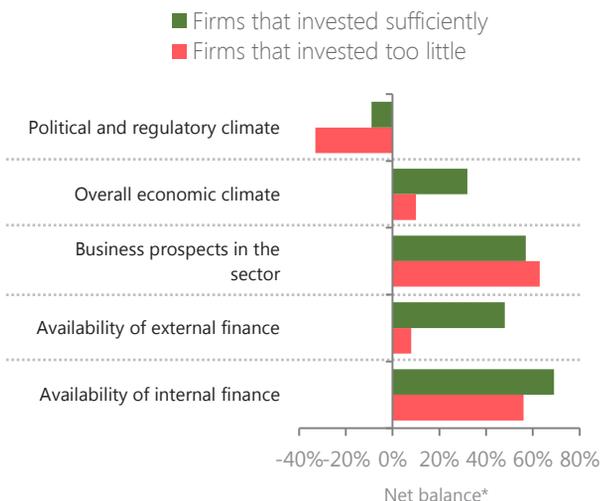


Base: All firms who have planned to invest in the current financial year

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

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

Short term influences by investment performance



Base: All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

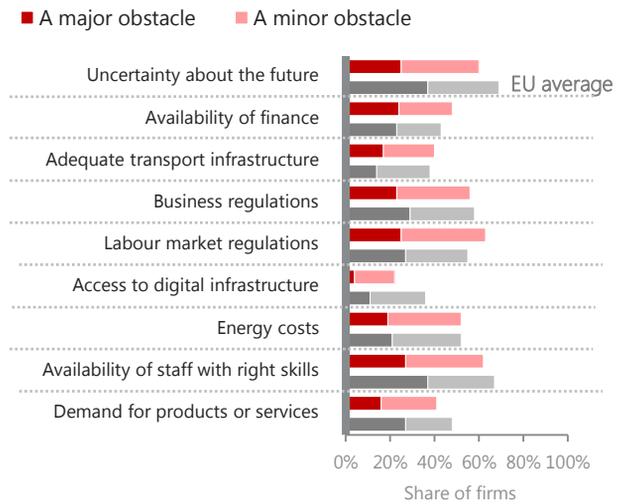
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

- Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- Among firms that report their investment in the past three years has been below their needs, fewer firms report that the availability of external finance, or the economic climate has had a positive effect on their planned investment than firms that have invested sufficiently.

- Firms consider uncertainty about the future, availability of staff with the right skills and business regulations as the main structural barriers to investment in Slovenia over the longer term.
- Access to digital infrastructure is considered to be a much less important constraint in Slovenia than in the EU.

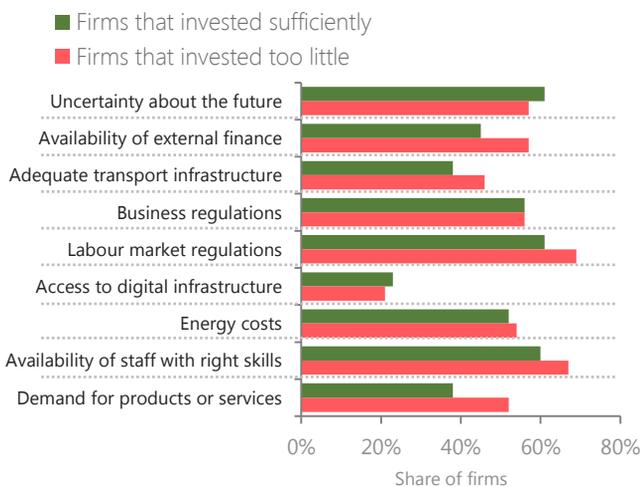
Long term barriers to investment



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

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

Long term barriers by investment performance



Base: All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

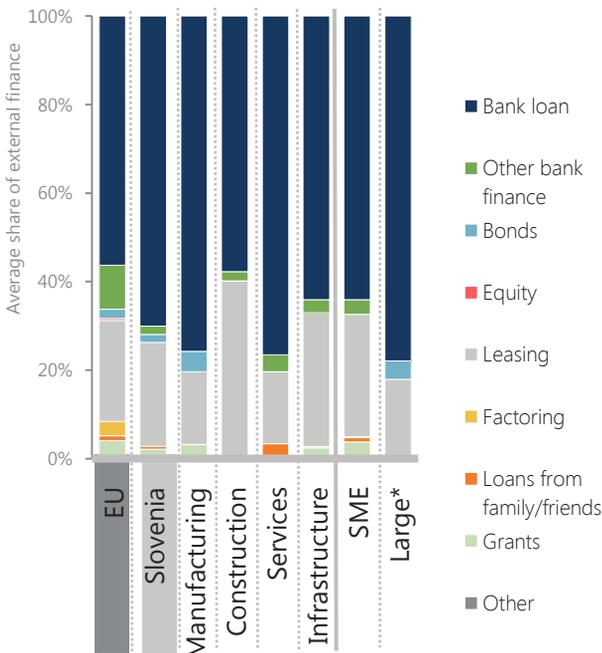
Q. Thinking about your investment activities in Slovenia, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

- The largest difference between those firms that report their investment in the past three years has been below their needs relative to those that invested sufficiently is in their perception about access to external finance, together with demand for services and products.

