

West German enterprises' profitability and financing in 1998

According to the provisional figures of the Bundesbank's corporate balance sheet statistics, the profitability of west German enterprises in the producing, wholesale/retail trade and transport sectors showed a further strong improvement in 1998. This enabled them to make good the drop in earnings in the wake of the recession in 1993 and the renewed setback in 1996. The return on turnover matched the level achieved in the late eighties/early nineties, which also had a positive effect on the remuneration of fixed capital. Corporate financing was also further reinforced. The ratio of own funds to total liabilities regained the level of the late eighties. This was made possible, on the one hand, by firms' quite robust internal generation of financial resources since 1997 and their greater readiness to go public and, on the other, by the deep capacity of the capital market to absorb new equity issues, which is doubtless connected with the burgeoning shareholder culture that is now emerging in Germany on the part of savers. The advances made in profitability and financing also played a key part in ensuring that the slackening of growth in the wake of the crises in eastern Asia and Russia did not lead to a slump in corporate investment in the course of 1999.

Cyclical setting

*Overall trend
amid a
changing
export climate*

In 1998 the German economy initially continued on the path of growth on which it had embarked in the spring of 1996.¹ The underlying economic momentum weakened perceptibly in the second half of the year, however. In the wake of the general worsening of the global economic climate which emanated from the turmoil in the international financial markets, exports (including services) declined after the middle of the year. Moreover, domestic demand at the end of the year was no longer strong enough to compensate for the growing external burdens. On average during 1998 this weakening was not fully reflected in the macroeconomic figures. Exports increased by 7% in real terms while import demand expanded at the very robust rate of 8½%. Domestic demand grew by 2½% in price-adjusted terms. As a result, real GDP grew by 2¼%, which was ¾ percentage point more than in 1997. At the same time, capacity utilisation increased somewhat for the first time in a long while, though it did not reach its normal level. Buoyed by a positive terms-of-trade effect, the increase in the real value of national disposable income improved by as much as 1½ percentage points.

*Domestic
demand*

Of the components of domestic demand, (besides the sizeable build-up of stocks) investment in machinery and equipment notably rose very steeply by over 9% Germany-wide. An even more dynamic trend was shown by other fixed assets (+ 15%), which *inter alia* include investment in intangible assets. That suggests a favourable investment climate which benefited from a higher rate of capacity utilisation,

an eased cost situation and continuing improvements in corporate earnings. Positive stimuli were also provided by wage policy which – as in the preceding years – followed a moderate course. In addition, the financing conditions were exceptionally advantageous. Another mainstay of economic activity in 1998 was private consumption, which expanded nationwide by almost 2½% in real terms. Households also benefited from the fact that the purchasing power of their incomes was augmented by the substantial cheapening of imported goods, especially mineral oil products, in the context of a generally favourable price climate.

By contrast, industrial construction investment in western Germany declined further in 1998. Not least on account of the increased use of microelectronics, the upturn in investment in machinery and equipment was accompanied even less than in the past by a need to extend building capacity. Investment in new residential dwellings in western Germany likewise fell over twelve months, although not as steeply as in eastern Germany. As public customers, too, cut back on their construction activity, overall construction investment recorded a further marked fall in western Germany.

¹ With the changeover of the national accounts to ESA '95, which occurred at the end of April 1999 for the main GDP output and expenditure aggregates, the separate calculation of GDP for western Germany and eastern Germany (which had been customary until then) was discontinued. (However, it will soon be possible to compute aggregate annual data broken down by western and eastern Germany using GDP figures relating to individual Länder which the working group "National Accounts of the Länder" will again publish regularly as from mid-2000). Owing to the comparatively small macroeconomic weight of the new Länder, the figures for Germany as a whole nevertheless probably provide quite an accurate reflection of the basic trends in western Germany.

