

Investment and Investment Finance in Malta

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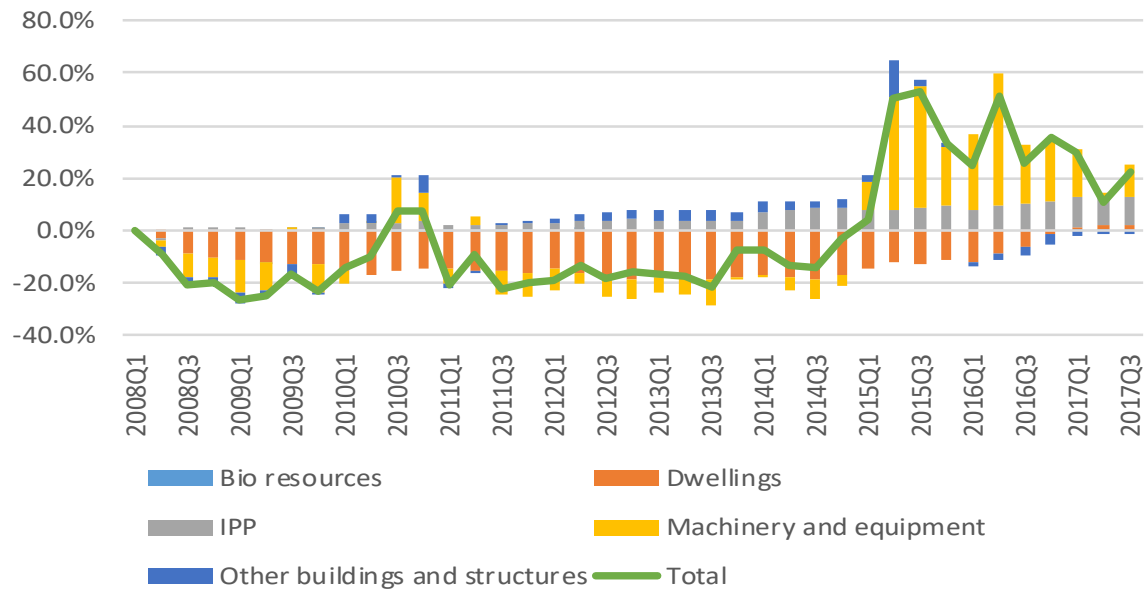
European Investment Bank Group

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Solid growth in investment

Real Investment by asset

Cumulative change relative to 1Q08



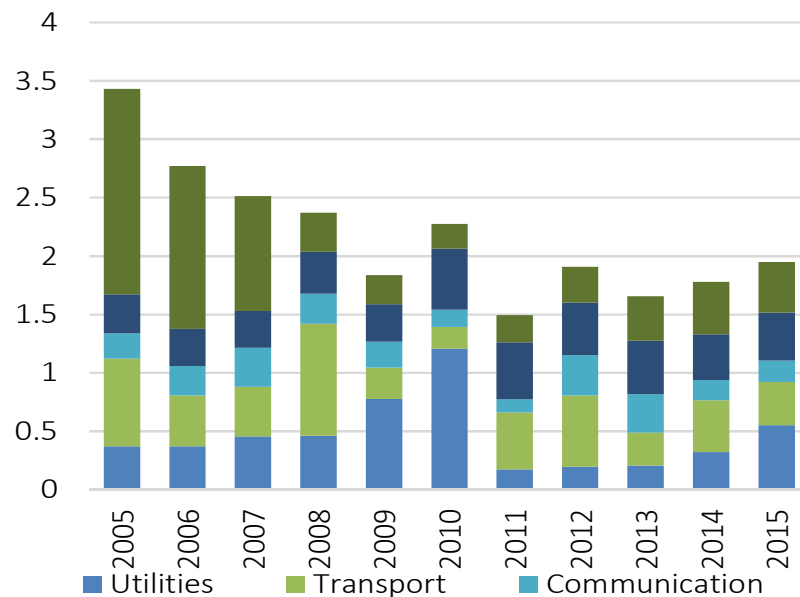
Note: Cumulative change of quarterly real investment relative to the 1Q08 level, with asset class contribution.

Source: Econ calculations, Eurostat

Investment in infrastructure, on the back of government spending

Infrastructure investment, occupational

per cent of GDP

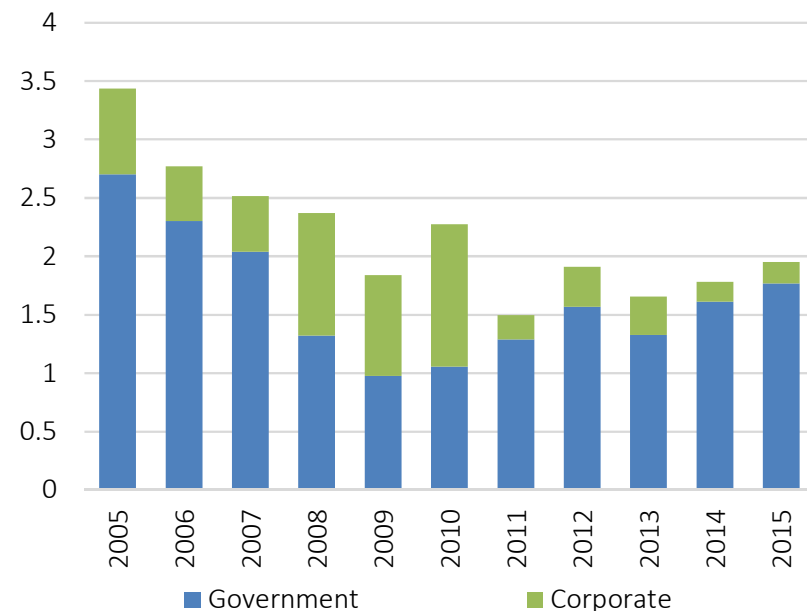


Note: Annual infrastructure investment as a share of GDP, broken down by occupational sector.

