

RESULTS OF NON-FINANCIAL CORPORATIONS TO 2013 Q4 AND SUMMARY YEAR-END DATA

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OVERVIEW¹

The information sent by the firms reporting to the Central Balance Sheet Data Office's Quarterly Survey (CBQ) over the course of 2013 reveals a moderation in the pace of contraction of activity in all sectors, with the exception of energy, which was affected by the particular shocks² that gave rise to a strong reduction in its nominal value added. Owing to the over-representation of this sector in the quarterly sample, total GVA fell over the year as a whole by 3.9%, 0.2 pp more than a year earlier. However, if the energy sector is excluded, the decline in GVA is limited to 2.3% which, compared with the 5.2% decline in this same aggregate in 2012, evidences less of a fall-off, which is more representative of the behaviour of business activity in this period.

Personnel costs declined by 1.5%, 1 pp below the fall the previous year (2.5%). The lesser decline in this item responded both to the fall in the pace of job destruction and to some quickening in average compensation which, however, held on a moderate growth path of around 1%. By type of contract, workforce adjustment continued to be concentrated in the main on temporary contracts, with a decline of 8.2%, although permanent contracts also fell (by 1.5%, compared with the decline of 0.8% in 2012).

Against this background, gross operating profit (GOP) fell by 6%, slightly over 1 pp more than the previous year. Excluding the energy sector, the decline would be 2.8%, which is also more moderate than the 8.2% fall recorded a year earlier by the same aggregate. Financial revenue grew by 18.3%, driven by higher dividends received. Financial costs declined by 2.8%, as the result of a slight fall in average debt for the year and of costs other than interest, offset in part by a slight increase in interest rates (which, nonetheless, did not have a significant impact on the average cost of external borrowing). In any event, the declining trend of the ratio of interest-bearing borrowing to net assets (hereafter E1) seen in the opening quarters of 2013 was interrupted, and at the end of the year the ratio stood at a similar level to end-2012, owing to the impact exerted by certain major operations in the final months of the year. By contrast, both the E2 ratio (interest-bearing borrowing relative to GOP plus financial revenue) and the interest burden ratio fell somewhat, assisted by the favourable trend of the denominator of these indicators. Depreciation and operating provisions increased by 0.2%, 0.7 pp down on the previous year.

Net ordinary profit (NOP) increased by 2.3%, reversing the negative trajectory of the two previous years, in which it had contracted by 8.8% and 14.3%, respectively. Without taking into account the energy sector, NOP would show growth at a greater pace (14.4%). For the sample as a whole, the return on investment increased slightly, whereas the average cost of debt held stable at 3.5%, meaning that the difference between both indicators stood at 2.4%, 0.4 pp up on the figure a year earlier.

¹ This article is based on a sample of 782 reporting corporations that sent their data to the Central Balance Sheet Data Office up to 12 March 2014. In terms of GVA, these corporations account for 12.1% of the whole non-financial corporations sector.

² In particular, the decline in the refining margin and the reduction in gas supply from Egypt, among others. For greater details see footnote 3.

Finally, the analysis of extraordinary costs and revenue shows that in 2013 these items had a much less adverse impact on profit for the year than in 2012, when certain corporations had to post substantial impairments attributable to the lower value of financial assets, at a particularly delicate juncture for the Spanish economy. As a result, profit for the year grew by 63.9%, a rate that contrasts with the decline the previous year, when it fell by 89.7%. As a percentage of GVA, profit rose from 2.2% in 2012 to 3.7% in 2013.

Activity

The CBQ information for 2013 shows a deceleration in the contractionary path of GVA in all sectors of activity, with the exception of the energy sector. For the sample as a whole, this variable declined by 3.9% (see Table 1 and Chart 1); but, excluding the energy sector, which is affected by certain distortions and is over-represented in this sample, the decline would ease to 2.3%, which should be considered more representative of the behaviour of the business sector. All these developments have come about in a setting in which exports have continued to be the most dynamic demand component. In line with this, Table 2 illustrates how in 2013 sales abroad continued to gain in significance relative to the total turnover of the CBQ sample, accounting for 18.8%, 1 pp up on the previous year.

An analysis at the sectoral level (see Table 3) reveals an easing in the declines in GVA in virtually all cases, with the principal exception of the energy sector, where the trend was much more negative than the previous year. In industry this indicator shrank by 1.6% in 2013, far less than the 9% decline the previous year, thanks largely to the buoyancy of exports during the year (which in this sector have a proportionately much higher weight than in the others). The breakdown by sub-sector offers a somewhat mixed picture. Developments were particularly favourable in some, such as the manufacture of mineral and metal products and the manufacture of transport equipment, in which GVA grew by 2.8% and 2.4%, respectively, while in others there were even sharper declines than the previous year, such as in the chemical industry or at corporations manufacturing IT and electronic products, where there were respective reductions of 8.2% and 7.7%. In the information and communications sector, GVA fell by 5%, a more contained decline than that of the previous year (7.9%). Regarding the wholesale and retail trade and accommodation and food service activities, a reduction of 3% was posted, also lower than that recorded in 2012 (4.8%). Despite the fact that this sector continued to be affected by the slackness of domestic spending, it moved on a marginally recovering path throughout 2013, which became more evident in the closing stretch of the year. By contrast, there was a notable deterioration in the energy sector, where GVA fell by 8.4% following the slight increase the previous year (0.8%). This development was much influenced by the adverse behaviour of the oil refining corporations and the electricity, gas and water utilities.³ At the former, GVA fell by 44.8% in 2013 after having grown by 2.2% in 2012. At the electricity, gas and water utilities, which comprise the other main energy sub-aggregate, GVA declined by 5.2%, after having grown slightly the previous year (0.9%). Lastly, in the group encompassing the other activities virtually no change was seen (-0.1%), compared with the 2.1% decline the previous year.