*Economic
trends in indi-
vidual sectors*

The various economic sectors covered by the corporate balance sheet statistics participated in the favourable overall economic development to very different degrees. West German manufacturing firms stepped up their production by a fairly robust 5%, with producers of capital goods and durable consumer goods faring particularly well. A leading role was played by the automotive industry; its output rose by 15% on average over the year. The brisk production activity in the manufacturing sector also boosted business in the transport and wholesale trade sectors. In the latter sector the sales volume went up by "only" 1% nationwide in 1998, but that was chiefly attributable to the decrease in raw material prices. In real terms wholesale trade turnover increased by 3½%. The retail trade, which similarly experienced a perceptible rise in price-adjusted turnover, profited from the stronger consumption demand. On the other hand, the adjustment crisis in the construction sector persisted in 1998. The output of the west German basic building trade (which admittedly is only a part of the overall construction sector) dropped by 1½% to a level which was 15½% lower than the peak reached in 1994. That in turn had a strong negative impact on the quarrying industry. The output of the electricity, gas and water supply sector stagnated at the depressed level of 1997.

The output of the sectors examined here, which accounts for about half of the real value added generated by firms in Germany, probably grew more or less as strongly in 1998 as that of the services sector, which is very thinly represented in the Bundesbank's balance sheet material. It would be premature, however, to conclude that the earnings

trend of the industrial sectors matched that of the services sector. Manufacturing firms, in particular, face tough international competition which is often reflected in strong downward pressure on margins, whereas service providers tend to focus more on the domestic market and usually have greater scope when it comes to pricing. Nevertheless, the data from the corporate balance sheet statistics probably provide a fairly accurate reflection of west German firms' profitability and financing on the whole.

Annual result and return on turnover

Following the leap in the profit level in 1997, the positive earnings trend continued at a more muted pace in 1998.² According to initial calculations, the annual result before taxes on income improved by 14% and was thus approximately one-and-a-half times as high as in the trough of 1996.³ It was more

*Overall
earnings trend*

2 The following analysis encompasses 21,840 sets of annual accounts, which equates to two-fifths of the total balance sheet data normally to be expected for one financial year. For the purposes of analysis, the expanded results for 1997, updated on the basis of the Federal Statistical Office's turnover tax statistics, were extrapolated using the trend in a likewise expanded cylindered sample of enterprises, so as to obtain figures which are comparable with those of 1997. Past experience shows that this method of calculation reflects the major changes quite well, although it cannot equal the accuracy of the final expansion, which is currently based on about 50,000 sets of annual accounts. For further details, see the article "The methodological basis of the Deutsche Bundesbank's corporate balance sheet statistics", Monthly Report, October 1998, pages 49 to 64.

3 The annual result corresponds to the profit for the year before profit/loss transfers and provides a better indication of the profits generated by the enterprises analysed in this article, since numerous firms are associated through profit transfer agreements (and partial profit transfer agreements) with enterprises which are not recorded in the corporate balance sheet statistics (e.g. holding companies) to which their profits/losses are transferred.

Enterprises' profit and loss account *

Item	1996	1997	1998	1997	1998
	DM billion			Change from previous year in %	
Income					
Turnover	5,184.7	5,430.6	5,562.5	4.7	2.5
Change in stocks of own products ¹	18.2	10.0	26	- 45.2	161
Total output	5,202.9	5,440.6	5,589	4.6	2.5
Interest received	30.4	31.0	35.5	2.1	14.5
Other income of which	223.8	238.6	267	6.6	12
from participating interests	23.6	25.7	34.5	8.8	34
from profit and loss transfers	26.5	27.7	29.5	4.5	6.5
Total income	5,457.1	5,710.2	5,891	4.6	3
Cost					
Cost of materials	3,255.5	3,419.0	3,512	5.0	2.5
Labour cost ²	986.4	995.5	1,021.5	0.9	2.5
Depreciation of tangible fixed assets	189.9	191.0	200.5	0.6	5
Other ³	167.0	169.2	174	1.4	3
Interest paid	23.0	21.8	26.5	- 5.3	21.5
Taxes on income and earnings ⁴	69.2	69.0	72.5	- 0.2	5
Other ⁵	165.6	184.5	193	11.4	4.5
of which Excise taxes	47.3	57.4	69.5	21.3	21
Other cost of which Profit and loss transfers	118.3	127.1	123	7.4	- 3
Excise taxes	106.3	109.7	109.5	3.2	0
Other cost of which Profit and loss transfers	715.1	750.2	778	4.9	3.5
Total cost	5,381.8	5,609.2	5,777.5	4.2	3
Profit for the year	75.4	101.0	113.5	34.1	12.5
Memo item					
Annual result ⁶	83.6	110.9	122.5	32.7	10.5
Annual result before taxes on income ⁷	130.9	168.3	192	28.6	14
Net interest paid	38.8	38.0	37	- 2.0	- 2.5
				Change from previous year in percentage points	
	as % of turnover				
Gross income ⁸	37.6	37.2	37.5	- 0.4	0.5
Annual result ⁶	1.6	2.0	2	0.5	0
Annual result before taxes on income ⁷	2.5	3.1	3.5	0.6	0.5
Net interest paid	0.7	0.7	0.5	- 0.1	0

