

RESULTS OF NON-FINANCIAL CORPORATIONS. 2014 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) shows that their activity improved over the course of 2014 compared with the previous year. Gross value added (GVA) increased slightly by 0.2%, compared with the 4.2% decline observed in 2013. Moreover, it should be borne in mind that this variable was much influenced in 2014 by the strong contraction in oil refining corporations (part of the industry sector), where it fell by almost 60%. Excluding this sub-sector, GVA grew by 0.9% in 2014 for the rest of the sample (as opposed to the 3% decline posted for this same aggregate a year earlier).

Personnel costs increased slightly in 2014 (by 0.5%, following their 1.7% fall in 2013). The greater buoyancy of this item in the recent period essentially reflects the more favourable course of employment, although no increase has yet been recorded in average headcounts owing to the particular composition of this sample, where certain large corporations that have made major workforce adjustments have a high weight. Average compensation posted moderate growth of 1%, somewhat up on 2013 (0.5%).

As a result of these developments in productive activity and personnel costs, gross operating profit (GOP) was practically unchanged in 2014 (excluding refining corporations, an increase of 1.4% is expected to be recorded), following the 6.5% decline in 2013. Financial revenue fell by 21.5%, greatly influenced by the behaviour of dividends received. Financial costs were 5.4% down, as a result of the decline both in debt levels and in borrowing costs.

The reduction in external borrowing translated into declines in the E1 debt ratio (calculated as interest-bearing debt as a proportion of net assets). The E2 ratio (debt as a proportion of GOP plus financial revenue) and the interest burden ratio (financial costs as a proportion of the sum of GOP plus financial revenue) increased slightly in 2014, since the decline in the denominator was slightly greater than the fall in the numerator.

The strong fall in financial revenue led net ordinary profit (NOP) to shrink in 2014 by 11.3%, a sharper fall than in 2013, when it declined by 0.2%. As a consequence of the decline in ordinary profit, profitability ratios showed a fall of 0.5 pp in the case of the return on investment, and of somewhat more than 1 pp in that of the return on equity. The average cost of borrowing fell slightly (by 0.1 pp) to 3.4%, although the sharper fall in the return on net assets led the difference between both ratios to narrow by 0.4 pp to 2%.

However, the result for the year was strongly driven in 2014 by the behaviour of extraordinary costs and revenue. Hence, the lower losses compared with the previous year, combined with certain sizable capital gains arising on financial asset sales, led final profit to increase notably in 2014 by 170%, although the historically low starting point from which it departed

¹ This article draws on the information for 2014 provided by the 800 firms that have sent their data to CBQ up to 11 March 2015. They account for 12.6% of the GVA generated by the entire sector, according to the National Accounts data provided for this period.

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

DATABASES	CBI Structure	CBI		CBQ (a)		
	2013	2012	2013	2012 Q1-Q4/ 2011 Q1-Q4	2013 Q1-Q4/ 2012 Q1-Q4	2014 Q1-Q4/ 2013 Q1-Q4
Number of corporations		596,927	433,557	833	835	800
Total national coverage (% of GVA)		44.70	44.40	12.2	11.8	12.6
PROFIT AND LOSS ACCOUNT						
1 VALUE OF OUTPUT (including subsidies)	100.0	-3.0	-2.4	0.2	-2.9	-0.7
<i>Of which:</i>						
<i>Net amount of turnover and other operating income</i>	147.0	-2.0	-2.2	2.5	-3.4	1.4
2 INPUTS (including taxes)	66.5	-2.0	-2.1	2.0	-2.3	-1.1
<i>Of which:</i>						
<i>Net purchases</i>	42.9	-1.8	-3.8	2.1	-5.0	0.3
<i>Other operating costs</i>	23.2	-1.8	-0.5	0.6	1.4	-0.9
S.1 GROSS VALUE ADDED AT FACTOR COST [1 - 2]	33.5	-4.9	-2.9	-3.8	-4.2	0.2
3 Personnel costs	22.5	-2.8	-2.0	-2.1	-1.7	0.5
S.2 GROSS OPERATING PROFIT [S.1 - 3]	11.1	-9.1	-4.5	-5.3	-6.5	-0.1
4 Financial revenue	5.0	-2.1	8.0	-10.4	13.9	-21.5
5 Financial costs	4.0	-1.0	-4.8	-1.6	-0.9	-5.4
6 Depreciation, impairment and operating provisions	6.3	6.3	-5.5	1.0	-0.9	-2.2
S.3 ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]	5.8	-27.8	7.6	-15.3	-0.2	-11.3
7 Gains (losses) from disposals and impairment	-3.4	—	24.5	—	34.1	—
7' As a percentage of GVA (7 / S.1)		-12.3	-10.1	-23.1	-15.3	2.4
8 Changes in fair value and other gains (losses)	-0.7	-73.6	47.7	16.6	-4.8	70.9
8' As a percentage of GVA (8 / S.1)		-4.4	-2.0	-5.0	-5.7	-1.5
9 Corporate income tax	0.5	-62.0	87.4	—	—	27.2
S.4 NET PROFIT [S.3 + 7 + 8 - 9]	1.3	—	—	-88.7	159.0	170.2
S.4' As a percentage of GVA (S.4 / S.1)		-5.8	3.8	2.4	11.1	28.3
PROFIT RATIOS						
	Formulas (b)					
R.1 Return on investment (before taxes)	(S.3 + 5.1) / NA	4.0	4.1	5.5	5.9	5.4
R.2 Interest on borrowed funds / interest-bearing borrowing	5.1 / IBB	3.9	3.7	3.5	3.5	3.4
R.3 Return on equity (before taxes)	S.3 / E	4.2	4.3	7.3	8.0	6.9
R.4 ROI - Cost of debt (R.1 - R.2)	R.1 - R.2	0.2	0.4	1.9	2.4	2.0
MEMORANDUM ITEM: EXCLUDING COKE AND REFINED PETROLEUM PRODUCTS						
S.1 GROSS VALUE ADDED AT FACTOR COST [1 - 2]		-5.0	-2.5	-4.0	-3.0	0.9
S.2 GROSS OPERATING PROFIT [S.1 - 3]		-9.4	-3.4	-5.7	-4.1	1.4
S.3 ORDINARY NET PROFIT [S.2 + 4 - 5 - 6]		-28.4	10.6	-15.6	4.5	-7.4

SOURCE: Banco de España.