Chart 2 shows, for the last two years, the quartiles of the distribution of GVA growth. It can be seen how, in all of them, there was an improvement on 2012 figures, this being somewhat more

³ In the case of refining, the adverse trend of nominal GVA in 2013 was essentially the result of the narrowing of commercial margins. In the electricity, gas and water utilities sub-sector, the contraction was chiefly the outcome of the behaviour of certain gas corporations, whose activity was affected by the temporary halt in their operations in Egypt owing to the geopolitical tensions in that country.

PROFIT AND LOSS ACCOUNT. YEAR-ON-YEAR CHANGES AND PROFIT RATIOS
Growth rates of the same corporations on the same period a year earlier. Percentages

TABLE 1

	CBA STRUCTURE		CBA		CBQ (a)	
	2012	2011	2012	2011 Q1-Q4/ 2010 Q1-Q4	2012 Q1-Q4/ 2011 Q1-Q4	2013 Q1-Q4/ 2012 Q1-Q4
DATABASES						
Number of corporations		10,066	8,454	821	843	782
Total national coverage (% of GVA)		31.5	28.8	13.5	13.6	12.1
PROFIT AND LOSS ACCOUNT						
1 VALUE OF OUTPUT (including subsidies)	100.0	3.7	-1.2	7.1	2.5	-3.4
<i>Of which:</i>						
<i>Net amount of turnover and other operating income</i>	145.8	3.7	-0.3	9.0	2.4	-3.6
2 INPUTS (including taxes)	68.9	6.3	0.2	11.2	5.2	-3.2
<i>Of which:</i>						
<i>Net purchases</i>	92.6	5.4	-0.3	16.5	6.9	-6.3
<i>Other operating costs</i>	22.9	0.5	0.6	-0.7	0.3	-0.3
S.1 GROSS VALUE ADDED AT FACTOR COST [1 – 2]	31.1	-1.3	-4.1	-0.9	-3.7	-3.9
3 Personnel costs	18.7	0.6	-2.4	0.2	-2.5	-1.5
S.2 GROSS OPERATING PROFIT [S.1 – 3]	12.4	-4.0	-6.5	-1.9	-4.9	-6.0
4 Financial revenue	5.5	6.1	3.0	3.9	-10.3	18.3
5 Financial costs	4.6	12.1	-1.1	10.8	-1.9	-2.8
6 Depreciation, impairment and operating provisions	7.1	0.8	9.3	5.5	0.9	0.2
S.3 ORDINARY NET PROFIT [S.2 + 4 – 5 – 6]	6.2	-10.7	-17.0	-8.8	-14.3	2.3
7 Gains (losses) from disposals and impairment	-5.3	-86.1	-	-	-	20.6
7' As a percentage of GVA (7/S.1)		-2.2	-16.9	-6.1	-22.6	-15.9
8 Changes in fair value and other gains (losses)	-1.7	-60.0	-32.3	-59.8	5.4	44.5
8' As a percentage of GVA (S.4/S.1)		-4.2	-5.5	-6.3	-5.9	-3.7
9 Corporate income tax	0.2	-53.9	-73.2	-51.7	-	-
S.4 NET PROFIT [S.3 + 7 + 8 -9]	-1.0	-21.0	-	-31.4	-89.7	63.9
S.4' As a percentage of GVA		13.3	-3.1	18.9	2.2	3.7
PROFIT RATIOS						
	Formulas (b)					
R.1 Return on investment (before taxes)	(S.3 + 5.1) / NA	5.4	5.2	5.9	5.5	5.9
R.2 Interest on borrowed funds/ interest-bearing borrowing	5.1 / IBB	3.7	3.7	3.6	3.5	3.5
R.3 Ordinary return on equity (before taxes)	S.3 / E	7.0	6.5	7.9	7.4	8.0
R.4 ROI – cost of debt (R.1 – R.2)	R.1 – R.2	1.7	1.4	2.3	2.0	2.4
MEMORANDUM ITEM: TOTAL SAMPLE WITHOUT ENERGY SECTOR						
S.1 GROSS VALUE ADDED AT FACTOR COST [1 – 2]		-1.5	-4.8	-1.2	-5.2	-2.3
S.2 GROSS OPERATING PROFIT [S.1 – 3]		-5.1	-9.0	-2.9	-8.2	-2.8
S.3 ORDINARY NET PROFIT [S.2 + 4 – 5 – 6]		-10.1	-25.4	-7.4	-27.5	14.4

SOURCE: Banco de España.

NOTE: In calculating rates, internal accounting movements have been edited out of items 4, 5, 7 and 8.

a All the data in this column have been calculated as the weighted average of the quarterly data.

b NA = Net assets (net of non-interest-bearing borrowing); E = Equity; IBB = Interest-bearing borrowing; NA = E + IBB. The financial costs in the numerators of ratios R.1 and R.2 only include the portion of financial costs that is interest on borrowed funds (5.1) and not other financial costs (5.2).