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion or percentage point. — ¹ Including other capitalised production. — ² Wages, salaries, social security contributions and voluntary social security expenditure. — ³ Predominantly write-downs of debtors, investments and participating interests. — ⁴ In the case of partnerships and sole proprietorships trade earnings tax only. — ⁵ Including trade capital tax. — ⁶ Profit for the year before profit/loss transfers. — ⁷ Taxes on income and earnings. — ⁸ Total output less cost of materials.

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than twice as high as the especially low earnings level of 1993. It also clearly exceeded the record figure achieved during the reunification boom at the beginning of the nineties. This picture must be put into perspective, however, by noting that the firms have expanded their business activities in the meantime. The gross return on turnover, which is the ratio of enterprises' annual result before taxes on income to their turnover, went up in 1998 by ½ percentage point to 3 ½%; in doing so, it regained the average profitability achieved between 1988 and 1990.

West German firms often fare poorly in international comparisons of profitability based on gross return on turnover and, in particular, appear to trail quite a long way behind the earnings ratios of Anglo-Saxon countries. While this finding is doubtless fundamentally valid, the informative value of such comparisons is considerably lessened by the different country-specific rules for calculating profit. The profit as disclosed in German financial statements tends to be understated, not least on account of the comparatively major importance attached to creditor protection rights and of the prudence principle in German accounting.⁴ This contrasts with, say, US accounting practices which focus on the information needs of investors and on short-term dividend interests, as a result of which disclosed profits tend to be much closer to the "real" earnings level than is the case in Germany. The differences are especially large when it comes to depreciation practices. Thus

Problem of international comparisons of earnings ratios

⁴ For further details, see Deutsche Bundesbank, International comparison of corporate profitability, October 1997, pages 33 to 43.

the volume of consumption of fixed capital shown by US firms – in relation to the stock of tangible fixed assets – is usually far smaller than in Germany because US firms make less use of the diminishing-balance method of depreciation and use longer asset depreciation periods. Major differences – which tend to have a similar impact on the profit and loss account – exist, too, in accounting for and valuing provisions and in the balance sheet treatment of internally produced intangible assets.

Profit after taxes

At 10½ %, the annual result after taxes grew perceptibly more slowly than the corresponding gross figure. The main reason for this was a further sharp rise by over one-fifth in income tax payments in 1998, which is examined in greater detail below. Consequently, the net return on turnover improved by “only” ¼ percentage point to just over 2 % – a level which was last achieved in the years 1988 to 1990. In the recession year 1993 this figure had stood at 1 %. When interpreting the data on net return on turnover it should be remembered that taxes on income and earnings, besides trade earnings tax, exclusively comprise the taxes on income payable by incorporated enterprises, whereas the profit for the year of unincorporated enterprises (partnerships and sole proprietors) is taxed as part of those entrepreneurs’ private income. Hence the actual net return on turnover is lower than the level given here.

Profitability in the manufacturing sector, ...