INVESTMENT FINANCE

- Firms in Slovenia primarily use internal funds to finance their investment activities (76% compared to 60% for the EU).
- Bank loans are used significantly more as source of external finance compared to EU average.
- Firms that used external finance are on balance satisfied; however, some firms would like to see improvements in the cost of external funding, and in the collateral requirements.

Type of external finance used for investment activities

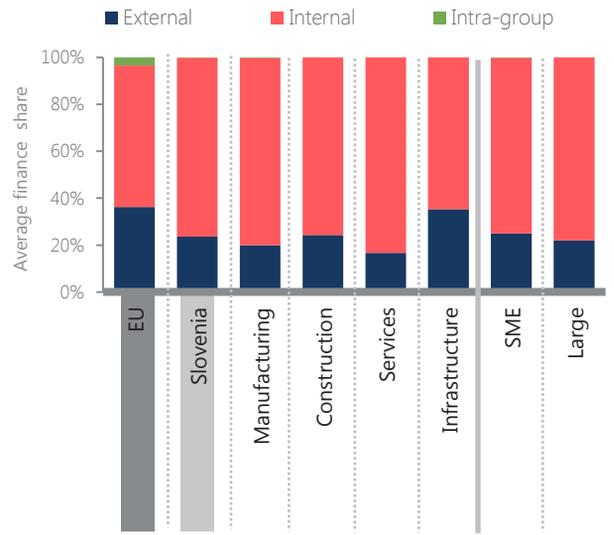


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

* Caution very small base size less than 30

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

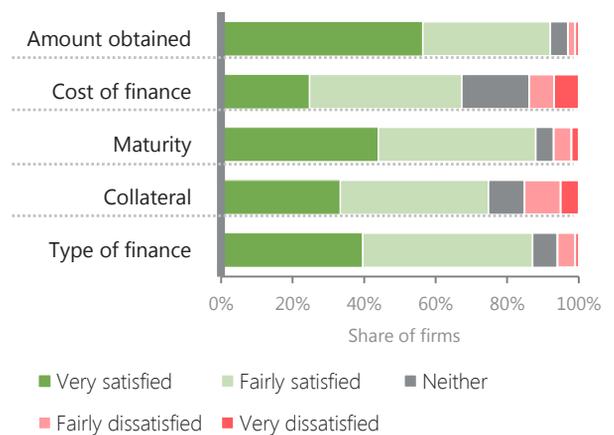
Source of investment finance



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

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

Satisfaction with external finance

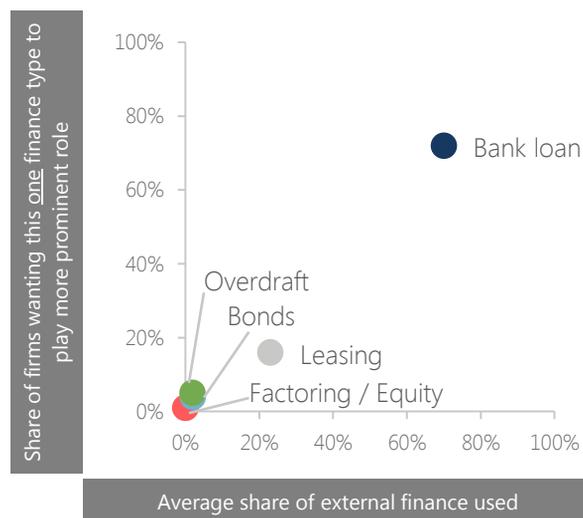


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

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

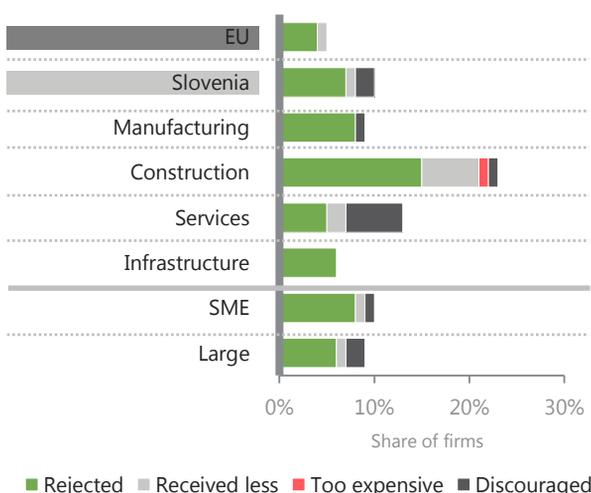
- Overall firms in Slovenia want more of the type of external finance they are already using.
- The share of finance-constrained firms is significantly higher than the EU average.
- Firms in the construction sector are more likely to face external finance constraints than the rest of the economy.