Source: Econ calculations, Eurostat, national authorities

Infrastructure Investment, institutional

per cent of GDP



Note: Annual infrastructure investment as a share of GDP, broken down by institutional sector.

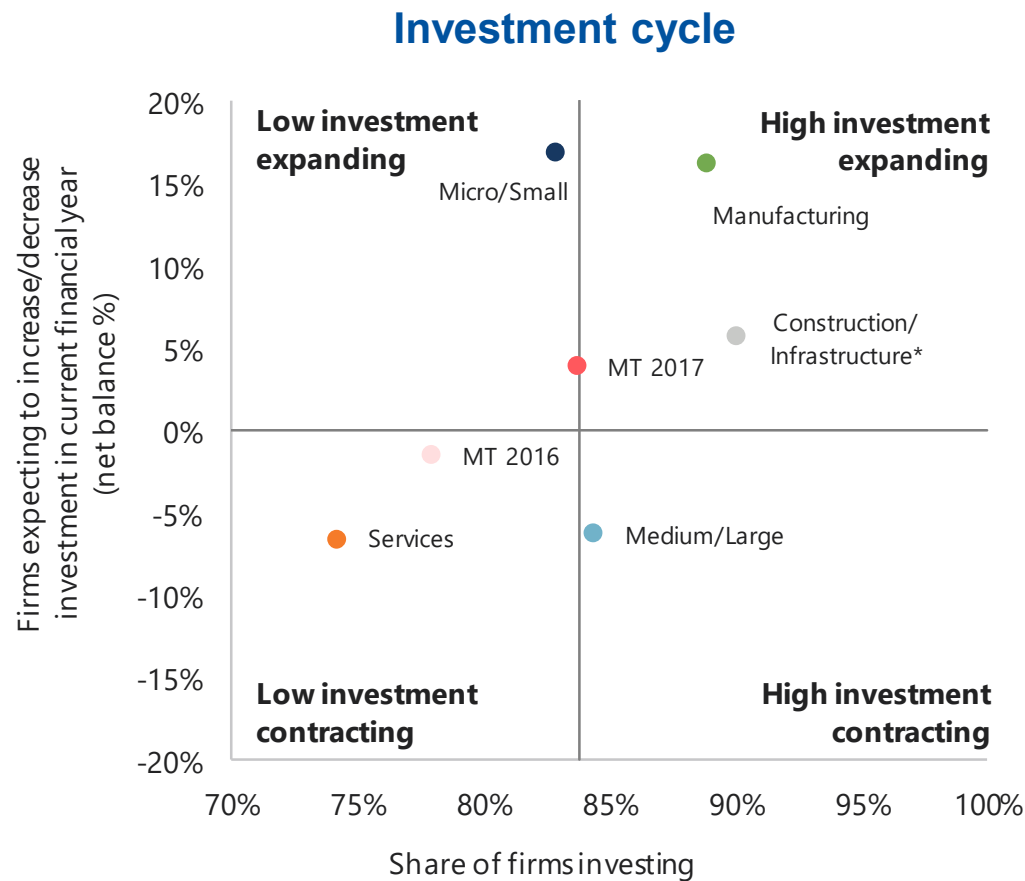
Source: Econ calculations, Eurostat, national authorities

The EIB Investment Survey

EIB investment survey:

- 12,500 firms surveyed across EU28
- Survey of NFCs (with 5+ employees) in manufacturing, services, construction & infrastructure sector
- Information on:
 - Firm characteristics and performance
 - Investment needs and constraints
 - Past investment activities and future focus
 - Investment finance
- Representative of the economy (firms weighted by value-added)
- Data collected from April-July 2017
- In Malta, 178 firms have been interviewed

Positive investment outlook



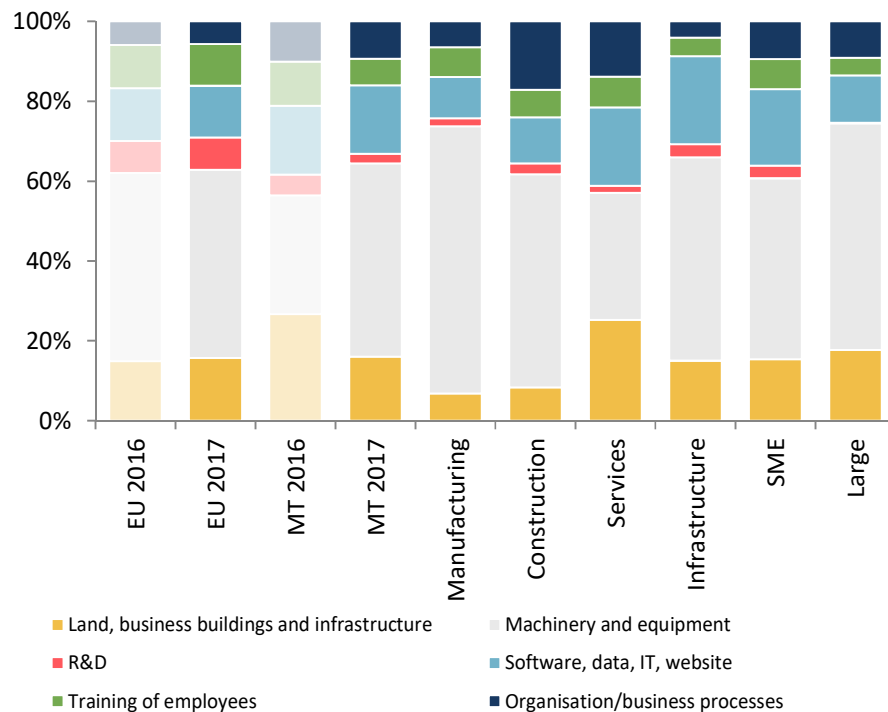
Note: Plots the share of firms with investment expanding/contracting relative to the share of firms investing, by sector or Member State; cross centred on EU average.