Given the buoyant economic situation in industry during the year under review, it is not surprising that manufacturing firms were again able to achieve an above-average in-

crease in their gross annual result amounting to 15½ %. This was no less than three-fifths higher than the depressed result achieved in 1996. This finding is corroborated by the fact that the profit-turnover ratio likewise improved by ½ percentage point to 4½ %. However, the individual industries within the manufacturing sector participated in this earnings growth to widely differing extents. One of the most profitable subsectors was the statistical group “Manufacture of other transport equipment”, which comprises ship-building, the construction of aircraft and spacecraft and the manufacture of rolling stock; it more than doubled its annual result. One peculiarity of this subsector is that the annual accounts of the firms in it are sometimes massively influenced by the settlement of large-scale orders. Other industries with an above-average performance were basic metal manufacturers, the automotive industry and manufacturers of office machinery and computers. At the bottom of the table were the manufacturers of electrical machinery and apparatus, who suffered a steep decline in earnings. Manufacturers of machinery and equipment, who had experienced a sharp surge in profitability in 1997, achieved only a relatively small profit increase in 1998, not least because of the marked weakening of foreign demand in the course of the year. In addition, certain branches of industry, especially in the durable and non-durable consumer goods industries, were unable to keep pace with the general earnings trend.

Although the profit level of the electricity, gas and water supply sector in 1998 was “barely” one-tenth higher before taxes and 5 % after

... in electricity, gas and water supply, ...

taxes compared with 1997, the sector maintained its position at the upper end of the profit yield range with a large lead over the other industries included in the analysis. Their gross return on turnover in excess of 10% was more than twice as high as that of the manufacturing sector, which was the second best performer. The greater profitability enjoyed by the utilities is presumably attributable to the fact that, for many years, their markets were characterised by a low level of competition and regional monopolies. It is likely that the liberalisation of the energy markets which has meanwhile been set in train at the European level – and which last year already triggered a sharp fall in the price of electricity – will lead to a marked reduction of this sector's profitability in future.

... in construction ...

Contrary to what the lacklustre state of business activity in the construction sector might have suggested, earnings in the west German construction sector rose in 1998 for the first time since 1992. The gross return on turnover increased from just over 1% in 1997 to 2%, although this was still only half as high as the rate of profit experienced during the boom phase in the early nineties. All in all, the building industry is still a long way from posting an adequate level of profits. Construction firms achieved their turnaround by slowing the decline in total output and by keeping costs more firmly under control than they managed to in the preceding years.

... and in the wholesale/retail trade

In a context of moderate growth, the wholesale trade merely managed to maintain the previous year's earnings level. Following very strong profit growth in 1997, retail trade en-

terprises actually suffered a drop of 5½% in their gross annual result in 1998. The decline in profitability compared with the late eighties/early nineties (measured by return on turnover) is much greater among retail traders than among wholesalers. This may be connected with the fact that, for quite a while now, turnover has not kept pace with the growth of private consumption on account of shifts in consumption behaviour. Another factor is that price competition between the dominant retail groups has noticeably sharpened in recent years.

Income and cost in detail

Total output, which is made up of turnover plus changes in stocks of own products and other capitalised production, grew by just over 2½% in 1998; that was 2 percentage points less than in the previous year. At first sight this would seem to fit in well with the deceleration of profit growth in 1998 compared with 1997 in the sectors analysed. On closer inspection, however, it transpires that the weaker growth of business activity was related quite closely to the sharp fall in import prices in 1998 which was at least partly passed on in the form of factory gate prices and so led to lower producer prices. Therefore there is no contradiction between the slackening rate of expansion of total output and the acceleration of real macroeconomic growth. A similar interpretation may be applied to the trend in the manufacturing sector, the total output of which rose by 4% in 1998 compared with 7% in the previous year. That is largely borne out by the official