NON-FINANCIAL CORPORATIONS REPORTING TO THE CENTRAL BALANCE

CHART 1

SHEET DATA OFFICE

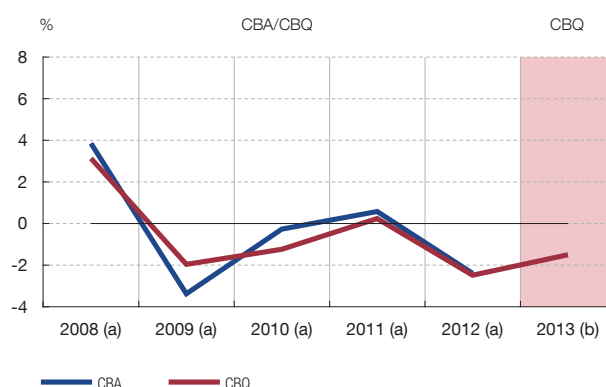
GROSS VALUE ADDED AT FACTOR COST

Rate of change



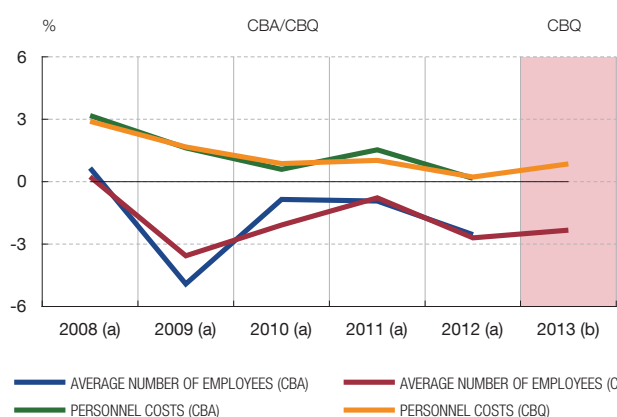
PERSONNEL COSTS

Rate of change



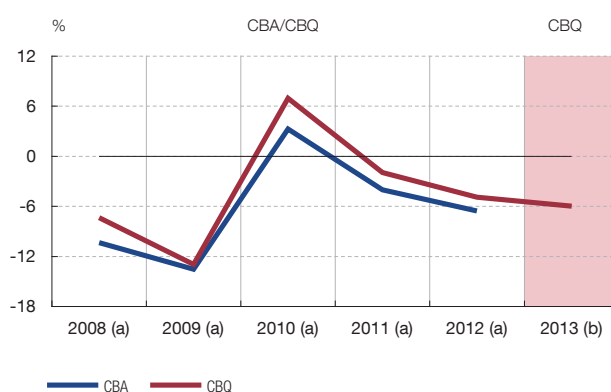
EMPLOYMENT AND WAGES

Rate of change



GROSS OPERATING PROFIT

Rate of change



Reporting non-financial corporations

		2008	2009	2010	2011	2012	2013
Number of corporations	CBA	9,627	9,870	10,135	10,066	8,454	—
	CBQ	810	797	807	821	843	782
% of GVA of the sector non-financial corporations	CBA	31.2	31.0	31.7	31.5	28.8	—
	CBQ	12.9	12.6	13.1	13.5	13.6	12.1

SOURCE: Banco de España.

a 2008, 2009, 2010, 2011 and 2012 data, drawn from the CBA reporting corporations, and average of the four quarters of each year (CBQ).

b Average of the four quarters of 2013. In the case of the rates, the calculation is made relative to the same period in 2012.

evident in the 25th percentile (below which are the 25% of corporations with the most negative rates of change in GVA), standing at -18.6% compared with -23.4% a year earlier.

Employment and personnel costs

Personnel costs fell by 1.5% in 2013, 1 pp less than the preceding year (see Table 3). The smaller decline in these costs was the outcome both of the reduction in the pace of job destruction and of a slight acceleration in average compensation which, however, held at a moderate growth rate of below 1%.

Employment in the CBQ sample fell by 2.3%, 0.4 pp below the figure recorded a year earlier (2.7%). In line with this, the information in Table 4 shows an increase in the

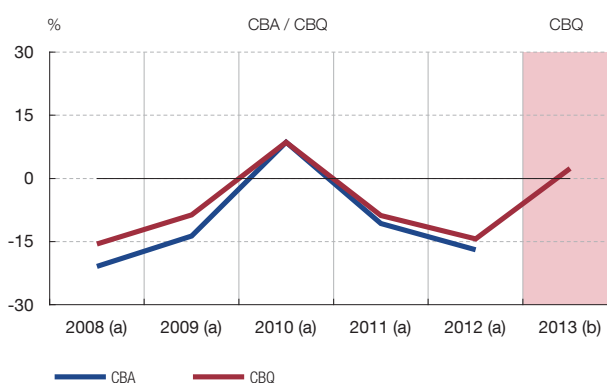
NON-FINANCIAL CORPORATIONS REPORTING TO THE CENTRAL BALANCE SHEET DATA OFFICE (cont'd)

CHART 1

FINANCIAL COSTS
Rate of change



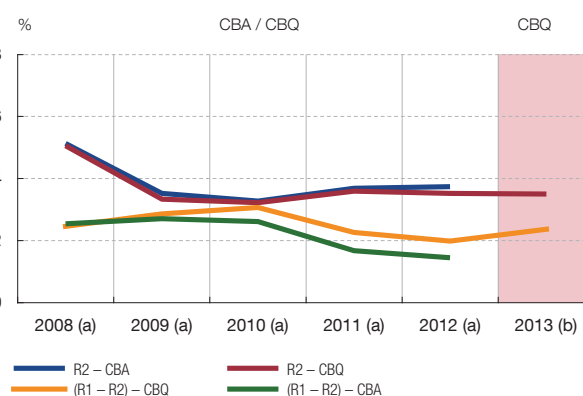
ORDINARY NET PROFIT
Rate of change



RETURN ON INVESTMENT (R.1)
Ratios



COST OF DEBT (R.2) AND
ROI - COST OF DEBT (R.1-R.2)
Ratios



Reporting non-financial corporations		2008	2009	2010	2011	2012	2013
Number of corporations	CBA	9,627	9,870	10,135	10,066	8,454	—
	CBQ	810	797	807	821	843	782
% of GVA of the sector non-financial corporations	CBA	31.2	31.0	31.7	31.5	28.8	—
	CBQ	12.9	12.6	13.1	13.5	13.6	12.1

SOURCE: Banco de España.