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

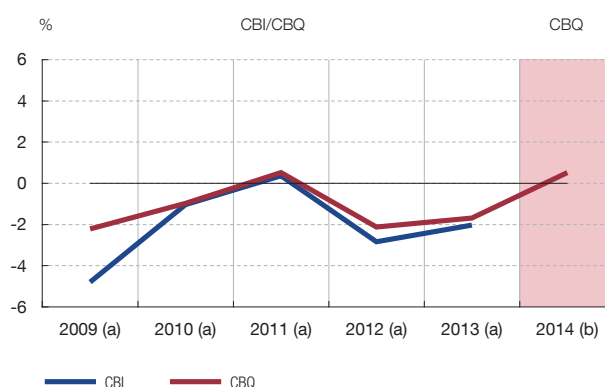
a All the data in this column have been calculated as the weighted average of the quarterly data.

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).

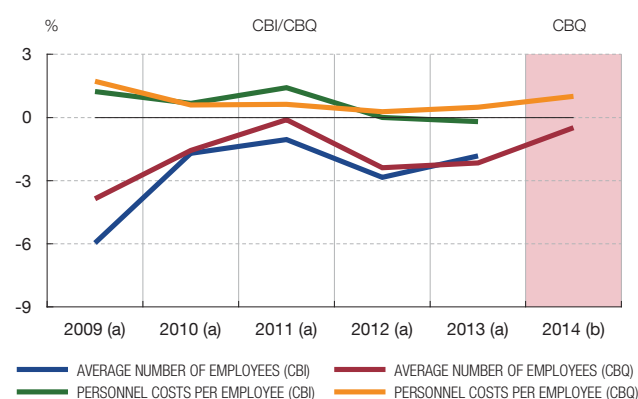
GROSS VALUE ADDED AT FACTOR COST
Rate of change



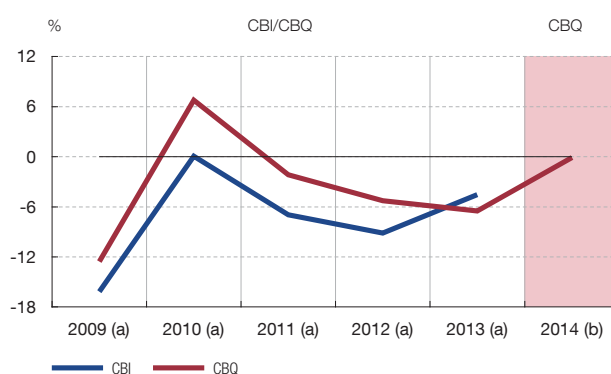
PERSONNEL COSTS
Rate of change



EMPLOYMENT AND WAGES
Rate of change



GROSS OPERATING PROFIT
Rate of change



Non-financial corporations		2009	2010	2011	2012	2013	2014
Number of corporations	CBI	561,279	560,627	594,687	596,927	433,557	—
	CBQ	790	799	813	833	835	800
% of GVA of sector non-financial corporations	CBI	41.8	42.4	44.7	44.4	37.4	—
	CBQ	10.9	11.4	12.1	12.2	11.8	12.6

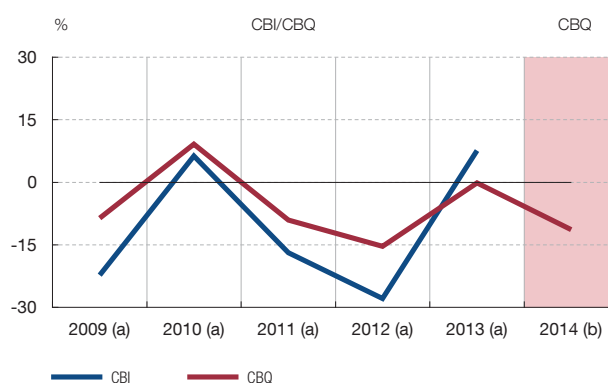
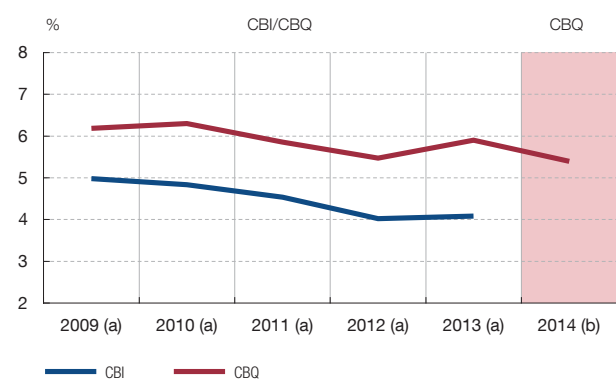
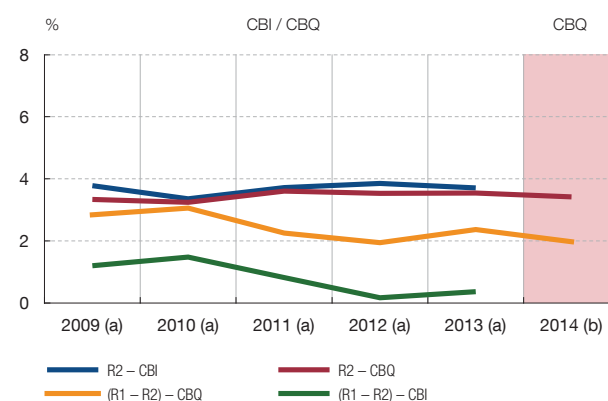
SOURCE: Banco de España.