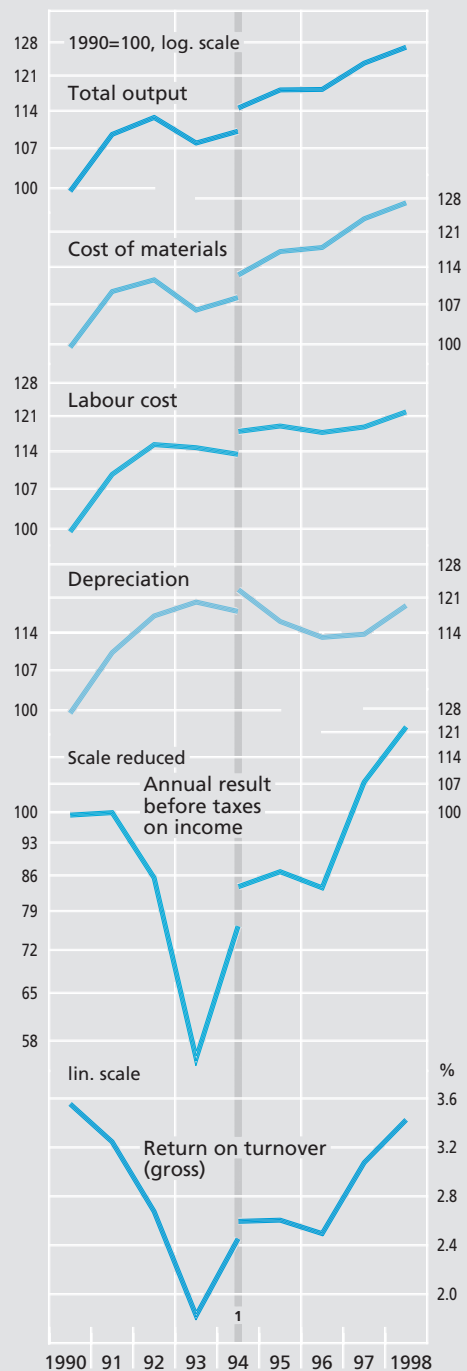
Total output

statistics covering mining and manufacturing in western Germany, according to which the turnover growth of 5% in 1997 slowed to not quite 3% in 1998. Yet net production – as was stated at the beginning of this article – increased distinctly faster in 1998 than in the previous year. The fall in import and producer prices also retarded the expansion of total output in the wholesale and retail trade. In the electricity, gas and water supply sector total output even dipped below the 1997 level. The construction sector was something of an exception in this respect in that the decline in its total output by – 1% was perceptibly smaller than in the three previous years.

Interest received, other income and total income

In contrast to total output, interest received and other income grew much more briskly in 1998 than in 1997, with the result that total income rose by just over 3% (following a little more than 4½% in 1997). One factor behind the increase in interest received was that the stock of interest-bearing debtors and investments on average during 1998 was nearly one-tenth above the corresponding level in the previous year. Another factor was that the average rate of credit interest earned by firms in 1998 improved slightly from 4% to 4¼%. Of the various individual sub-items which make up other income, income from participating interests and extraordinary income increased significantly, in particular. In addition, other operating income expanded rather strongly; this may have been partly due to the fact that from 1998 enterprises have to progressively release their previous provisions for anticipated losses related to incomplete contracts, thereby boosting the disclosed profit. It is notable that three-quarters

Selected indicators from the profit and loss accounts of west German enterprises



1 Statistical break caused by the change-over to the new system of Standard Industrial Classification SIC 93.

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of the rise in other income was attributable to manufacturing firms, which produce less than half the total output of all economic sectors covered by the study.

*Total cost and
cost of
materials*

Total cost went up in 1998 by 3%, i.e. not quite as fast as total income. This owed much to the fact that the cost of materials, which is the largest expense item and accounts for almost 60% of total cost, rose by little more than 2½%, not least owing to lower prices for imported intermediate goods. While the aggregate cost of materials for all enterprises thus grew in line with total output, this was not the case for individual sectors. In manufacturing and construction, for example, the trend towards a higher ratio of intermediate goods continued. An opposite tendency manifested itself, by contrast, among public utilities and in the transport sector. This may have been associated with declining raw material prices (especially for mineral oil products), which in those two sectors are a major factor in the cost of materials and expenditure on goods purchased.

Labour cost

Labour cost also grew at the rate of 2½% after having increased by no more than 1% in 1997. The primary reason for this larger rise in personnel expenses in the year under review was probably that in 1998 there was a marked deceleration in the shedding of labour in the segment of west German businesses analysed. This applies, in particular, to the basic building trade in which, according to the official statistics, the number of persons employed decreased by not quite 4% in 1998, compared with a fall of roughly – 7% in each of the two preceding years. The de-

cline in employment in the manufacturing sector, which had amounted to around 3½% per year between 1995 and 1997, virtually came to a halt in 1998 on an annual average. Wage growth in 1998 was similarly moderate as it had been in the previous year. Thus actual earnings in the west German producing industry – as in 1997 – were only 1½% above the previous year's level. In wholesale and retail trade and in the transport sector (including hotel and restaurant services) actual earnings increased by around 1%.