Source: Econ EIBIS

Investment areas and future priorities

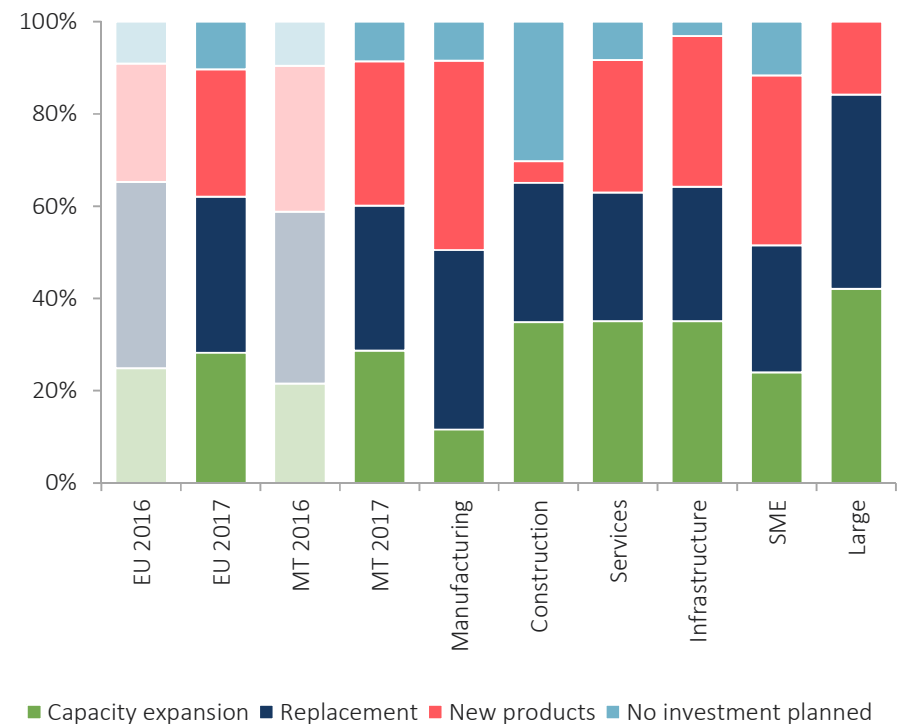
Areas of investment

average share allocated



Future investment priorities

Share of firms



Note: Average of responses for allocations by area in per cent: 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?

Source: Econ EIBIS

Note: Share of firms by main purpose of investment, in per cent: 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?

Source: Econ EIBIS

Innovation is mostly on adoption

Innovation activities

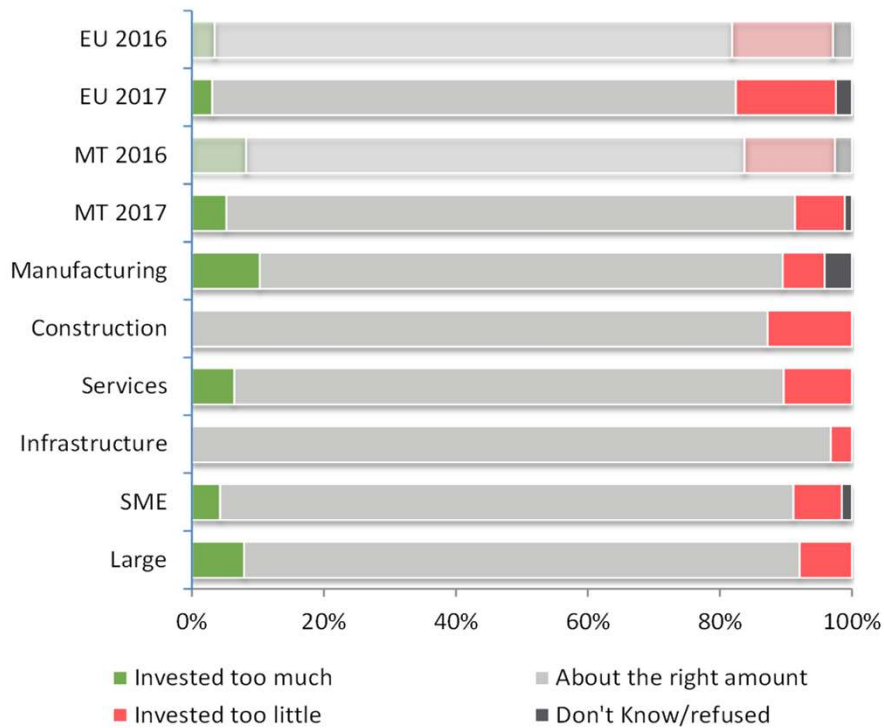


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

Firms in Malta report the lowest “investment gap” in the EU, with relatively high utilization rates