Types of finance used versus the one type of finance firms want to use more



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

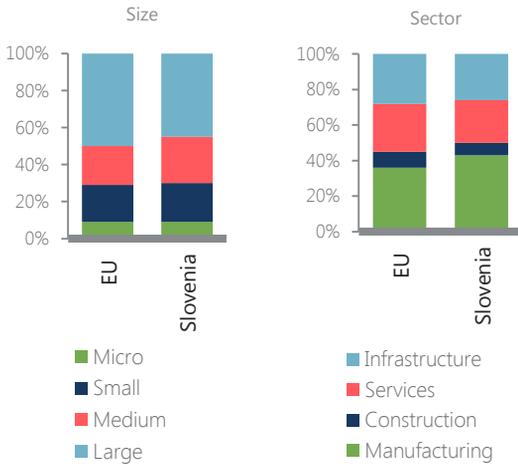
Share of finance constrained firms



Base: All firms
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)

PROFILE OF FIRMS

Contribution to Value-Added

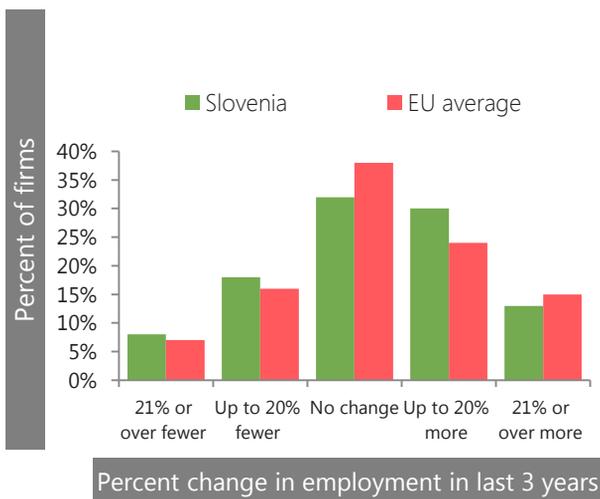


Base: All firms

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+.

- On a value-added basis, Slovenia has a higher proportion (55%) of SMEs than the EU (50%). In particular, medium-sized companies play a proportionally high role in the economy.
- The largest contributor to the country's value added is the manufacturing sector.
- Employment growth in Slovenia is broadly in line with the EU average.
- When it comes to productivity, most firms in Slovenia fall in the lowest two quintiles within the EU.

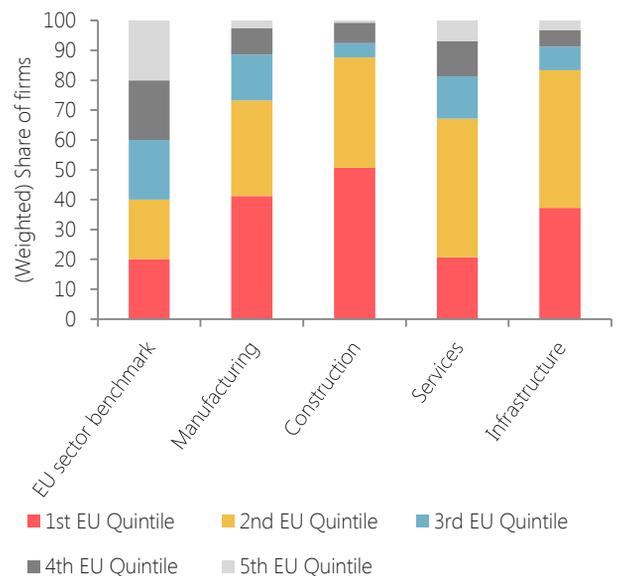
Employment dynamics in last 3 years



Base: All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

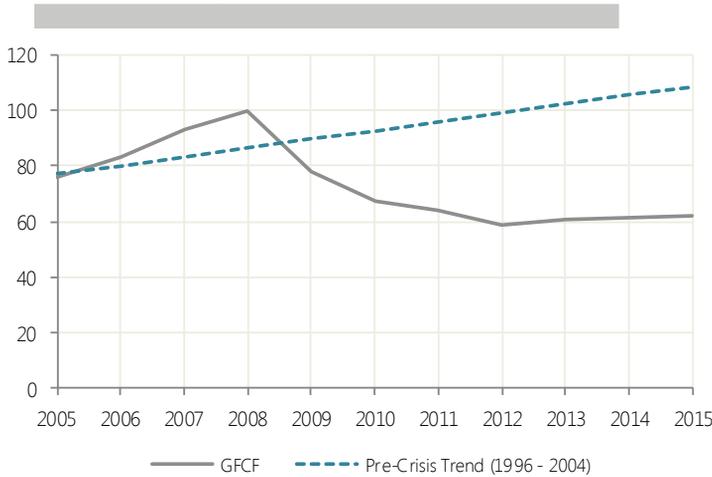
Distribution of firms by productivity class