Depreciation

The cost of depreciation, which had fallen in the years 1994 to 1996 and had risen only slightly in 1997, increased by the fairly sizeable margin of 5% in 1998. The volume of depreciation of tangible fixed assets (including special depreciation) rose by just under 3% as against 1½% in 1997. Given that tax laws remained more or less unchanged, the chief cause of this larger increase appears to be that – according to data from the ifo institute – investment in machinery and equipment in western Germany in 1997 and 1998 grew at an exceptionally dynamic pace in nominal terms, namely by around one-fifth altogether. As moveable fixed assets are frequently depreciated using the diminishing-balance method, this automatically pushed up the charge for the consumption of fixed capital. Other depreciation, which mainly consists of losses on debtors and write-downs of investments and participating interests, actually increased by more than one-fifth in 1998. This was principally attributable to exceptional developments in individual manufacturing industries.

*Interest paid
and*

Furthermore, for the first time since 1992, the corporate profit and loss accounts in 1998 show an increase in interest paid amounting to 5 %. This is due exclusively to the sharp expansion of the stock of creditors incurring interest, which grew by more than 6 ½ % on average in 1998 compared with the previous year. The average debit interest rate payable by enterprises was unchanged at 5 ½ %. By contrast, the net interest paid decreased by 2 ½ % thanks to the much faster growth of interest received.

Taxation

German firms' tax burden increased at a much more moderate pace (4 ½ %) in 1998 than in 1997 (+ 11 ½ %). One factor in this was the abolition with effect from January 1, 1998 of trade capital tax which, together with tax on land and buildings and excise taxes, had constituted other taxes. This sub-item of taxation was 3 % lower in 1998. On the other hand, taxes on income and earnings jumped by 21% in 1998 over twelve months, which was similar to the surge recorded in 1997. Such a large increase appears somewhat surprising at first, bearing in mind that the solidarity surcharge was lowered at the start of 1998 from 7.5 % to 5.5 % and that the increase in the gross annual result was much more moderate than in 1997. There are indications, however, that tax pre-payments were not adjusted to the less favourable earnings trend (which began to emerge only after the course of business started to slacken after mid-1998) until towards the end of the year, i. e. with a certain time-lag. An alternative explanation is that – unlike in the previous years – tax loss carryforwards were claimed on a fairly small scale

only. The abolition of trade capital tax, which had been deductible from profit, played a certain role in that – taken in isolation – this raised the assessment basis for taxing corporate earnings.

Sources and uses of funds

The total sources of funds⁵, which expresses the financial capacity available to west German firms for the formation of financial and non-financial assets, was more than one-quarter higher in 1998 than a year before, having expanded by as much as two-thirds since 1996. More than four-fifths of the increase was generated from external sources, whose weight in total funding grew by 13 percentage points vis-à-vis 1997 to 35 %. Such large (and at times even larger) shares of external financing in the aggregate financing volume were last seen in the period 1988 to 1991. This suggests that in phases of dynamic investment and business growth firms have to resort more and more to external funding. By contrast, the trend in internal financing sources, which are largely limited to "earned" depreciation allowances which grow at a relatively steady pace, shows less volatility through the cycle.

*Funds
generated from
internal and
external
sources*

Furthermore, there are numerous indications of a transformation in the financing behaviour of larger enterprises, in particular, which is reflected in the appropriation of an increasing share of the profit to dividends and hence

*Structural shifts
in the method
of increasing
equity capital*

⁵ The figures for the sources and uses of funds are subject to far greater uncertainty than those for the balance sheet and the profit and loss account.