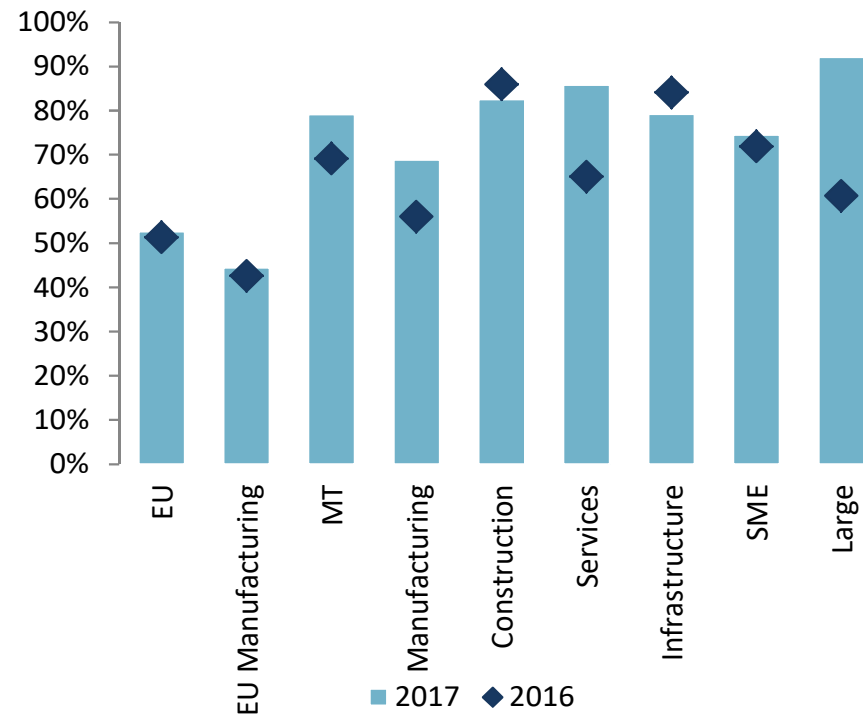
Perceived investment gap
share of firms



Note: Share of responses in per cent: Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Source: Econ EIBIS

Capacity utilisation (EIBIS)
average share at or above capacity



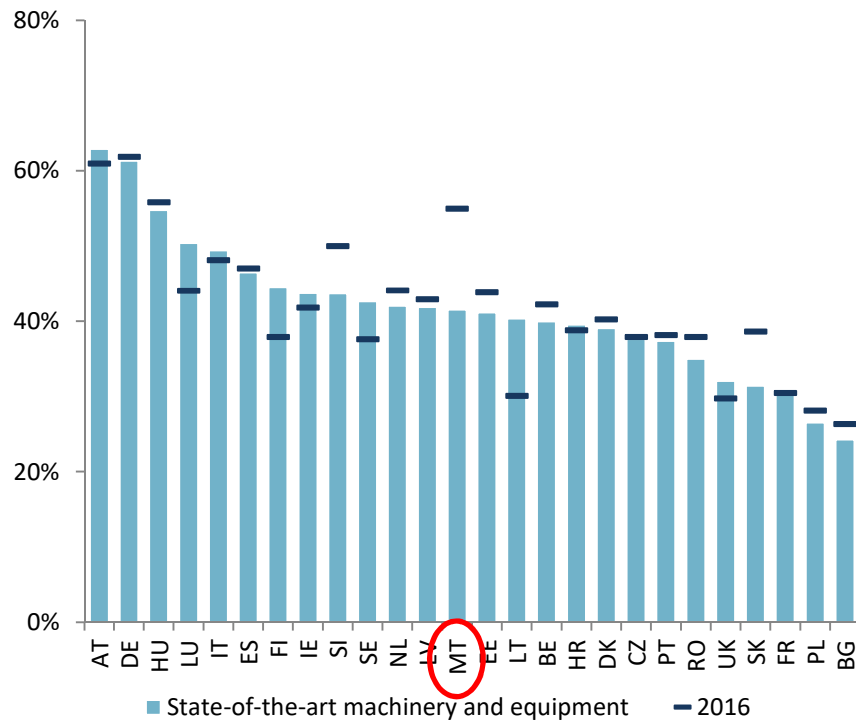
Note: Average share of responses in per cent: Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Source: Econ EIBIS

Quality of machinery and equipment and energy efficiency standards are in line with the EU averages

