How US companies view Germany as an investment location in 2018

**Germany in early 2018.** American companies in Germany are optimistic about the future. After a very successful business year in 2017, the majority of surveyed companies anticipate a further increase in revenue, employees and investments. Location conditions are also rated positively by the overwhelming majority of US companies. Exceptions are the high labor and energy costs as well as the inadequate framework conditions for the digital economy and startups.

1. **US COMPANIES EXPECT A PROMISING YEAR 2018**

How will your revenue, number of employees and investments develop in 2018? [%]

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
<th>Consistent</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>82</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Employees</td>
<td>54</td>
<td>35</td>
<td>11</td>
</tr>
<tr>
<td>Investments</td>
<td>58</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>

2. **A STRONG BUSINESS YEAR 2017**

How did the year 2017 turn out for your company? [%]

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase</th>
<th>Consistent</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>77</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Employees</td>
<td>51</td>
<td>33</td>
<td>16</td>
</tr>
<tr>
<td>Investments</td>
<td>58</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>

**OPTIMISM AT A HIGH LEVEL**

Percentage of companies that experienced an increase in revenue, investments and number of employees for the respective year (2007-2017) or anticipate this in 2018.
US COMPANIES PLAN ON EXPANDING THEIR ACTIVITIES
Will you expand, maintain or reduce your activities in Germany over the next three to four years?

61% plan on expanding their activities
2017: 55%

36% plan on maintaining their present activities
2017: 42%

3% plan on reducing their activities
2017: 3%

GERMANY: A TOP LOCATION WITH HIGH STABILITY
How would you rate the current location conditions in Germany?

91% Very good or good
2017: 75%

9% Neutral
2017: 25%

How will location conditions in Germany develop over the next three to four years?

28% Conditions will improve
2017: 9%

17% Conditions will worsen
2017: 24%

55% Conditions will stay the same
2017: 67%

GREAT QUALITY, BUT HIGH COSTS
How would you rate the following location conditions? [%]

<table>
<thead>
<tr>
<th>Category</th>
<th>Very good/good</th>
<th>Neutral</th>
<th>Less good/bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of employees</td>
<td>94</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Potential as a sales market</td>
<td>92</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Quality of infrastructure (transportation, energy, etc.)</td>
<td>81</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Quality of R&amp;D</td>
<td>77</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Quality of supplier networks</td>
<td>67</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Predictability of investment conditions</td>
<td>60</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Overall reliability of politics</td>
<td>44</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>R&amp;D regulatory environment</td>
<td>43</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td>Economic and industrial policy</td>
<td>35</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Quality of digital infrastructure</td>
<td>28</td>
<td>47</td>
<td>25</td>
</tr>
<tr>
<td>Startup environment and entrepreneurship</td>
<td>27</td>
<td>41</td>
<td>32</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>6</td>
<td>63</td>
<td>31</td>
</tr>
<tr>
<td>Energy costs</td>
<td>8</td>
<td>36</td>
<td>58</td>
</tr>
<tr>
<td>Labor costs</td>
<td>3</td>
<td>58</td>
<td>39</td>
</tr>
</tbody>
</table>
How German companies view the US as an investment location in 2018

The US in early 2018. German companies in the US are on a growth trajectory. After positive development in 2017, a significant number of companies expect growth in revenue, and the majority also anticipate an increase in the number of employees and investments. Two thirds of these companies rate the US favorably. Compared with US companies in Germany, significantly more German companies in the US criticize the reliability of politics in their foreign subsidiary’s investment location.

1 POSITIVE EXPECTATIONS FOR 2018
How will your revenue, number of employees and investments develop in 2018? [%]

2 A GOOD BUSINESS YEAR 2017
How did the year 2017 turn out for your company? [%]

3 GERMAN COMPANIES ARE INVESTING MORE IN THE US MARKET
Will you expand, maintain or reduce your activities in the US over the next three to four years?

"The US remains a key market for SAP given continued strong, dynamic growth, especially in the spectrum of innovative cloud solutions for digital transformation."

HARTMUT THOMSEN
Chief Operating Officer & Head of Cloud for Middle & Eastern Europe, SAP
The AmCham Germany Transatlantic Business Barometer is an exclusive survey among US investors in Germany and German investors in the US. It provides a well-founded analysis of investment sentiment as well as a business assessment of both countries.

For 15 years, AmCham Germany has surveyed US companies for its Business Barometer. This year, the survey was expanded to include German companies in the US, thereby providing a more complete transatlantic perspective. This year’s AmCham Germany Transatlantic Business Barometer is based on the results from 39 US companies in Germany and 45 German companies in the US. The survey was conducted in February 2018.

About the study

The American Chamber of Commerce in Germany (AmCham Germany) is the voice of transatlantic business. We strive to enhance global economic and trade relations built on a strong foundation of American and German partnership. We actively support and promote our members’ interests through our global networks in business, politics and AmChams worldwide. AmCham Germany enables cross-cultural understanding, cooperation and new investment through our commitment to transparent dialogue, unrestricted trade and a competitive and open business climate.

About AmCham Germany

Roland Berger, founded in 1967, is the only leading global consultancy of German heritage and European origin. With 2,400 employees working from 34 countries, we have successful operations in all major international markets. Our 50 offices are located in the key global business hubs. The consultancy is an independent partnership owned exclusively by 220 Partners.

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