- a 2008, 2009, 2010, 2011 and 2012 data, drawn from the CBA reporting corporations, and average of the four quarters of each year (CBQ). In the case of the rates, the calculation is made relative to the previous period.
b Average of the four quarters of 2013. In the case of the rates, the calculation is made relative to the same period in 2012.

proportion of corporations whose average number of employees increased or held stable in 2013, which stood at 45.9%, almost 2.5 pp above the previous year's figure. A broad characteristic of these corporations, on average, is that they show greater wage moderation, a more dynamic performance in sales and a sounder financial position compared with those companies where there was a reduction in jobs (for greater details, see Box 1). By type of contract, although the adjustment continued to be concentrated in temporary employment, there was some slowing in the decline under this category, with a fall of 8.2% (see Table 5), appreciably below the figure posted a year earlier (14.4%). The number of employees with permanent contracts declined by 1.5%, affected by major staff cuts in certain large corporations. That made

PURCHASES AND TURNOVER OF CORPORATIONS REPORTING DATA ON PURCHASING SOURCES AND SALES DESTINATIONS
Structure and rate of change

TABLE 2

		CBA		CBQ (a)	
		2011	2012	2012 Q1-Q4	2013 Q1-Q4
Total corporations		8,454	8,454	782	782
Corporations reporting source/destination		8,454	8,454	732	732
Percentage of net purchases according to source	Spain	66.0	64.9	79.5	79.6
	Total abroad	34.0	35.1	20.5	20.4
	EU countries	16.2	15.0	15.7	16.2
	Third countries	17.8	20.0	4.8	4.2
Percentage of net turnover according to destination	Spain	81.8	80.3	82.2	81.2
	Total abroad	18.2	19.7	17.8	18.8
	EU countries	12.0	12.4	12.8	13.3
	Third countries	6.2	7.3	5.1	5.5
Change in net external demand (exports less imports). Rate of change	Industry	24.3	19.4	27.4	9.1
	Other corporations	-13.6	0.5	54.0	36.1

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the relevant quarterly data.

VALUE ADDED, EMPLOYEES, PERSONNEL COSTS AND COMPENSATION PER EMPLOYEE. BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS
Growth rate of the same corporations on the same period a year earlier. Percentages

TABLE 3

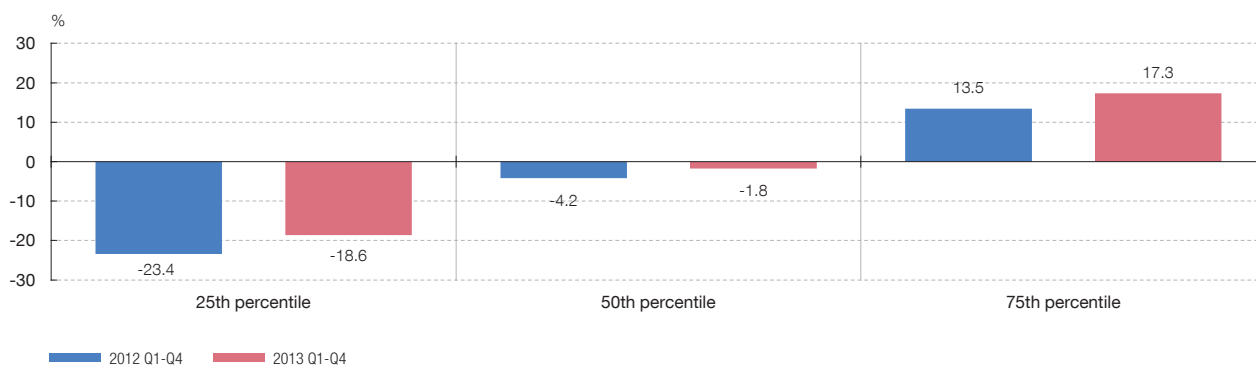
	Gross value added at factor costs				Employees (average for period)				Personnel costs				Compensation per employee			
	CBA		CBT (a)		CBA		CBT (a)		CBA		CBT (a)		CBA		CBT (a)	
	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4
TOTAL	-1.3	-4.1	-3.7	-3.9	-0.9	-2.5	-2.7	-2.3	0.6	-2.4	-2.5	-1.5	1.5	0.2	0.2	0.9
SIZE:																
Small	-6.7	-7.6	—	—	-3.3	-5.2	—	—	-1.6	-4.2	—	—	1.7	1.1	—	—
Medium	-0.7	-4.2	-7.3	-4.5	-1.6	-3.3	-4.3	-4.7	0.4	-2.8	-4.6	-3.1	2.0	0.5	-0.4	1.6
Large	-1.2	-4.0	-3.6	-3.8	-0.8	-2.4	-2.6	-2.2	0.7	-2.3	-2.4	-1.4	1.5	0.1	0.2	0.8
BREAKDOWN OF ACTIVITIES																
Energy	-0.1	0.6	0.8	-8.4	-2.0	-3.3	-3.1	-1.5	0.3	-1.3	-0.1	1.1	2.3	2.0	3.0	2.7
Industry	-1.6	-4.8	-9.0	-1.6	-1.3	-2.2	-2.5	-2.0	0.9	-1.4	-1.8	-0.6	2.2	0.8	0.7	1.5
Wholesale & retail trade & accommodation and food service activities	-0.4	-4.9	-4.8	-3.0	-0.5	-1.5	-1.1	-2.5	1.6	-1.2	-0.5	-1.2	2.1	0.3	0.6	1.3
Information and communications	-5.0	-7.0	-7.9	-5.0	0.4	-2.5	-6.0	-4.3	1.2	-0.8	-4.3	-4.9	0.8	1.8	1.8	-0.6
Other activities	-0.5	-3.9	-2.1	-0.1	-1.1	-3.3	-3.0	-2.0	-0.3	-4.1	-3.8	-1.8	0.9	-0.9	-0.8	0.2

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the quarterly data.