State-of-the-art machinery and equipment

average share

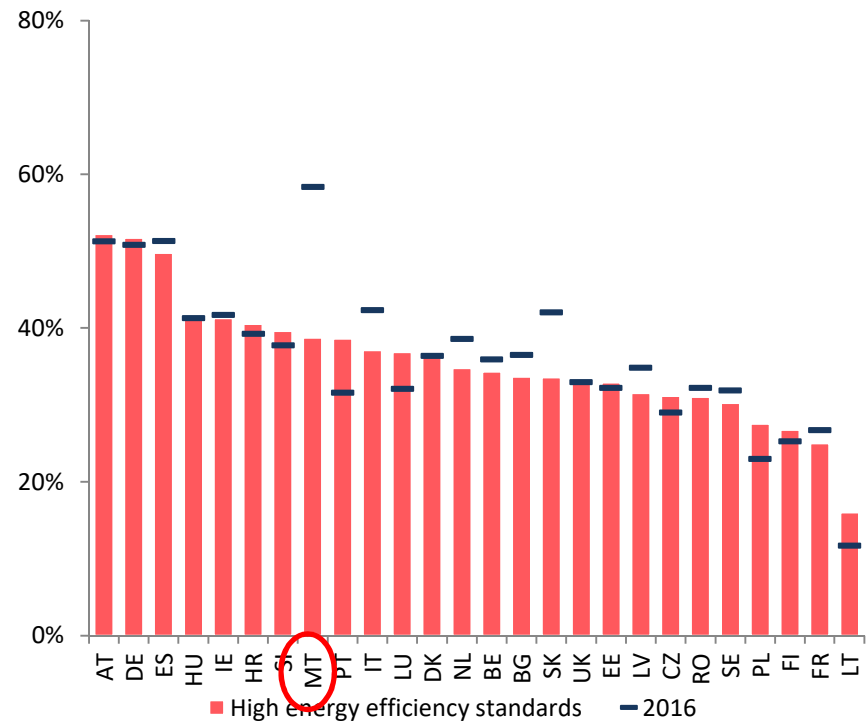


Note: Average of responses in per cent: Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Source: Econ EIBIS

Share of high energy efficiency buildings

average share



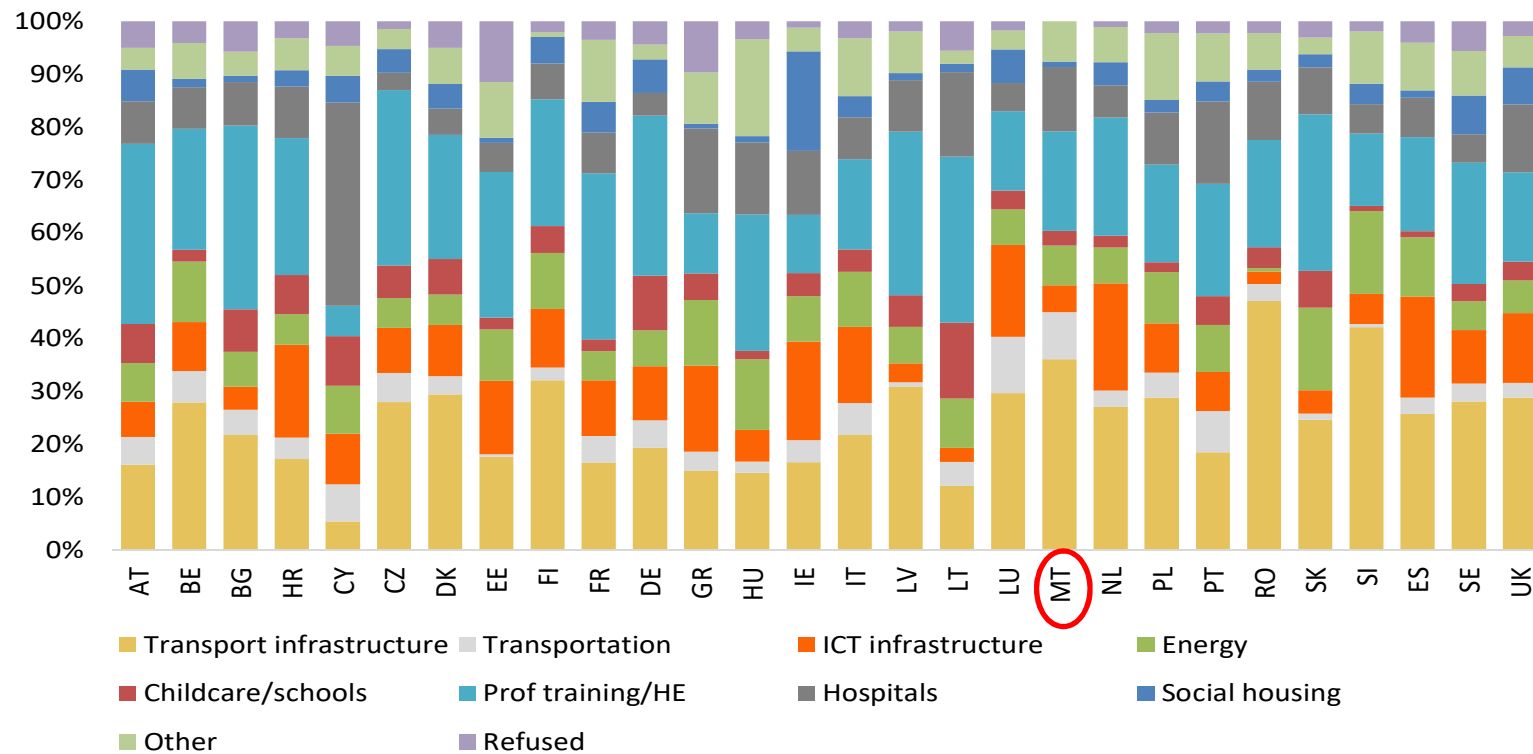
Note: Average of responses in per cent: Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

Source: Econ EIBIS

Firms consider transport infrastructure and training as public investment priorities

