How US companies view Germany as an investment location in 2019

Germany in early 2019. American companies in Germany are optimistic. After a solid business year in 2018, the majority of companies surveyed expect their revenue, number of employees and investments to increase further. The majority of US companies rate the conditions for doing business in Germany as attractive. However, high energy and labor costs as well as the quality of digital infrastructure remain a challenge.

1 OUTLOOK REMAINS POSITIVE. GOOD EXPECTATIONS FOR 2019

How will your revenue, number of employees and investments develop in 2019? [%]

- Revenue: 77% increase, 15% consistent, 8% decrease
- Employees: 53% increase, 39% consistent, 8% decrease
- Investments: 51% increase, 38% consistent, 11% decrease

2 A SOLID BUSINESS YEAR 2018

How did the year 2018 turn out for your company? [%]

- Revenue: 64% increase, 23% consistent, 13% decrease
- Employees: 50% increase, 24% consistent, 26% decrease
- Investments: 36% increase, 58% consistent, 6% decrease

OPTIMISM ON ALL LEVELS

Percentage of companies that experienced an increase in revenue, number of employees and investments for the respective year (2008–2018) or anticipate this in 2019.
US COMPANIES WANT TO EXPAND OPERATIONS
Will you expand, maintain or reduce your activities in Germany over the next three to four years?

59% plan on expanding their activities 2018: 61%

38% plan on maintaining their present activities 2018: 36%

3% plan on reducing their activities 2018: 3%

GERMANY: ATTRACTIVE AND STABLE
How would you rate the current location conditions in Germany?

81% Very good or good 2018: 91%

16% Neutral 2018: 9%

3% Bad 2018: 0%

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

27% Conditions will improve 2018: 28%

22% Conditions will worsen 2018: 17%

51% Conditions will stay the same 2018: 55%

3% Conditions will stay the same 2018: 55%

EXPENSIVE BUT GOOD
How would you rate the following location conditions [%]

Quality of employees
Very good/good 97 3
Neutral 89 3
Less good/bad 47 8

Quality of supplier networks
Very good/good 89 8
Neutral 84 3
Less good/bad 40 13

Potential as a sales market
Very good/good 84 3
Neutral 82 13
Less good/bad 40 13

Quality of R&D
Very good/good 79 21
Neutral 79 13
Less good/bad 40 8

Quality of infrastructure (transportation, energy, etc.)
Very good/good 79 13
Neutral 79 21
Less good/bad 40 8

Overall reliability of politics
Very good/good 69 18
Neutral 69 13
Less good/bad 27 16

Predictability of investment conditions
Very good/good 57 27
Neutral 57 16
Less good/bad 20 16

R&D regulatory environment
Very good/good 47 13
Neutral 47 22
Less good/bad 20 22

Startup environment and entrepreneurship
Very good/good 46 32
Neutral 46 22
Less good/bad 20 22

Economic and industrial policy
Very good/good 41 13
Neutral 41 29
Less good/bad 20 29

Quality of digital infrastructure
Very good/good 29 39
Neutral 32 29
Less good/bad 20 40

Labor costs
Very good/good 26 40
Neutral 53 21
Less good/bad 13 47

Corporate taxation
Very good/good 16 55
Neutral 55 29
Less good/bad 13 47

Energy costs
Very good/good 13 47
Neutral 40 47
Less good/bad 13 47
How German companies view the US as an investment location in 2019

1. MIXED EXPECTATIONS FOR 2019
How will your revenue, number of employees and investments develop in 2019? [%]

Revenue: 62% increase, 18% consistent, 20% decrease
Employees: 39% increase, 46% consistent, 15% decrease
Investments: 44% increase, 32% consistent, 24% decrease

2. MODERATE BUSINESS YEAR 2018
How did the year 2018 turn out for your company? [%]

Revenue: 59% increase, 27% consistent, 14% decrease
Employees: 37% increase, 53% consistent, 10% decrease
Investments: 40% increase, 47% consistent, 13% decrease

3. GERMAN COMPANIES REMAIN COMMITTED TO THE US MARKET
Will you expand, maintain or reduce your activities in the US over the next three to four years?

- 59% plan on expanding their activities (2018: 70%)
- 32% plan on maintaining their present activities (2018: 25%)
- 9% plan on reducing their activities (2018: 5%)

"The US is one of the KION Group's home markets. Especially when it comes to the highly automated warehouse logistic solutions of our brand Dematic, the USA is a global trendsetter."

GORDON RISKE
Chief Executive Officer (CEO) of KION GROUP AG

The US in early 2019. German companies active in the US market have sent mixed signals. After strong growth in revenue in 2018, the majority expect revenue to increase further in 2019. On the other hand, employment and investment figures are somewhat less optimistic. More than half of the companies view the US as a positive investment location. However, many of them are concerned about the uncertainties brought about by the current political situation.
How would you rate the current location conditions in the US?

<table>
<thead>
<tr>
<th>Condition</th>
<th>Very good/good</th>
<th>Neutral</th>
<th>Less good/bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad</td>
<td>97</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2018: 5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>72</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>2018: 28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very good</td>
<td>59</td>
<td>32</td>
<td>9</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Condition</th>
<th>Very good/good</th>
<th>Neutral</th>
<th>Less good/bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad</td>
<td>49</td>
<td>40</td>
<td>11</td>
</tr>
<tr>
<td>2018: 28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>43</td>
<td>49</td>
<td>8</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very good</td>
<td>40</td>
<td>43</td>
<td>17</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less good</td>
<td>37</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>30</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very good</td>
<td>12</td>
<td>74</td>
<td>14</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>14</td>
<td>78</td>
</tr>
<tr>
<td>2018: 67%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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, US companies have been surveyed as part of the AmCham Germany Business Barometer. As in the previous year, German companies in the US were also surveyed this year. A total of 39 US companies with locations and revenue of almost €34 billion in Germany as well as 45 German companies with locations and revenue of just under €35 billion in the US participated in this year's AmCham Germany Transatlantic Business Barometer. The survey was conducted in February 2019.