PERCENTILES OF DISTRIBUTION OF CORPORATIONS BY RATE OF CHANGE IN GROSS VALUE ADDED

CHART 2



SOURCE: Banco de España.

PERSONNEL COSTS AND EMPLOYEES
Percentage of corporations in specific situations

TABLE 4

	CBA			CBQ (a)		
	2010	2011	2012	2011 Q1-Q4	2012 Q1-Q4	2013 Q1-Q4
Number of corporations	10,135	10,066	8,454	821	843	782
PERSONNEL COSTS	100	100	100	100	100	100
Falling	49.1	43.6	56.1	45.3	55.3	50.8
Constant or rising	50.9	56.4	43.9	54.7	44.7	49.2
AVERAGE NUMBER OF EMPLOYEES	100	100	100	100	100	100
Falling	47.1	43.7	50.1	50.2	56.5	54.1
Constant or rising	52.9	56.3	49.9	49.8	43.5	45.9

SOURCE: Banco de España.

a Weighted average of the relevant quarters for each column.

for a sharper contraction than in 2012, when permanent employment fell by 0.8%. At the sectoral level, analysis shows that there were reductions across the board, although the prevailing trend was almost always less negative than in the previous year. The only exception was the wholesale and retail trade and accommodation and food service activities, where the average headcount fell by 2.5%, set against the 1.1% decline recorded the previous year (see Table 3). The most marked decline (4.3%) was in the information and communications sector, although this was less acute than a year earlier, when the fall was 6%. In the energy sector the average labour force declined by 1.5%, practically half the related percentage in 2012, while in industry and in the remaining activities, the contraction was 2%, in both cases below the fall recorded the previous year.

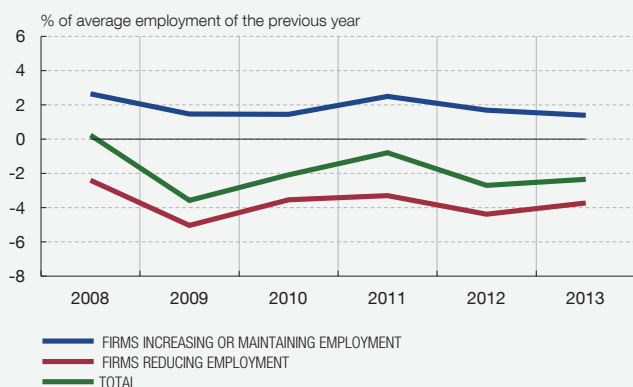
Average compensation increased by 0.9%, 0.6 pp up on 2012 (see Table 3). The breakdown by sector shows somewhat mixed developments. In some, such as energy or information and communications, average personnel costs showed a more contained trend compared with 2012. By contrast, in the remaining sectors wage costs quickened to some extent, with increases ranging from 0.2% in the sector encompassing other activities to 1.5% in industry.

Chart 1 shows that the contraction from end-2008 in average employment of the overall set of corporations reporting to the CBQ was compatible with a positive employment flow at certain firms. Thus, for example, although in 2013 average employment at aggregate level contracted by 2.3%, for 45.9% of the corporations staff levels grew by a rate of close to 3.7%, representing an inflow equivalent to 1.4% of the total employees in the sample. Furthermore, the quarterly data indicate an improvement in the closing months of last year, when the net flow of jobs destroyed seemingly moderated (in year-on-year

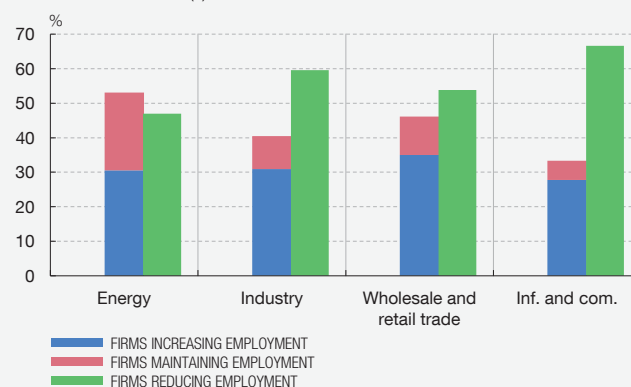
terms), due to a smaller decline at some companies and greater job creation at others.

Hiring decisions were highly heterogeneous across the board. For instance, as can be seen in Chart 2, in 2013 the aggregate contraction in employment in the four best-represented sectors in the CBQ was compatible with a notable proportion of firms where employment did not fall. Thus, in all these sectors the percentage of companies whose average staff levels increased stood at around 30%. The percentage of corporations which