Perceived public investment priorities

proportion of responses



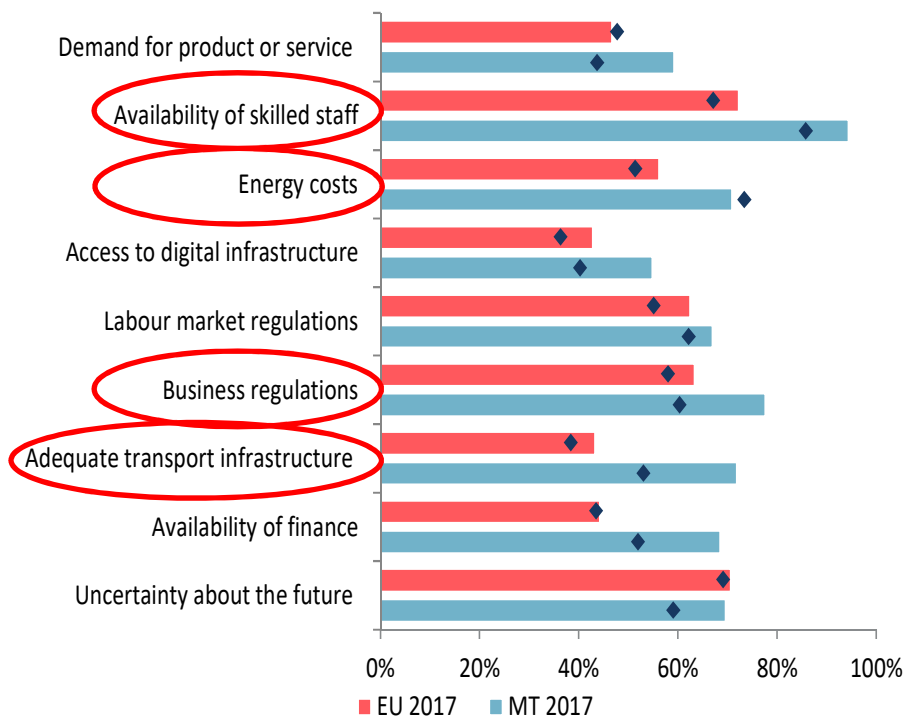
Note: Proportion of responses in per cent: Q. From your business' perspective, if you had to prioritise one area of public investment for the next 3 years, which one would it be?

Source: Econ EIBIS

Availability of skilled staff is by far the most crucial obstacle to investment activities

Long-term barriers to investment

share of responses

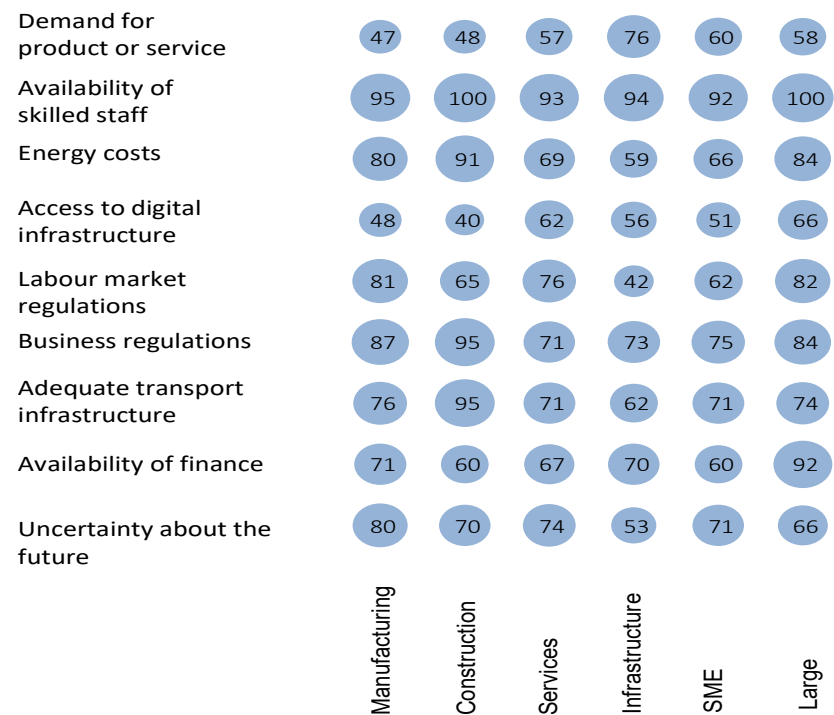


Note: Share of responses in per cent: Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Source: Econ EIBIS

