

Table 3: **Panel A. Regression of Investment Measures. DRAFT.**

Automated output. The version in the submitted thesis was manually adjusted due to style and space constraints.

	Change in Ln(Assets)				Change in Ln(PPEnt)			
	(1) I	(2) II	(3) III	(4) IV	(5) I	(6) II	(7) III	(8) IV
New financial covenant violation	-0.092*** (0.008)	-0.046*** (0.008)	-0.041*** (0.008)	-0.036*** (0.008)	-0.100*** (0.010)	-0.036*** (0.010)	-0.030*** (0.010)	-0.028*** (0.011)
One-time violator				0.018** (0.007)				0.022** (0.009)
Frequent violator				-0.016*** (0.006)				-0.006 (0.007)
Operating cash flow/ Average assets		0.195*** (0.005)	0.201*** (0.032)	0.204*** (0.032)		0.202*** (0.006)	0.205*** (0.025)	0.205*** (0.025)
Leverage		-0.083*** (0.009)	-0.064*** (0.023)	-0.061** (0.023)		0.021* (0.012)	0.059* (0.030)	0.060** (0.030)
Interest expense/ Average assets		0.374*** (0.055)	0.410** (0.181)	0.413** (0.180)		0.698*** (0.073)	0.646** (0.264)	0.646** (0.264)
Net worth/ Assets		0.079*** (0.007)	0.095*** (0.022)	0.092*** (0.022)		0.180*** (0.010)	0.218*** (0.027)	0.216*** (0.027)
Current ratio		-0.004*** (0.000)	-0.005*** (0.001)	-0.005*** (0.001)		0.008*** (0.001)	0.007*** (0.002)	0.007*** (0.002)
Market-to-book ratio		0.019*** (0.000)	0.018*** (0.001)	0.018*** (0.001)		0.015*** (0.001)	0.014*** (0.001)	0.014*** (0.001)
Ln(Assets)		-0.006*** (0.001)	-0.007*** (0.002)	-0.008*** (0.002)		0.005*** (0.001)	0.001 (0.002)	0.000 (0.002)
PPEnt/ Assets		0.098*** (0.005)	0.041** (0.015)	0.039** (0.015)		-0.027*** (0.007)	-0.203*** (0.023)	-0.204*** (0.022)
First differences (Assets)		0.234*** (0.007)	0.204*** (0.019)	0.203*** (0.019)		0.449*** (0.009)	0.401*** (0.020)	0.401*** (0.020)
First differences (PPEnt/Assets)		0.415*** (0.030)	0.420*** (0.060)	0.418*** (0.060)		0.356*** (0.040)	0.356*** (0.127)	0.355*** (0.127)
Constant	0.065*** (0.001)	-0.009 (0.006)			0.046*** (0.001)	-0.157*** (0.008)		
No. of firms	6645	5893	5893	5893	6604	5886	5886	5886
FE & Clustered SE		No	No	Yes	No	No	Yes	Yes
R ²	0.001	0.080			0.001	0.067		
Adj. R ²	0.001	0.080			0.001	0.067		
Num. obs.	150928	108118	108118	108118	149304	107863	107863	107863
Num. groups: calendar			44	44			44	44
Num. groups: ffi			36	36			36	36
Num. groups: fqtr			4	4			4	4
R ² (full model)			0.111	0.112			0.094	0.094
R ² (proj model)			0.073	0.073			0.068	0.068
Adj. R ² (full model)			0.111	0.111			0.093	0.093
Adj. R ² (proj model)			0.072	0.073			0.068	0.068

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Table 3: **Panel B. Regression of Investment Measures (continued).** **DRAFT.**
Automated output. The version in the submitted thesis was manually adjusted due to style and space constraints.

	Change in CAPEX / Average assets				Change in R&D / Assets			
	(9) I	(10) II	(11) III	(12) IV	(13) I	(14) II	(15) III	(16) IV
New financial covenant violation	-0.009*** (0.002)	-0.007*** (0.002)	-0.006*** (0.002)	-0.006*** (0.002)	-0.003** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
One-time violator				0.002** (0.001)				-0.000 (0.001)
Frequent violator				-0.000 (0.000)				-0.000 (0.001)
Operating cash flow / Average assets		0.012*** (0.001)	0.013*** (0.002)	0.013*** (0.002)		0.004*** (0.001)	0.006 (0.003)	0.006 (0.003)
Leverage		-0.013*** (0.002)	-0.009* (0.004)	-0.009* (0.004)		0.006*** (0.001)	0.008*** (0.003)	0.008*** (0.003)
Interest expense / Average assets		0.072*** (0.015)	0.083*** (0.029)	0.083*** (0.029)		0.014* (0.007)	0.014 (0.022)	0.014 (0.022)
Net worth / Assets		-0.008*** (0.002)	-0.003 (0.002)	-0.003 (0.002)		0.004*** (0.001)	0.005** (0.003)	0.005* (0.003)
Current ratio		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Market-to-book ratio		0.000* (0.000)	0.000 (0.000)	0.000 (0.000)		-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
Ln(Assets)		0.001*** (0.000)	-0.000 (0.000)	-0.000 (0.000)		-0.000*** (0.000)	-0.000*** (0.000)	-0.001*** (0.000)
PPENT / Assets		-0.018*** (0.001)	-0.029*** (0.003)	-0.029*** (0.003)		-0.004*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)
First differences (Assets)		-0.068*** (0.002)	-0.070*** (0.005)	-0.070*** (0.005)		0.009*** (0.001)	0.008*** (0.002)	0.008*** (0.002)
First differences (PPENT / Assets)		-0.532*** (0.008)	-0.526*** (0.036)	-0.527*** (0.036)		-0.013** (0.005)	-0.014 (0.009)	-0.014 (0.009)
Constant	-0.004*** (0.000)	0.002 (0.002)			0.000** (0.000)	-0.002*** (0.001)		
No. of firms	6569	5818	5818	5818	4039	3477	3477	3477
FE & Clustered SE		No	Yes	Yes	No	No	Yes	Yes
R ²						0.015		
Adj. R ²	0.000	0.048			0.000	0.014		
Num. obs.	141290	100944	100944	100944	73715	48854	48854	48854
Num. groups: calendar			44	44			44	44
Num. groups: fi			36	36			35	35
Num. groups: fqtr			4	4			4	4
R ² (full model)			0.052	0.053			0.022	0.022
R ² (proj model)			0.048	0.048			0.015	0.015
Adj. R ² (full model)			0.052	0.052			0.020	0.020
Adj. R ² (proj model)			0.048	0.048			0.014	0.014

***p < 0.01; **p < 0.05; *p < 0.1