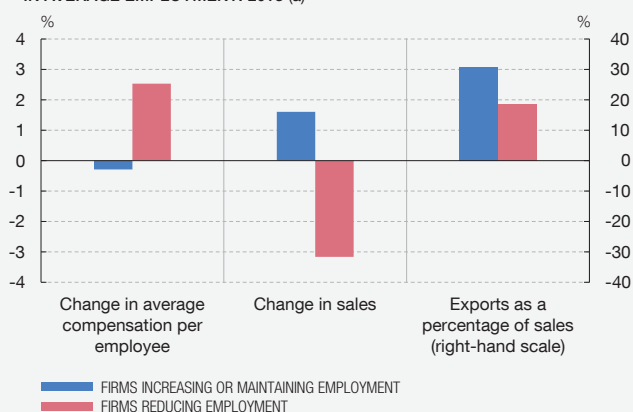
1 YEAR-ON-YEAR CHANGE IN EMPLOYMENT



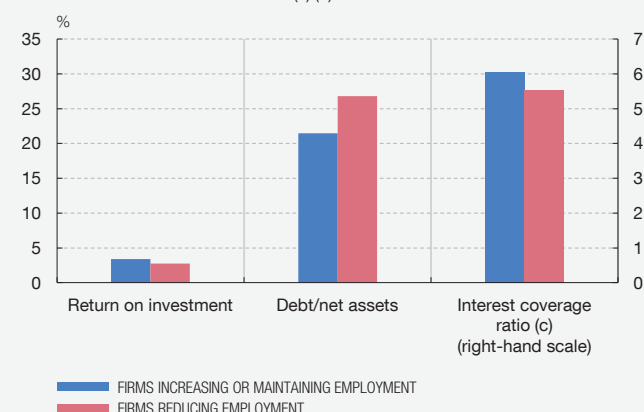
2 PERCENTAGE OF FIRMS ACCORDING TO CHANGE IN AVERAGE EMPLOYMENT. 2013 (a)



3 ECONOMIC CHARACTERISTICS OF FIRMS ACCORDING TO CHANGE IN AVERAGE EMPLOYMENT. 2013 (a)



4 FINANCIAL CHARACTERISTICS AT t-1, OF FIRMS ACCORDING TO CHANGE IN AVERAGE EMPLOYMENT. 2013 (a) (b)



SOURCE: Banco de España.

- a Holding companies solely with financial activity are excluded.
- b Average of the sector medians for each indicator, weighted by the share of each sector's GVA in total GVA.
- c Firms whose interest coverage ratio (GOP + financial revenue)/financial costs is less than one.

reduced average headcount was more dispersed and varied between 46% in the energy sector and 66% in information and communications.

Certain economic and financial characteristics of firms increasing or maintaining employment during 2013 and firms reducing employment are compared in Charts 3 and 4. In the first of these two groups the standard or representative company reduced average compensation per employee, in contrast with the increase of 2.6% in the median level of this variable in the segment of firms which destroyed jobs (see Chart 3). Although this result probably reflects the positive impact of wage moderation on job creation, it cannot be ruled out that the differences between the two groups here are partly linked to changes in the structure of employment in relation to average wages (this would happen, for example, if the wages of the jobs destroyed and/or created were below average). Also, as expected, the sales of firms creating more jobs were more buoyant than those of the other firms, which posted a median reduction of 3.7%. Similarly, the weight of exports in total sales was higher at corporations whose staff numbers remained the

same or increased (31%) than at firms which cut them (20%). The foregoing, in a setting where export growth has outpaced domestic demand, has contributed to the first group's activity expanding at a higher rate, thus boosting hiring.

Similarly, the companies generating or maintaining employment in 2013 started out from a sounder position than corporations reducing employment. Thus, in 2012 the ROI of the former was higher, and they ended that year with lower debt and with the income generated enabling them to service their debts more comfortably (see Chart 4).

In conclusion, the findings of this box show that the decline in employment in 2013 as a whole at aggregate level for the CBQ sample masks high heterogeneity within the sector. Thus, a notable proportion (around 46%) of firms increased or left their headcount unchanged and showed greater wage moderation, more buoyant sales and were more export-g geared. From a financial standpoint, these companies are characterised by a greater return on assets, lower debt levels and a higher interest coverage ratio.

Profits, rates of return and debt

In 2013, GOP declined by 6% year-on-year. If the energy sector is excluded, the decline is 2.8%, a rate evidencing the easing in the contractionary path compared with the 8.2% fall-off in this same aggregate a year earlier.

Financial revenue rose by 18.3% as a result of a strong increase in dividends received (27.6%), which was only partially offset by a 7.3% decrease in interest received.

Financial costs fell by 2.8%, extending the slightly declining path evident in 2012, when they had decreased by 1.9% (see Table 6). The factors behind the decline in this item were the reduction in debt, which fell for the year on average by 2.5%, and the lower costs, other than interest, borne by corporations. Conversely, the effect arising from interest rates was marginally positive, of the order of 2.1 pp, which did not significantly alter the value of the ratio approximating the average cost of borrowing, which stabilised at around 3.5%.

The E1 ratio, which measures interest-bearing debt at year-end as a proportion of net assets, saw the declining trend it evidenced in the opening quarters come to a halt and, at the end of the year, it stood at a very similar level to that of the previous year, influenced by certain major transactions undertaken in the closing months of 2013. This indicator thus climbed by 0.1 pp to 47.2% (see Chart 3). The sectoral breakdown shows that this growing pattern was more evident in industry and, especially, in the wholesale and retail trade and accommodation and food service activities, since the energy and the information and communications sectors trended stably or with moderate declines. The E2 ratio, which approximates the ability to repay debt, and the interest burden ratio evidenced a

EMPLOYMENT

TABLE 5

		Total CBQ corporations 2013 Q1 - Q4	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
Number of corporations		782	359	423
Number of employees				
Initial situation 2012 Q1-Q4 (000s)		683	252	430
Rate 2013 Q1-Q4/ 2012 Q1-Q4		-2.3	3.8	-5.9
Permanent	Initial situation 2012 Q1-Q4(000s)	593	213	380
	Rate 2013 Q1-Q4/ 2012 Q1-Q4	-1.5	3.4	-4.2
Non-permanent	Initial situation 2012 Q1-Q4 (000s)	90	40	50
	Rate 2013 Q1-Q4/ 2012 Q1-Q4	-8.2	5.5	-19.0

SOURCE: Banco de España.

