

EQUITY ACCOUNTS OF NON-FINANCIAL COMPANIES (CPENF) 2012

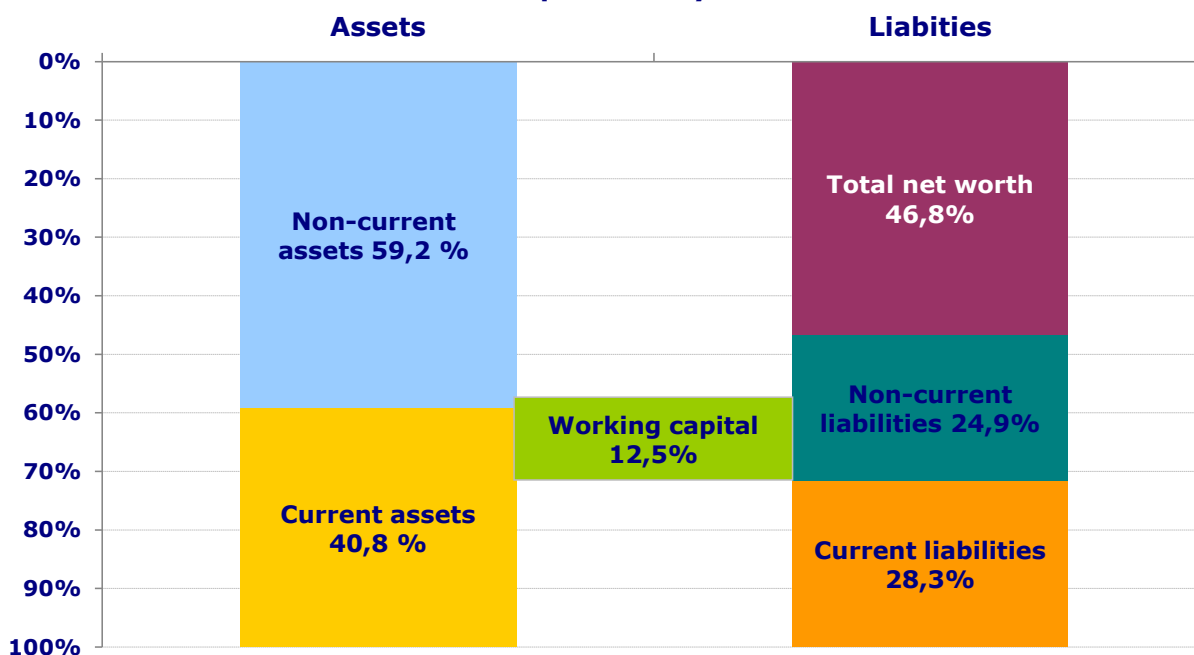
19.9% of business equity was located in large companies, which represent 12.1% of total employment

The debt, financial structure and profitability ratios improved with respect to 2011, although the working capital diminished

Large companies of more than 250 employees were the most capital intensive in 2012, given that they accounted for 19.9% of the total assets of the economy with 12.1% of employment in that year, according to Eustat data. The remainder, accounting for 87.9% of employed people, held 80.1% of the assets. Within the small bracket, companies of between 1 and 9 employees held 41.4% of business equity and accounted for 42.9% of employed people.

Estimated assets for non-financial companies as a whole in the Basque Country in 2012 were down 5.2% on 2010 and amounted to EUR 194,696 million.

Graph 1. Assets and Liabilities of non-financial companies of the Basque Country. 2012



Source: Eustat. Equity accounts of non-financial companies (CPENF)

In the distribution of assets by sectors, the importance of industry was made clear within the economy of the Basque Country