- a The 2009, 2010, 2011, 2012 and 2013 data, for the corporations reporting to the Integrated Central Balance Sheet Data Office Survey (CBI), and the average data of the four quarters of each year in relation to the previous year (CBQ).
- b Average of the four quarters of 2014 relative to the same period in 2013.

should also be taken into account here. Profit expressed as a percentage of GVA stood at 28.3%, considerably up on 11.1% the previous year.

Activity

The CBQ information for 2014 shows a continuation of the gradually recovering trend of business activity and an improvement in most of the sectors analysed. GVA increased slightly for the sample as a whole by 0.2%, set against the decline of 4.2% the previous year. This came about against the background of the pick-up in domestic demand and the continuing buoyancy of exports, which have continued to contribute to the growth of activity. In line with these developments, Table 3 illustrates how exports in 2014, and more specifically those targeted on EU countries, continued to gain in relative weight in respect of total turnover.

FINANCIAL COSTS
Rate of changeORDINARY NET PROFIT
Rate of changeRETURN ON INVESTMENT (R.1)
RatiosCOST OF DEBT (R.2) AND
ROI - COST OF DEBT (R.1-R.2)
Ratios

Non-financial corporations		2009	2010	2011	2012	2013	2014
Number of corporations	CBI	561,279	560,627	594,687	596,927	433,557	—
	CBQ	790	799	813	833	835	800
% of GVA of sector non-financial corporations	CBI	41.8	42.4	44.7	44.4	37.4	—
	CBQ	10.9	11.4	12.1	12.2	11.8	12.6

SOURCE: Banco de España.

- a The 2009, 2010, 2011, 2012 and 2013 data, for the corporations reporting to the Integrated Central Balance Sheet Data Office Survey (CBI), and the average data 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 2014. In the case of rates, the calculation is made relative to the same period of 2013.

Analysis at the sectoral level shows that almost all sectors performed better in 2014, with the exception of information and communications, the only one in which GVA fell more sharply than the year before (7.4%, against 5.1% in 2013) (see Table 2). Notable among the remaining sectors are energy and industry, for their evident improvement. In the former, GVA grew 4%, after falling by 3.6% in 2013. The contraction in GVA in industry eased substantially (standing at 1.4%, compared with its decline of 11.1% a year earlier). Moreover, these developments were much influenced by the behaviour of refining corporations, where GVA fell heavily both in 2013 (52.5%) and in 2014 (59.5%). In the other industrial sectors GVA grew 3.8%, compared with the 3.7% decline the previous year, with some industrial sub-sectors performing particularly favourably, such

**VALUE ADDED, EMPLOYEES, PERSONNEL COSTS AND COMPENSATION PER EMPLOYEE.
BREAKDOWN BY SIZE AND MAIN ACTIVITY OF CORPORATIONS**

TABLE 2

Growth rate of the same corporations on the same period a year earlier, percentages

	Gross value added at factor cost				Employees (average for period)				Personnel costs				Personnel costs per employee			
	CBI		CBQ (a)		CBI		CBQ (a)		CBI		CBQ (a)		CBI		CBQ (a)	
	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4
Total	-4.9	-2.9	-4.2	0.2	-2.8	-1.8	-2.2	-0.5	-2.8	-2.0	-1.7	0.5	0.0	-0.2	0.5	1.0
Size (b)																
Small	-7.5	-2.4	—	—	-3.5	-1.7	—	—	-4.1	-2.6	—	—	-0.6	-1.0	—	—
Medium	-4.4	-0.9	-2.0	3.8	-2.9	-1.3	-4.1	1.8	-2.6	-1.1	-2.1	2.2	0.3	0.1	2.1	0.4
Large	-3.8	-3.2	-4.2	0.2	-2.3	-2.0	-2.1	-0.5	-2.1	-1.8	-1.7	0.5	0.2	0.2	0.4	1.0
Breakdown by activity																
Energy	-1.5	-4.8	-3.6	4.0	-3.5	-2.7	-2.0	-2.7	-2.2	-1.3	-0.2	-1.6	1.3	1.5	1.8	1.1
Industry	-5.0	-2.1	-11.6	-1.4	-2.8	-1.6	-1.9	-0.3	-2.0	-0.9	-0.8	0.9	0.8	0.7	1.1	1.2
Wholesale & retail trade and accommodation & food service activities	-5.4	-0.4	0.3	2.9	-1.8	-1.9	-2.6	-0.7	-1.9	-1.6	-1.8	2.5	0.0	0.3	0.8	3.1
Information and communications	-6.2	-5.2	-5.1	-7.4	-1.8	-2.7	-4.2	-1.6	-0.5	-5.2	-4.3	-0.3	1.4	-2.6	-0.1	1.3
Other activities	-5.0	-3.6	-2.7	1.3	-3.6	-1.7	-1.4	0.4	-4.4	-2.4	-1.7	0.1	-0.8	-0.7	-0.3	-0.4

SOURCE: Banco de España.

- a All the data in these columns have been calculated as the weighted average of the quarterly data.
b Size definition according to Commission Recommendation 2003/361/EC whereby an enterprise is considered an SME if it has no more than 250 employees and its assets or net turnover do not exceed a certain threshold. In addition, irrespective of the above criteria, neither state-owned enterprises nor firms belonging to a group that exceeds those thresholds are considered SMEs. All firms that are not classed as SMEs are included in the group of large corporations.

as the chemical industry, the manufacture of mineral and metal products, and the manufacture of transport equipment, where GVA increased by 16.6%, 7.7% and 6.7%, respectively. There was also a notable increase in the wholesale and retail trade, in line with the improvement in consumption, which led GVA to rise in 2014 by 2.9%. Lastly, the group covering other activities showed an increase of 1.3%, against a fall of 2.7% a year earlier.