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

MACROECONOMIC INVESTMENT CONTEXT

Investment Dynamics over time



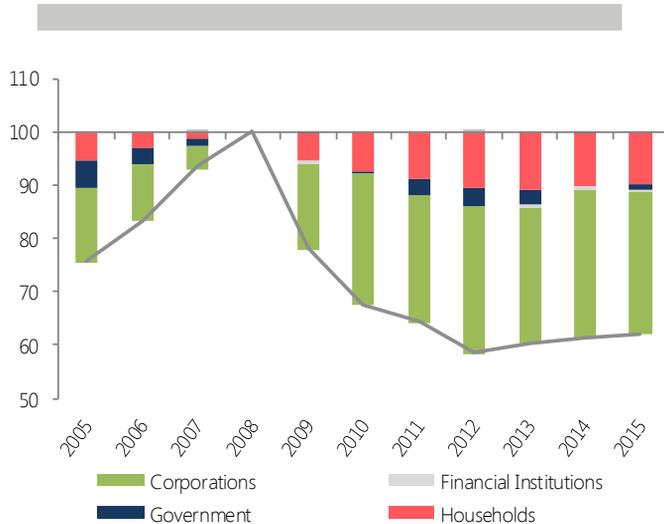
The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat .

- Real investment fell dramatically in Slovenia after 2008, and its recovery was further delayed by the country's own banking crisis. Investment is still well below the 2008 value.

While government investment remained at pre-crisis levels due to EU fund inflows, private investment is far away from a rebound.

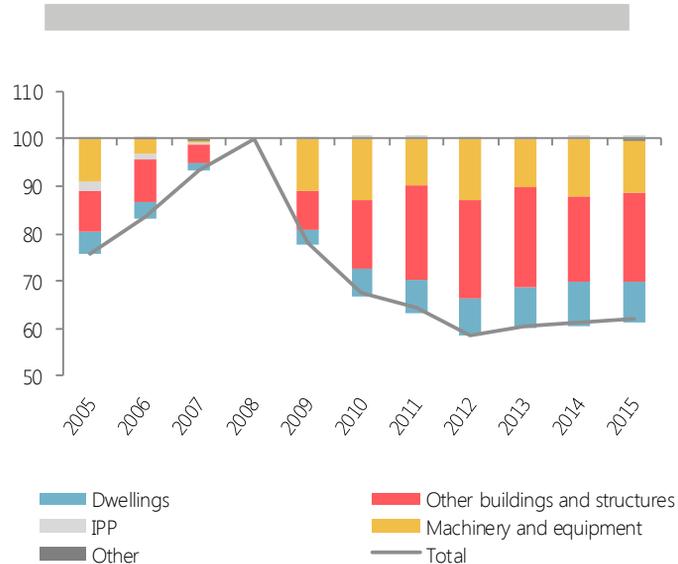
- The decline in investment has been pronounced across all asset types.

Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat .

Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat .

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

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

Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Slovenia	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(416)	(103)	(103)	(108)	(102)	(376)	(40)	(12483 vs 416)	(103 vs 103)	(376 vs 40)
10% or 90%	1.0%	3.9%	6.9%	6.8%	6.9%	7.1%	2.8%	8.0%	4.0%	9.7%	8.4%
30% or 70%	1.5%	6.0%	10.6%	10.4%	10.6%	10.8%	4.2%	12.2%	6.1%	14.8%	12.9%
50%	1.7%	6.5%	11.5%	11.3%	11.5%	11.8%	4.6%	13.3%	6.7%	16.1%	14.1%

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.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
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 2016 – COUNTRY TECHNICAL DETAILS

Base sizes

Base definition and page reference	EU	Slovenia	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	416	103	103	108	102	376	40
All firms (excluding don't know/refused responses), p. 2	11838	410	102	103	105	100	371	39
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	408	101	99	107	101	368	40
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	414	102	102	108	102	374	40
All firms (excluding don't know, refused and missing responses), p. 13	12162	412	102	102	107	101	373	39
All firms who invested in the last financial year, p. 2	12281	414	102	103	107	102	374	40
All firms who invested in the last financial year, p. 4	10881	368	98	84	95	91	330	38
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	363	96	84	95	88	329	34
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	349	90	79	93	87	314	35
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	337	89	81	84	83	304	33
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	364	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	148	35	32	31	50	133	15

Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.



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The EU bank

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