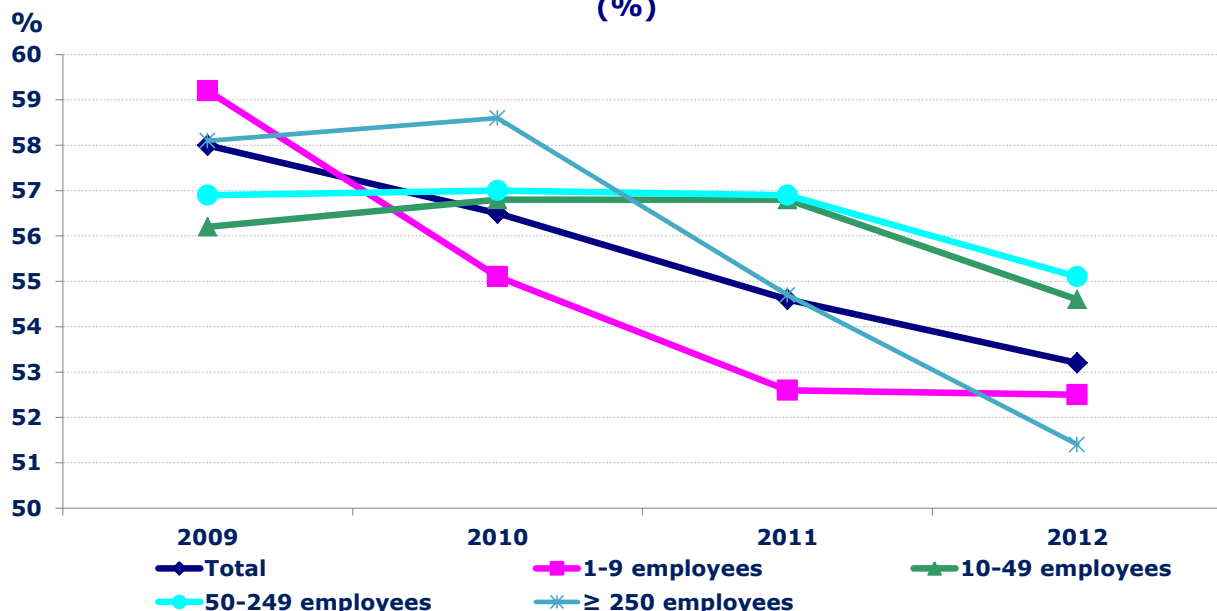
Thus, 39.8% of assets corresponded to the industrial sector, which generated 27.8% of employment, although it was market services that generated the greatest percentages, with 46.3% of equity and 62.7% of employment. Lastly, construction had 13.9% of assets and 9.5% of employment.

The positive difference between Current Assets and Current Liabilities, **Working Capital**, stands at EUR 24,264 million (12.5% of total assets), and is down 9.6% on 2011. This means that sufficient funds have been earned to cover specific short-term debts (payable in the short term), but to a lesser degree than in the previous year. However, as a result of the different balance sheet structures by business sectors, the working capital of companies in the construction sector accounted for 32.2% of its assets, whilst this figure stood at 10.5% for the industrial sector and 8.2% for the market services sector.

The analysis of other key **economic and financial ratios** of Basque companies shows that the debt and financial structure ratios and profitability ratios have improved.

The **Total Debt** ratio, which shows the existing relationship between borrowings and total equity, stood at 53.2% for the Basque Country. This ratio shows that just over half of the assets are financed using borrowings. With respect to the previous year, it fell by 1.4 percentage points, with significant drops occurring in those companies with more than 249 employees, with a debt ratio in 2012 of 51.4%, 3.3 percentage points less than a year earlier; small companies (10 to 49 employees) saw a fall of 2.2 percentage points, with a ratio of 54.6%; and the ratio of medium-sized companies stood at 55.1%, 1.8 points less than in 2011. In the case of microenterprises the ratio was similar to the previous year, standing at 52.5%, 0.1 percentage points lower than in 2011. By major sector, construction posted a debt ratio of 61.2% in 2012, industry 52% and market services 51.8%. A more detailed analysis shows that the Hotel Management and Catering industry has a debt level of 72.8%. At the opposite extreme was the sector of Water Supply, Purification and Waste & Decontamination Management, with a ratio of 34.4%.

Graph 2. Evolution of the total debt ratio by employment strata. Basque Country (%)



Source: Eustat. Equity accounts of non-financial companies (CPENF)

The **Financial Autonomy** ratio, which measures the financial dependency of companies on third parties (understood as the relation between net assets and other liabilities), stood at 88%, 4.8 points up on 2011. This autonomy was less prevalent in

the construction sector, which had a ratio of 63.4%, with the industry and services sectors standing at 92.2% and 93%, respectively.

The **Consistency Ratio**, a reflection of the guarantee offered by companies to long-term creditors, was 237.9% in 2012 and ranged from 121.2% in the construction sector to 262.9% in the market services sector and 260.8% in the industrial sector. It was also up by 10.5 percentage points on 2010 for companies as a whole.

The **Economic Profitability** ratio was 3.4% in 2012 and it gave the average of companies as a percentage of their total assets. This ratio performed positively for companies as a whole, rising from 3.1% in 2011 to 3.4% in 2012. However, with respect to 2009 there was a decline of 0.6 percent. By employment strata, it was larger companies (≥ 250 employees) that had a higher profitability ratio of 6.5%. On the other hand, microenterprises, with a ratio of 1.9%, had the lowest economic profitability. The profitability of the telecommunications sector stood out positively, with a ratio of 15.5%; whereas the ratio of the extraction industries sector was notably poor, at -4.2%.

Financial Profitability, which provides information on the average profit obtained by companies from its activities, based on net assets, stood at 4.5% in 2012, 0.6 percent higher than in the previous year. As with the previous ratio it was companies with more than 249 employees that obtained the best ratio (9.9%) and microenterprises the lowest (1.5%). By major sector, construction posted a profitability ratio of 1.4% in 2012, industry achieved the best result with 7.2% and market services, 3.6%.

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