Chart 2 shows, for the last two years, the quartiles of the distribution of the GVA growth rate for CBQ corporations. An increase in all of them can be seen in 2014, evidencing that the improvement in activity has been across the board, albeit sharper in the lower part of the distribution, where the corporations with a less favourable GVA trend are situated. Thus, the 25th percentile increased by almost 6 pp, compared with the 3 pp rise observed for the median corporation (whose situation is reflected in the 50th percentile).

Employment and personnel costs

Personnel costs rose slightly by 0.5% in 2014, compared with a 1.7% decline the previous year (see Table 2). This is chiefly the consequence of the favourable behaviour of employment, whereas average compensation once again posted moderate growth, albeit somewhat up on 2013.

Average workforce numbers declined by 0.5% in 2014, a much more moderate fall than the previous year (2.2%). This decline reflected in the CBQ data is in contrast to the recovery employment shows economy-wide, a circumstance due to the specific characteristics of this sample, in which certain large corporations that made sizable

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

TABLE 3

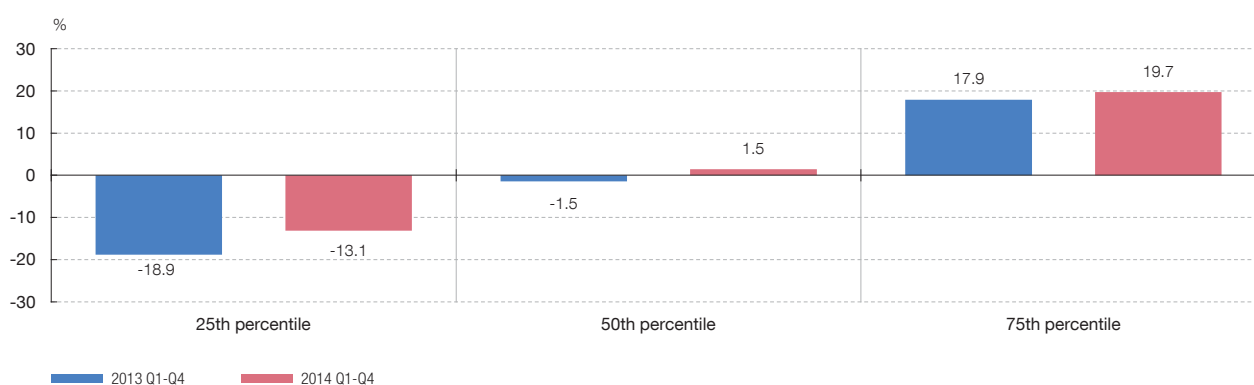
		CBI		CBQ (a)	
		2012	2013	2013 Q1-Q4	2014 Q1-Q14
Total corporations		8,250	8,250	800	800
Corporations reporting source/destination		8,250	8,250	729	729
Percentage of net purchases according to source	Spain	65.7	64.8	75.1	72.7
	Total abroad	34.3	35.2	24.9	27.3
	EU countries	14.3	15.4	19.2	21.3
	Third countries	20.1	19.8	5.7	6.0
Percentage of net turnover according to destination	Spain	79.6	78.2	81.2	80.6
	Total abroad	20.4	21.8	18.8	19.4
	EU countries	12.3	13.0	13.0	13.7
	Third countries	8.1	8.8	5.8	5.7
Change in net external demand (exports less imports), rate of change	Industry	—	—	30.7	1.0
	Other corporations	71.7	—	40.0	-27.1

SOURCE: Banco de España.

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

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

CHART 2



SOURCE: Banco de España.

staffing adjustments in the recent period have a high weight. However, the CBQ data for Q3 and Q4 already show positive growth rates in employment, and progressively higher rates (0.1% and 0.5%) in year-on-year terms. In line with these developments, the percentage of firms with declines in average staff numbers fell by almost 5.5 pp in 2014 to 48.7% (see Table 4). By type of contract, there was a 3.4% increase in temporary employment (see Table 5), on which the bulk of staff adjustments had fallen since the start of the crisis. The number of employees with permanent contracts continued to shrink (by 1.2%), affected by the above-mentioned adjustments at certain large corporations, which are over-represented in this sample.

A more itemised analysis by sector of activity shows that the number of employees moderated in 2014 in most sectors. The better performers were the wholesale and retail

PERSONNEL COSTS AND EMPLOYEES
Percentage of corporations in specific situations

TABLE 4

	CBI			CBQ (a)		
	2011	2012	2013	2012 Q1-Q4	2013 Q1-Q4	2014 Q1-Q4
Number of corporations	594,687	596,927	433,557	833	835	800
Personnel costs	100	100	100	100	100	100
Falling	34.2	38.8	37.0	55.2	49.5	42.4
Constant or rising	65.8	61.2	63.0	44.8	50.5	57.6
Average number of employees	100	100	100	100	100	100
Falling	27.2	29.4	27.6	56.3	54.1	48.7
Constant or rising	72.8	70.6	72.4	43.7	45.9	51.3

SOURCE: Banco de España.

a Weighted average of the relevant quarters for each column.

