High energy prices and firm profits

Firms in the Netherlands have adapted well to higher energy prices.
This stress test shows the impact on firm profitability is limited

The change:

permanent rise in energy prices, compared to 2019:

natural gas +196%

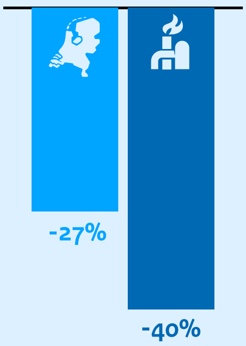
electricity +115%

The adaptation:

Saving energy

Gas use in the Netherlands fell in 2022, most clearly in the manufacturing industry

change in gas use, in % compared to 2019



This concerns the costs for goods and services bought from other firms. Among other things, wage and rental costs of the firm itself are not covered by this

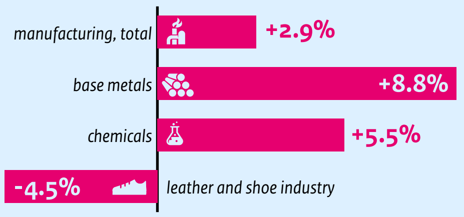
Passing on increased costs to customers

Output prices have been risen sharply...

average change in output prices, in % compared to 2019

... and in some industries more than the rise in input costs, including energy

largest change in output prices minus input costs in manufacturing, in % compared to 2019



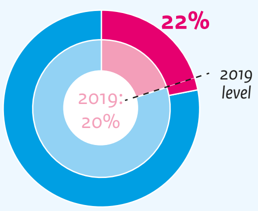
Main scenario:

This analysis shows the consequences for profitability if firms use 20% less energy and the additional energy costs are passed on to their customers, which decreases demand for their goods and services

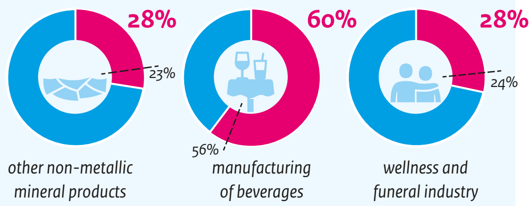
In addition, the publication contains two scenarios in which firms adjust less or not at all

The outcomes:

The number of firms that do not make a profit increases by 3,700 compared to 2019 (pre-Covid), when 1 in 5 firms made a loss



Industries in which the number of loss making firms increases the most:



Policy implications:

Rely on the adaptability of firms; generic compensation for increased energy prices is not necessary