Sources and uses of enterprises' funds *

DM billion

Item	1997 1	1998	Change 1997-8
Internal funds			
Capital increases from profits and contributions to the capital of unincorporated enterprises 2	18.6	17	- 1.5
Depreciation allowances (total) 3	191.0	200.5	9.5
Increase in provisions 4	14.9	20	5
Total	224.6	237.5	13
External funds			
Capital increases of incorporated enterprises 5	13.2	27.5	14.5
Change in creditors	50.5	102	51.5
Short-term	43.5	66	22.5
Long-term	7.1	36	29
Total	63.8	129.5	65.5
Sources of funds, total	288.4	367	78.5
Formation of tangible assets and stocks (gross asset formation)			
Increase in tangible fixed assets (gross) 6	187.5	197.5	10
Memo item			
Increase in tangible fixed assets (net) 6	18.3	24	5.5
Depreciation of tangible fixed assets	169.2	174	5
Change in stocks 7	9.6	31	21.5
Total	197.1	229	32
Acquisition of financial assets			
Change in cash 8	0.4	- 11	- 11.5
Change in debtors	58.3	76	17.5
Short-term	58.1	74.5	16.5
Long-term	0.2	1.5	1.5
Acquisition of investments	8.9	13.5	4.5
Acquisition of participating interests	23.6	60	36.5
Total	91.2	138.5	47.5
Uses of funds, total	288.4	367	78.5
Memo item			
Internal funds as % of gross asset formation	113.9	103.5	.

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion. — 1 Calculated on the basis of a separate expansion which eliminates the effects of corporate restructuring measures by two major industrial firms. — 2 Partnerships, sole proprietorships and other legal forms, other than public or private limited companies. — 3 For fixed and current assets. — 4 Including balance of prepayments and deferred income less write-ups of tangible fixed assets. — 5 Funds raised by public and private limited companies by issuing shares and transfers to capital reserves. — 6 Including intangible assets less write-ups of tangible fixed assets. — 7 Including changes in contracts in progress. — 8 Notes and coins and bank balances.

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a simultaneous greater need to recover the distributed capital through external financing. An important indication of this could be the fact that, despite strong earnings growth, the size of the capital increases resulting from retained earnings (and the subscribed capital of unincorporated enterprises) remained largely unchanged, whereas the external injections of equity capital into incorporated enterprises more than doubled. This finding is supported by data from the capital market statistics on the sales of new shares in Germany in 1998. The remaining additional financing requirements were met by stepping up new borrowing, primarily through bank loans and transfers of funds from affiliated enterprises. There was a particularly strong demand for long-term credits. On the other hand, the increases in trade debtors owed by counterparties (and in the trade creditors owed to counterparties) were smaller than previously. A major reason for this is likely to have been that corporate turnover expanded a lot more slowly in 1998 than in 1997 – as was pointed out at the beginning of this article.

Concerning the uses of funds, firms again showed a preference for the acquisition of financial assets, which absorbed 37½ % of all funds raised compared with 31½ % in 1997 and distinctly less than 30 % in the two previous years. Gross expenditure on tangible fixed assets and stocks expanded by 16 % between 1997 and 1998. The extra spending was focused on stockbuilding, which is not unusual during an upturn. Investment in new machinery, equipment and buildings rose by “only” 5 %. But here, too, there were major differences between individual industries; for

Formation of non-financial and financial assets ...

example, manufacturing firms, which are at the centre of the business cycle, increased their gross fixed asset formation by more than one-tenth in nominal terms which – given virtually stable prices – represented a real increase of almost equal magnitude. However, non-financial asset formation by the electricity, gas and water supply sector fell sharply. This is consistent with the data from the ifo institute's survey of investors according to which the public electricity and gas utilities and the water supply companies further retrenched their capital formation in 1998, not least on account of the high supply standard already reached in Germany. For the rest, firms' aggregate gross asset formation in new plant exceeded the consumption of fixed capital by an even greater margin than in 1997; that seems to indicate a consolidation of the positive growth trend that was initiated in 1997 with regard to the capital stock, which had severely contracted between 1993 and 1996.

... with special reference to the acquisition of participating interests

Of the main categories of financial assets, the resources channelled into the acquisition of participating interests were increased by the largest amount; they were one-and-a-half times greater than the previous year's level. In terms of amount, this rise accounted for three-quarters of the extra resources available for overall financial asset acquisition, with the manufacturing sector claiming the lion's share. Expenditure on the acquisition of investments in 1998 was more than half as much again as in the previous year and six-and-a-half times as high as the very low level of 1995. The stock of debtors likewise recorded significant growth, with the accent on

short-term debtors owed by affiliated enterprises.