Investment barriers by size/sector

share of responses in per cent



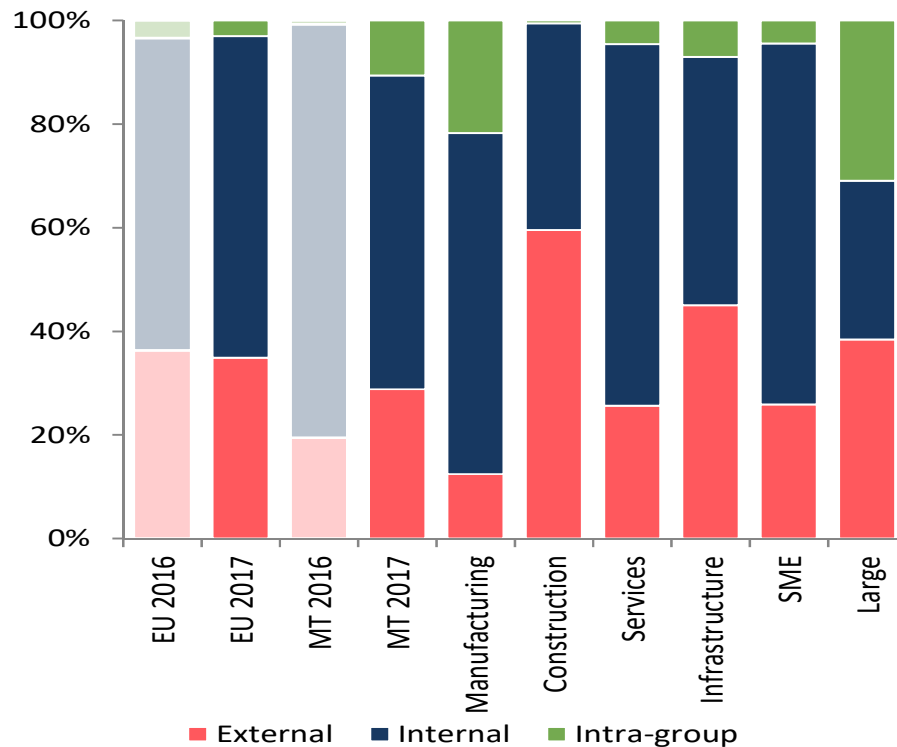
Note: Share of responses in per cent: Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Source: Econ EIBIS

Strong role of internal finance and intra-group funding and some complains on collateral and cost