EMPLOYMENT

TABLE 5

		Total CBQ corporations 2014 Q1 - Q4	Corporations increasing (or not changing) staff levels	Corporations reducing staff levels
Number of corporations		800	432	368
Number of employees				
Initial situation 2013 Q1-Q4 (000s)		843	320	523
Rate 2014 Q1-Q4/ 2013 Q1-Q4		-0.5	6.0	-4.5
Permanent	Initial situation 2013 Q1-Q4 (000s)	712	254	458
	Rate 2014 Q1-Q4/ 2013 Q1-Q4	-1.2	3.8	-4.0
Non-permanent	Initial situation 2013 Q1-Q4 (000s)	131	66	65
	Rate 2014 Q1-Q4/ 2013 Q1-Q4	3.4	14.6	-7.9

SOURCE: Banco de España.

trade and accommodation and food services, and industry, with declines of 0.7% and 0.3% (1.9 pp and 1.6 pp better, respectively, than in 2013), and especially the sector encompassing other activities, which showed a slight increase of 0.4% (against a 1.4% decline the previous year).

The moderate growth path of average compensation continued, increasing by 1% in 2014; this change is, however, slightly up on that a year earlier (0.5%) (see Table 2). This pattern held in virtually all sectors of activity, with growth in wage costs of around 1%. The exception was in the wholesale and retail trade and accommodation and food services, where compensation posted sharper increases of 3.1%, influenced by the rise in the variable pay component. Conversely, in the aggregate encompassing other activities, wage costs fell slightly by 0.4%.

**Profits, rates of return
and debt**

As a result of the course of GVA and personnel costs, GOP scarcely changed in 2014 (falling by 0.1%), set against its 6.5% decline the previous year. Once again, the impact of

	CBI	CBQ	
	2013/2012	2013 Q1-Q4/ 2012 Q1-Q4	2014 Q1-Q4/ 2013 Q1-Q4
Change in financial costs	-4.8	-0.9	-5.4
A Interest on borrowed funds	-5.1	-1.7	-3.8
1 Due to the cost (interest rate)	-2.9	1.6	-1.9
2 Due to the amount of interest-bearing debt	-2.2	-3.3	-1.9
B Other financial costs	0.3	0.8	-1.6

SOURCE: Banco de España.

the refining sector on GOP was significant; excluding this impact, it would have grown by 1.4% (against a decline of 4.1% the previous year).

Financial revenue fell by 21.5% in 2014 as a result of lower dividends received (down 27.1%), while interest revenue grew by 0.3%. Financial costs were down 5.4%, as a result both of the decline in average financing costs and of the reduction in debt (see Table 6). This decline in debt levels has, however, been compatible with a rise in fixed-capital investment (proxied in this database by net acquisitions of tangible fixed assets), which grew following several years of continuous declines. Along these same lines, there was also an increase in the percentage of corporations whose net investment (calculated by subtracting capital consumption from gross investment) was positive (see Box 1).

Against this background, the E1 debt ratio (which is calculated as the ratio of interest-bearing debt to net assets) fell in 2014 by more than 3 pp, to 44% (see Chart 3). Sector by sector, industry and the wholesale and retail trade and accommodation and food services showed a more marked declining course, whereas information and communications was the only sector to post an increase in its debt levels. Both the E2 ratio (defined as the ratio of interest-bearing debt to the sum of GOP and financial revenue) and the interest burden ratio (which is calculated with the same denominator) grew slightly in 2014, since the reduction of the denominator was somewhat more marked than the declines in debt and in financial costs. For both ratios the breakdown by sector shows declines in industry, increases in energy and relatively insignificant changes in the wholesale and retail trade and accommodation and food services, and in the information and communications sector.

Expenses relating to depreciation, impairment and operating provisions fell slightly in 2014 (2.2%), somewhat more sharply than the previous year, when the decline in this item was 0.9%.

The significant reduction in financial revenue largely explains the fall in NOP in 2014 (11.3%, compared with a decline of 0.2% in 2013). The behaviour of ordinary profit led profit levels to decline somewhat in relation to those recorded in 2013. Specifically, the return on investment fell by 0.5 pp to 5.4%, while the return on equity underwent a more marked decline of somewhat over 1 pp to 6.9%.

Sector by sector, the latest data show that the sectors in which the most marked declines in ordinary profit levels were recorded were energy and, above all, information and

Since the start of the crisis, in line with the resulting downward revision to the growth outlook, business fixed investment has contracted substantially. On National Accounts data, business fixed investment was 27% lower in 2013 than in 2007. The latest data provide evidence of an incipient change in the trend in this variable in 2014, since the data to Q3 show a slight increase in fixed investment. Likewise, investment in tangible fixed assets [the variable used in the Central Balance Sheet Data Office Quarterly Survey (CBQ) to approximate gross fixed capital formation (GFCF)], by the firms reporting to the CBQ, increased in 2014 for the first time since 2008. This box analyses the investment behaviour of firms on the basis of the microeconomic information in the databases of the Central Balance Sheet Data Office.

The firms are classified into two groups; the first group includes all those in which net investment (the difference between GFCF and capital consumption) was positive, and the second, those in which it was negative. Then, the economic and financial aspects that characterise each of the groups are analysed to identify any differences in their behaviour. The Integrated Central Balance Sheet Data Office Survey (CBI), which contains data for 600,000 firms, has been used for the period up until 2013. The only information available for 2014 is quarterly CBQ data, based on a sample of 800-1000 large firms. Accordingly, for 2014 it is only possible to study the behaviour of investment in the segment of large firms.