ANALYSIS OF DEVELOPMENTS IN FINANCIAL COSTS
Percentages

TABLE 6

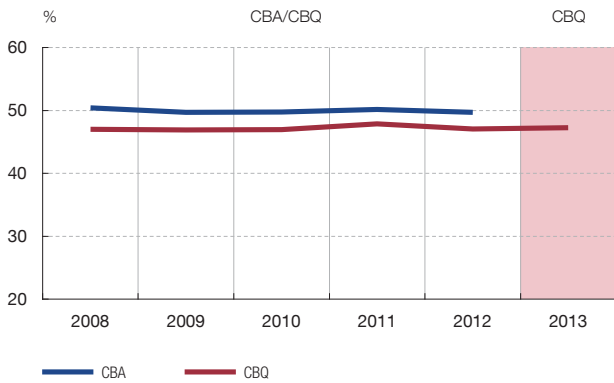
	CBA	CBQ	
	2012/2011	2012 Q1-Q4/ 2011 Q1-Q4	2013 Q1-Q4/ 2012 Q1-Q4
Change in financial costs	-1.1	-1.9	-2.8
A Interest on borrowed funds	-2.0	-3.0	-0.4
1 Due to the cost (interest rate)	1.5	-2.2	2.1
2 Due to the amount of interest-bearing debt	-3.5	-0.8	-2.5
B Other financial costs	0.9	1.1	-2.4

SOURCE: Banco de España.

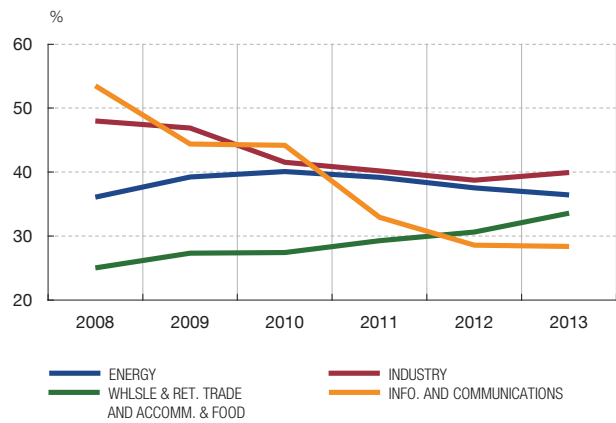
slightly declining change thanks to the marginal recovery in ordinary profits (the denominator of both ratios) in this period. The sectoral breakdown reveals a relatively stable trend for most of the sectors of activity.

The performance of operating profit, combined with the favourable course of financial costs and revenues, led NOP to increase by 2.3%, breaking the declining trajectory of the past two years. If the energy sector is excluded, the pick-up in this profit figure is much sharper, growing by 14.4%. The increase in ordinary profit meant that corporate profitability levels improved somewhat on the previous year. Thus the ratio that approximates the return on investment (ROI) stood at 5.9%, 0.4 pp up on 2012, and that measuring the return on equity (ROE) at 8%, somewhat more than 0.5 pp up on the previous year (7.4%). Sector by sector, that encompassing other activities posted the sharpest growth in profitability, of slightly over 0.5 pp to 4.8%, thanks largely to the favourable performance of the corporations belonging to the transport sub-sector (see Table 7). Conversely, the wholesale and retail trade and accommodation and food service activities sector was that which evidenced the biggest fall in 2013 in this indicator, declining 1 pp to 5.8%. In the remaining sectors the changes in profitability were relatively insignificant, with similar levels to those of the previous year being

E1. INTEREST-BEARING BORROWING/NET ASSETS (a)
TOTAL CORPORATIONS



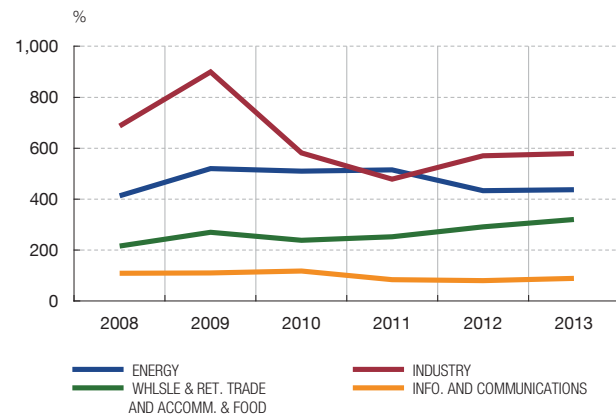
E1. INTEREST-BEARING BORROWING/NET ASSETS (a)
BREAKDOWN BY SECTOR. CBQ



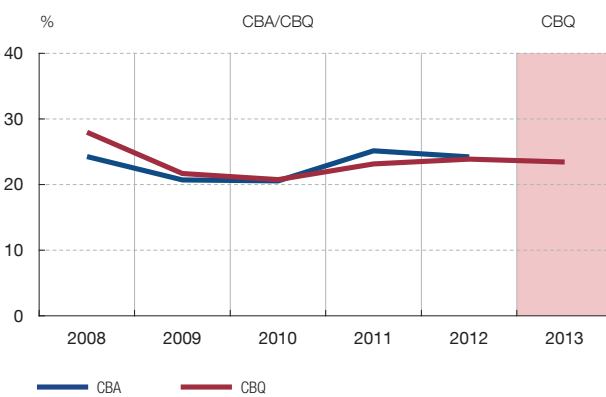
E2. INTEREST-BEARING BORROWING/(GOP+FR) (b)
TOTAL CORPORATIONS