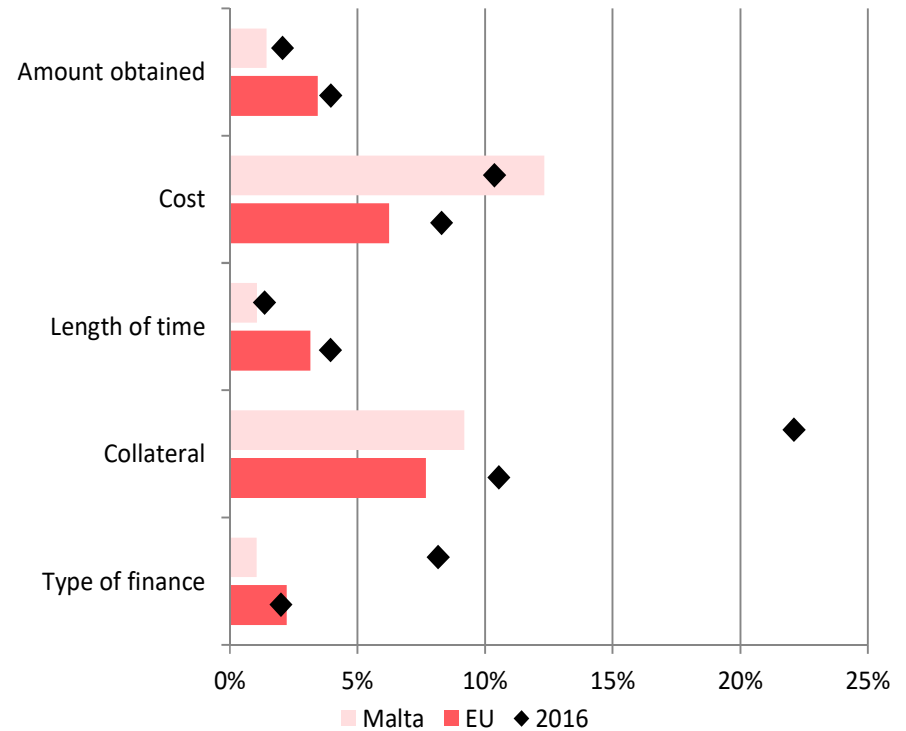
Source of investment finance

average proportion



Dissatisfaction with external finance

share of responses



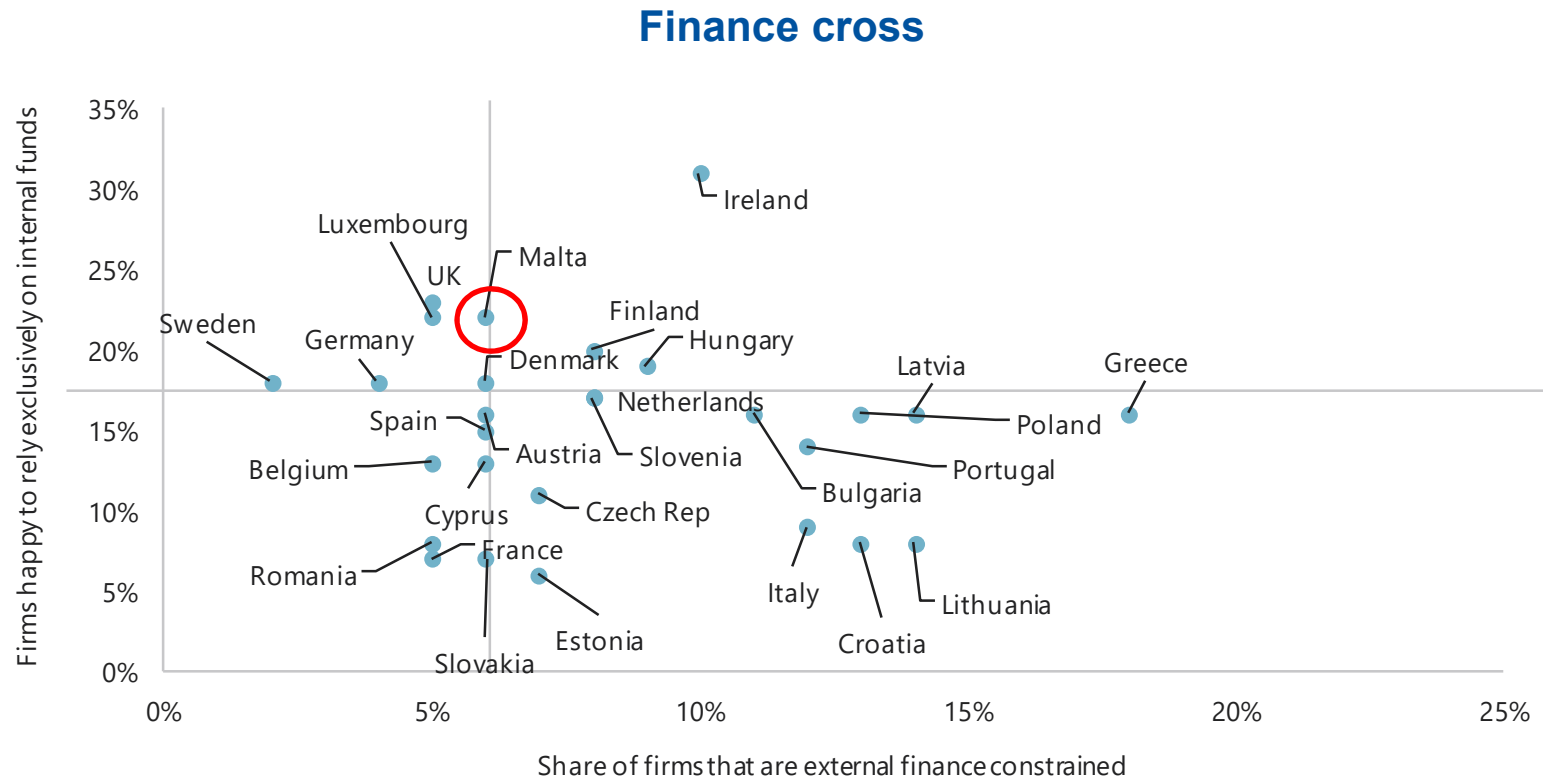
Note: Average of responses in per cent: Q. What proportion of your investment was financed by each of the following?

Note: Average share of responses, in per cent Q. How satisfied or dissatisfied are you with?

Source: Econ EIBIS

Source: Econ EIBIS

Firms in Malta are happy to use internal finance and do not face major finance constraints issues



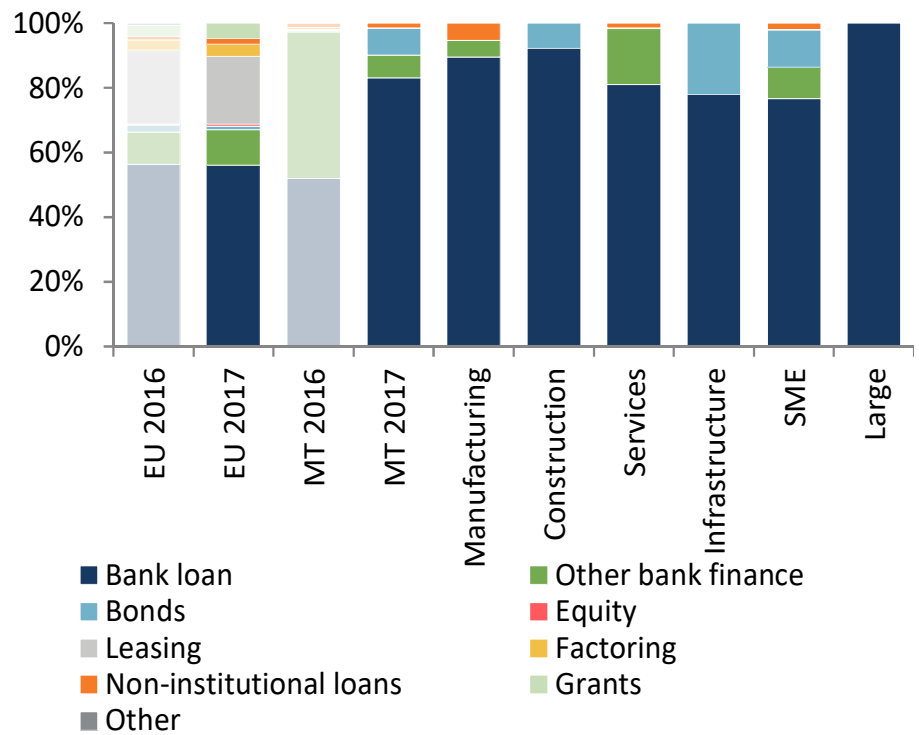
Note: Proportion of firms reliant on internal finance over share financially constrained firms, by sector or Member State.

Source: Econ EIBIS

Very little diversification in forms of finance available for firms

Type of external investment financing

average proportion



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

Source: Econ EIBIS

Conclusions

- Strong dynamics and need to focus on long term competitiveness
- Intangibles and Innovation
- Availability of people with the right skills, business regulations and energy costs still as impediments
- Financial constraints in line with the EU average and improving, with very little diversification in forms of finance for firms

Thank you