Panels 1 and 2 show, for large firms and SMEs, the number of firms with positive net investment as a percentage of the total number of firms in the sample. This percentage, which stood at around 40% in both cases in 2008, has fallen substantially since. In the case of SMEs, it quickly stabilised at around 30%, while for large firms, it fell to 20% in 2012, before rising over the last two years, to reach 31% in 2014. These charts also show the asset and liability flows for this aggregate of firms, which enable us to

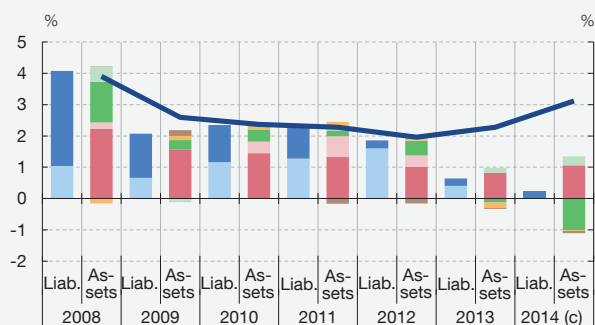
analyse, among other aspects, the main sources of financing used. Most notably, irrespective of firm size, and despite the contraction in total bank lending to this sector, there was a significant increase in the financial debt of these companies in every year. Also, own funds can be seen to constitute an important source of funds, for both SMEs and large firms, although they were quantitatively more important in the case of the latter.

In Panels 3 and 4 it can be seen that the firms with positive net investment generally had lower levels of debt and a smaller debt burden in the period prior to carrying out the investment than those firms with negative net investment. This would seem to indicate that the financial position of the firm may also have been a determinant of its subsequent investment decisions.

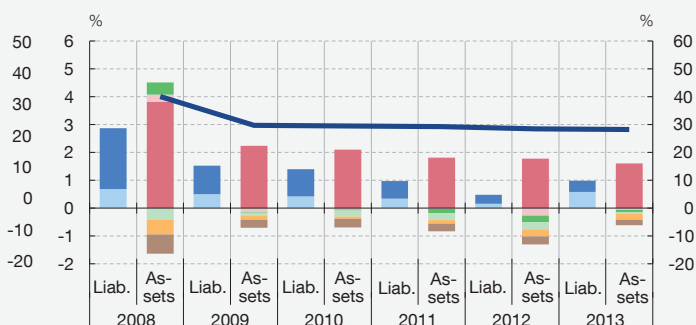
Finally, Panels 5 and 6 depict the sales and employment of each of the two groups studied. It can be seen that, during the period analysed, the turnover and average workforce of firms with positive net investment behaved more favourably than in the case of firms in which net investment was negative. Moreover, the aggregate of firms with more buoyant investment recorded positive rates of change of employment and sales almost every year, in contrast to the group of firms with negative net investment, for which these indicators declined in most years.

In short, the evidence presented in this box suggests that the differences in the financial position and economic performance of firms are closely related to their investment activity. Companies that have recorded positive net investment have generally had a more healthy financial position and more dynamic economic performance than other companies. Moreover, they have been able to finance themselves by increasing their indebtedness and through own funds, although the latter channel was used more by the largest companies. Finally, the latest data, for 2014, show a change in trend for investment in fixed assets, which appears to have increased for the first time in recent years.

1 FLOWS OF ASSETS AND LIABILITIES OF LARGE FIRMS WITH POSITIVE NET INVESTMENT (a) (b)

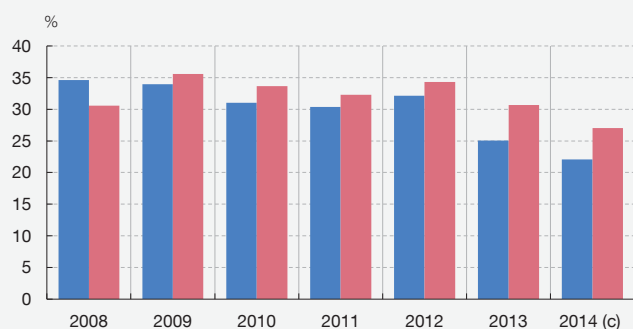


2 FLOWS OF ASSETS AND LIABILITIES OF SMEs WITH POSITIVE NET INVESTMENT (a) (b)



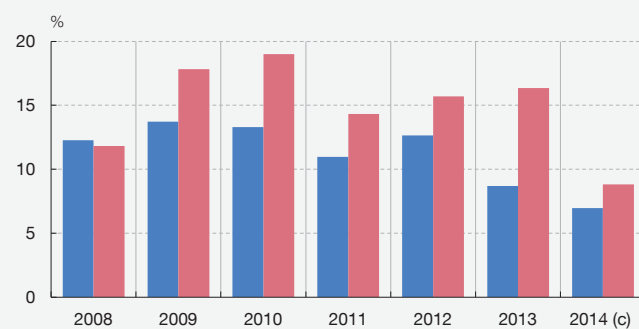
■ FINANCIAL DEBT ■ EQUITY ■ FIXED INVESTMENT
■ CHANGE IN INVENTORIES ■ FINANCIAL INVESTMENT ■ CASH AND DEPOSITS
■ NET TRADE CREDIT (ASSETS - LIABILITIES) ■ OTHER NET FLOWS (ASSETS - LIABILITIES) — FIRMS AS PERCENTAGE OF TOTAL (Right-hand scale)

3 MEDIAN DEBT RATIO AT t-1 (d)



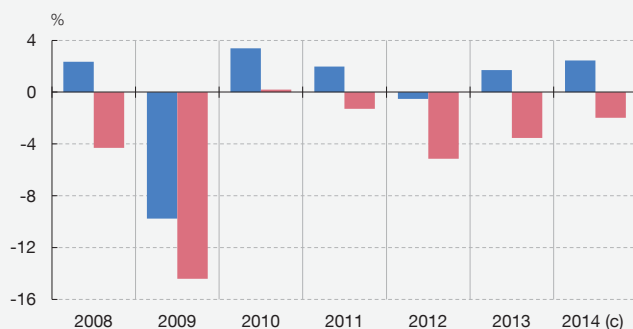
■ FIRMS WITH POSITIVE NET INVESTMENT (a)
■ FIRMS WITH NEGATIVE NET INVESTMENT (a)