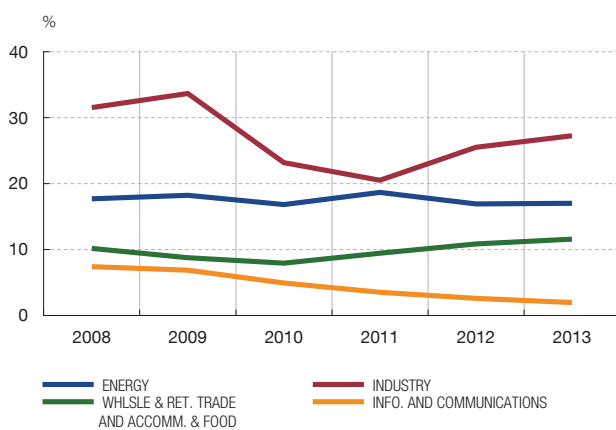
E2. INTEREST-BEARING BORROWING/(GOP+FR) (b)
BREAKDOWN BY SECTOR. CBQ



INTEREST BURDEN
TOTAL CORPORATIONS
(Interest on borrowed funds)/(GOP+FR)



INTEREST BURDEN
BREAKDOWN BY SECTOR. CBQ



SOURCE: Banco de España.

- a Ratio calculated from final balance sheet figures. Own funds include an adjustment to current prices.
- b Ratio calculated from final balance sheet figures. Interest-bearing borrowing includes an adjustment to eliminate intragroup debt (approximation of consolidated debt).

**GROSS OPERATING PROFIT, ORDINARY NET PROFIT, RETURN ON INVESTMENT AND ROI-COST OF DEBT (R.1 – R.2).
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS**
Ratios and growth rates of the same corporations on the same period a year earlier

TABLE 7

	Gross operating profit				Ordinary net profit				Return on investment (R.1)				ROI-cost of debt (R.1-R.2)			
	CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)		CBA		CBQ (a)	
	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4	2011	2012	2012 Q1-Q4	2013 Q1-Q4
TOTAL	-4.0	-6.5	-4.9	-6.0	-10.7	-17.0	-14.3	2.3	5.4	5.2	5.5	5.9	1.7	1.4	2.0	2.4
SIZE:																
Small	-20.6	-19.3	–	–	-43.1	-42.4	–	–	2.8	2.2	–	–	-0.9	-1.7	–	–
Medium	-2.7	-7.2	-11.6	-6.6	1.0	-7.1	-14.2	-5.0	5.1	4.8	5.0	5.2	1.5	1.1	1.6	2.4
Large	-3.8	-6.3	-4.7	-6.0	-11.2	-17.4	-14.3	2.5	5.4	5.2	5.5	5.9	1.7	1.5	2.0	2.4
BREAKDOWN OF ACTIVITIES																
Energy	-0.2	1.5	1.0	-11.4	-12.5	11.4	12.8	-15.2	5.5	6.4	6.7	6.3	2.0	2.7	3.1	2.7
Industry	-5.6	-10.2	-20.7	-3.7	2.3	-14.1	-45.0	-9.6	6.3	5.7	4.3	4.1	2.4	1.9	0.5	-0.4
Wholesale & retail trade & accommodation and food service activities	-4.2	-12.5	-12.8	-6.4	-2.5	-21.5	-15.9	-8.6	8.0	6.6	6.8	5.8	4.0	2.7	3.3	1.9
Information and communications	-8.8	-10.9	-9.4	-5.1	-10.5	-17.7	-10.5	0.8	19.0	16.1	22.4	21.9	15.1	11.8	19.4	19.4
Other activities	-1.2	-3.1	1.1	2.6	-41.2	-59.0	-46.6	72.7	3.9	3.8	4.2	4.8	0.3	0.0	0.7	1.5

SOURCE: Banco de España.

a All the data in these columns have been calculated as the weighted average of the quarterly data.

STRUCTURE OF REPORTING CORPORATIONS' RETURN ON INVESTMENT AND ORDINARY RETURN ON EQUITY

TABLE 8

	CBQ (a)				
	Return on investment (R.1)		Ordinary return on equity (R.3)		
	2012 Q1-Q4	2013 Q1-Q4	2012 Q1-Q4	2013 Q1-Q4	
Number of corporations	843	782	843	782	
Percentage of corporations by profitability bracket	R ≤ 0%	32.6	32.0	38.0	36.6
	0% < R ≤ 5%	26.0	25.5	16.5	16.8
	5% < R ≤ 10%	13.6	14.2	11.2	10.9
	10% < R ≤ 15%	8.4	7.8	7.8	7.9
	15% < R	19.4	20.5	26.6	27.8
MEMORANDUM ITEM: Average return	5.5	5.9	7.4	8.0	

SOURCE: Banco de España.

recorded. This aggregate development in average profitability was accompanied by a slight shift in the distribution of this indicator towards higher levels (see Table 8). Hence, in 2013, 42.5% of the corporations reporting to the CBQ posted ROI of over 5%, around 1 pp up on the previous year. The difference between the ROI and the cost of debt widened by 0.4 pp to 2.4%.

Finally, the analysis of extraordinary gains and losses reveals that in 2013 these exerted much less of an adverse influence on the final profit for the year than in 2012, when there were high losses linked to valuation adjustments attributable to asset (essentially financial assets) impairment. As a result, profit for the year increased by 63.9%, following the drastic reduction the previous year (89.7%). Expressed as a percentage of GVA, profit climbed from 2.2% in 2012 to 3.7% in 2013.

12.3.2014.