4 MEDIAN INTEREST BURDEN AT t-1 (e)



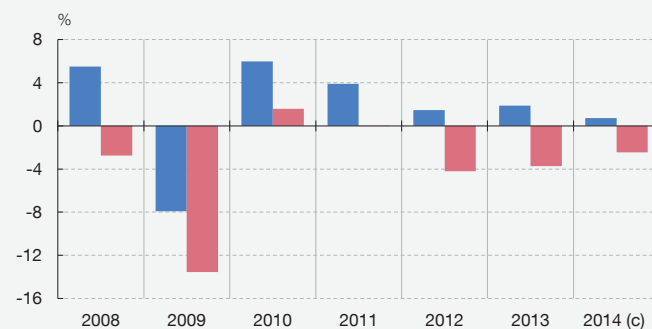
■ FIRMS WITH POSITIVE NET INVESTMENT (a)
■ FIRMS WITH NEGATIVE NET INVESTMENT (a)

5 GROWTH RATE OF SALES



■ FIRMS WITH POSITIVE NET INVESTMENT (a)
■ FIRMS WITH NEGATIVE NET INVESTMENT (a)

6 GROWTH RATE OF EMPLOYMENT



■ FIRMS WITH POSITIVE NET INVESTMENT (a)
■ FIRMS WITH NEGATIVE NET INVESTMENT (a)

FUENTE: Banco de España.

a Net investment is understood to be the flow of GFCF (tangible and intangible) net of capital consumption. In the case of the CBQ, GFCF is approximated on the basis of the net acquisition of tangible fixed assets. Holdings are excluded.

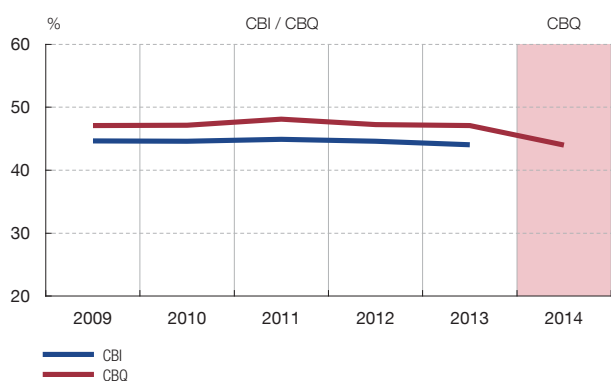
b Firm sizes are defined in accordance with the Commission Recommendation (2003/361/EC). Flows as a percentage of the previous year's total assets.

c Aggregate data for the four quarters of 2014 (CBQ).

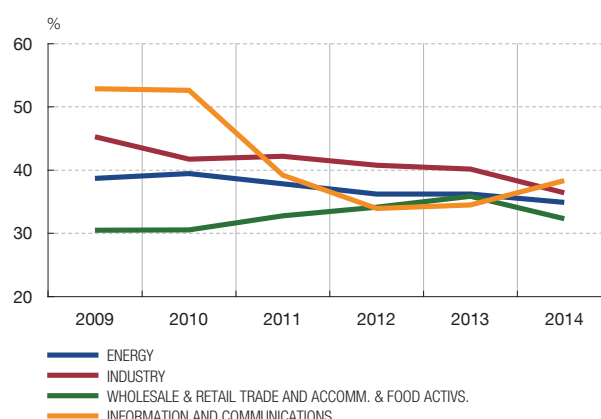
d Ratio defined as interest-bearing borrowing/net assets.

e Ratio defined as financial expenses/(gross operating profit + financial income).

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



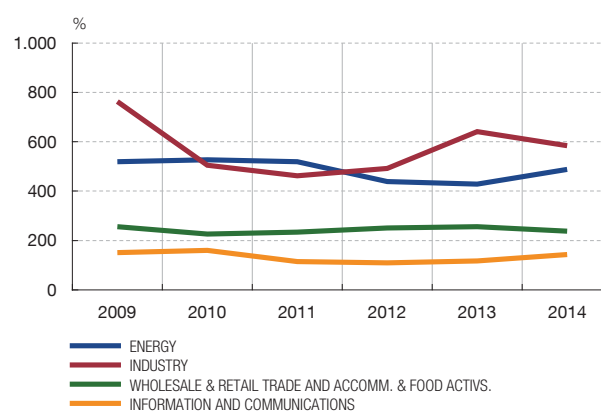
E1. INTEREST-BEARING BORROWING / NET ASSETS (a)
BREAKDOWN BY SECTOR. CBQ



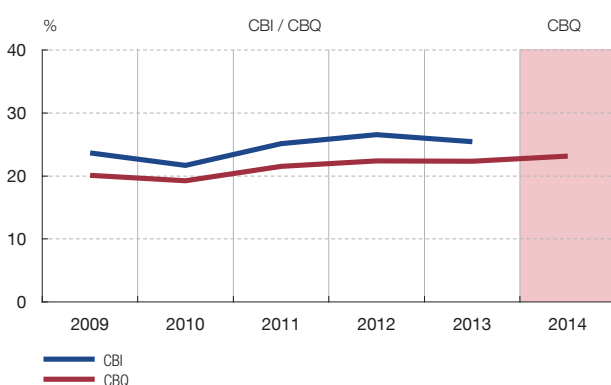
E2. INTEREST-BEARING BORROWING / (GOP+FR) (b)
TOTAL CORPORATIONS



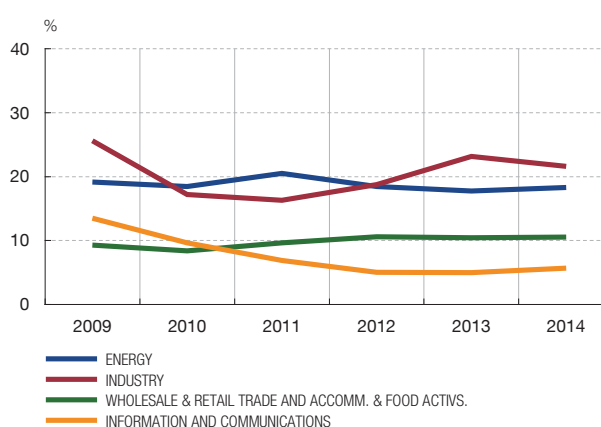
E2. INTEREST-BEARING BORROWING / (GOP+FR) (b)
BREAKDOWN BY SECTOR. CBQ



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



INTEREST BURDEN
BREAKDOWN BY SECTOR. CBQ
(Interest on borrowed funds) / (GOP+FR)



SOURCE: Banco de España.

- a Ratio calculated from final balance sheet figures. Net assets include an adjustment to current prices.
- b Ratio calculated from final balance sheet figures. Interest-bearing borrowing includes an adjustment to eliminate intra-group 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)			
	CBI		CBQ (a)		CBI		CBQ (a)		CBI		CBQ (a)		CBI		CBQ (a)	
	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4	2012	2013	2013 Q1-Q4	2014 Q1-Q4
Total	-9.1	-4.5	-6.5	-0.1	-27.8	7.6	-0.2	-11.3	4.0	4.1	5.9	5.4	0.2	0.4	2.4	2.0
Size (b)																
Small	-21.4	-1.3	—	—	—	81.6	—	—	1.0	1.0	—	—	-2.9	-2.5	—	—
Medium	-9.5	-0.1	-1.8	7.4	-13.7	7.1	11.1	14.6	3.5	3.7	4.4	4.6	-0.7	-0.4	1.6	1.5
Large	-6.3	-5.3	-6.5	-0.1	-22.5	6.4	-0.2	-11.5	5.0	5.1	5.9	5.4	1.2	1.4	2.4	2.0
Breakdown by activity																
Energy	-1.2	-6.4	-4.8	6.1	9.4	-4.0	-3.3	-9.9	5.9	6.0	6.6	5.0	1.8	1.8	2.8	1.2
Industry	-11.3	-4.8	-29.0	-6.3	-19.3	-12.0	-38.5	-15.3	5.0	4.4	3.3	4.0	1.1	0.7	-0.3	1.5
Wholesale & retail trade and accommodation & food service activities	-15.3	3.4	3.3	3.7	-30.4	10.4	3.6	2.0	4.4	5.2	10.7	10.3	0.2	1.1	6.8	6.5
Information and communications	-11.1	-5.2	-5.5	-10.6	-19.3	-3.2	-0.5	-15.8	14.0	13.4	21.7	16.3	9.6	9.2	19.2	12.8
Other activities	-7.2	-7.6	-4.6	3.6	-91.6	84.1	38.9	-20.4	2.8	2.9	4.5	4.6	-0.9	-0.7	1.1	1.2

SOURCE: Banco de España.

- a All the data in these columns have been calculated as the weighted average of the quarterly data.
b Size definition according to Commission Recommendation 2003/361/EC whereby an enterprise is considered an SME if it has no more than 250 employees and its assets or net turnover do not exceed a certain threshold. In addition, irrespective of the above criteria, neither state-owned enterprises nor firms belonging to a group that exceeds those thresholds are considered SMEs. All firms that are not classed as SMEs are included in the group of large corporations.

communications. On the contrary, this indicator rose to 4% (0.7 pp up on the previous year) in industry, while in the wholesale and retail trade and accommodation and food services sector, and in the sector encompassing other activities, it was relatively unchanged on 2013 levels (see Table 7).

The information in Table 8 shows how the corporations in the sample are distributed in terms of their profit levels. The data on the return on net assets reveal that the percentage of corporations with positive ratio values increased in 2014, with a shift occurring from the segments in which companies with negative profit levels are situated. That would denote that the decline in this indicator at the aggregate level is not due to an across-the-board deterioration, but is the consequence of a negative trend in certain large corporations with a very high weight in the sample as a whole.

The average cost of external borrowing fell by 0.1 pp in 2014 to 3.4%. The reduction in the return on investment, together with the course of financial costs, translated into a 0.4 pp narrowing of the difference between both ratios to 2%. In terms of the different sectors, there was a notable improvement in industry, where it moved from -0-3% in 2013 to 1.5% in 2014, and in the sector of other activities, where it increased by 0.1 pp to 1.2%. Conversely, in energy, in the wholesale and retail trade and accommodation and food services, and, especially, in information and communications, there was a more marked reduction in the difference, although it was precisely in these sectors that the degree of financial slack was greatest.

		CBQ				
		Return on investment (R.1)		Return on equity (R.3)		
		2013 Q1-Q4	2014 Q1-Q4	2013 Q1-Q4	2014 Q1-Q4	
Number of corporations		835	800	835	800	
Percentage of corporations by profitability bracket		R <= 0%	31.9	28.0	36.4	33.2
		0% < R <= 5%	25.3	26.9	16.5	17.8
		5% < R <= 10%	13.8	14.1	10.7	11.2
		10% < R <= 15%	7.8	7.9	8.2	7.0
		15% < R	21.2	23.1	28.2	30.9
MEMORANDUM ITEM: Average return		5.9	5.4	8.0	6.9	

SOURCE: Banco de España.

Finally, the analysis of extraordinary gains and losses reveals the positive influence these exerted on final profit. Thus, a sizable fall was observed in valuation adjustments attributable to asset (essentially financial assets) impairment. Also, the item where the result of sales of assets of this nature are recorded changed from posting very heavy losses to reflecting sizable gains in 2014. This all exerted a very favourable influence on profit for the year, which increased substantially (170%), although it should be borne in mind that it departed from a historically low level. Expressed as a percentage of GVA, this ratio climbed to 28.3%, after having stood at 11.1% the previous year.

12.3.2015.