Balance sheet trends and key balance sheet ratios

At 5 %, the adjusted balance sheet total⁶ expanded in 1998 more strongly than it had done since 1991. The growth of total assets and liabilities thereby contrasted sharply with the rather moderate development of business activity. The balance sheet total expanded disproportionately strongly in individual manufacturing industries and in the wholesale and retail trade sector. In most other industries total assets and total liabilities grew much more weakly, while the construction sector experienced another contraction of the balance sheet total.

Balance sheet total

The growth of the assets side of the balance sheet was fuelled in part by a marked increase in non-financial assets, which accelerated from + 2 % in 1997 to + 3 ½ %. The stock of financial assets grew even faster (+ 6 ½ %) after having already expanded at the quite dynamic rate of 4 % in the previous year. A notable development was the increase of 13 ½ % in participating interests, whose share of total assets rose to 12 % as a result; at the end of the eighties its weight had been merely 7 %. The shares in the individual industries range from 2 ½ % in the construction sector, in which small and medium-sized

Assets side of the balance sheet

⁶ As part of the Bundesbank's evaluation of the annual accounts, enterprises' own funds are adjusted *inter alia* for subscribed capital unpaid, own shares held and loans to partners and proprietors.

Enterprises' balance sheet *

Item	1996	1997	1998	1997	1998
	DM billion			Change from previous year in %	
Assets					
Non-financial assets	1,510.8	1,541.5	1,597.5	2.0	3.5
Tangible fixed assets ¹	761.1	784.1	809	3.0	3
Stocks ²	749.6	757.4	788.5	1.0	4
Financial assets	1,606.9	1,671.3	1,783	4.0	6.5
Cash ³	162.9	168.1	157	3.2	- 6.5
Debtors	999.9	1,041.5	1,104	4.2	6
Short-term	917.3	959.9	1,021.5	4.6	6.5
Long-term	82.6	81.6	83	- 1.2	1.5
Investments	92.5	101.9	114	10.2	12
Participating interests	351.5	359.8	408	2.3	13.5
Prepayments	13.2	13.7	13.5	3.2	- 1
Total assets = balance sheet total ⁴	3,130.9	3,226.5	3,394	3.1	5
Liabilities					
Own funds ^{4, 5}	557.3	583.6	628	4.7	7.5
Borrowed funds	2,561.9	2,630.6	2,753.5	2.7	4.5
Creditors	1,873.5	1,918.6	2,020.5	2.4	5.5
Short-term	1,411.6	1,448.4	1,514.5	2.6	4.5
Long-term	461.9	470.2	506	1.8	7.5
Provisions ⁵	688.4	712.0	733	3.4	3
of which					
Provisions for pensions	278.3	291.4	309.5	4.7	6
Deferred income	11.7	12.3	12.5	5.2	1.5
Total liabilities = balance sheet total ⁴	3,130.9	3,226.5	3,394	3.1	5
Memo items					
Turnover do. as % of balance sheet total	165.6	168.3	164	.	.

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion or percentage point. — 1 Including intangible assets. — 2 Including contracts in progress. — 3 Notes and coins and bank balances. — 4 Less adjustments to capital accounts. — 5 Including pro rata share of special reserves.

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enterprises predominate, to 19½% in the energy, gas and water supply sector, which is dominated by very large enterprises – not least owing to the sector's higher capital intensity. In the manufacturing sector participating interests made up 16% of total assets, which was near the top of the range. In line with the growth of participating interests, debtors (and creditors) in respect of affiliated enterprises have also increased significantly over the past few years. The ratio of aggregate financial assets to total assets rose further in 1998 to 52½%.

In order to finance this dynamic expansion of assets, firms increased their own funds at the above-average rate of 7½%. A key precondition for this was the capital markets' deep capacity to absorb new equity issues. The own funds ratio rose by ½ percentage point to 18½%; consequently, the provision with liable capital regained the level achieved at the end of the eighties. The trend described here was evident in all the sectors covered by the analysis, albeit to differing degrees.

The own funds ratio was nevertheless relatively low by international standards. However, the figure should not be taken at face value, not least because it is advantageous (for liability and tax reasons) for partners and sole proprietors in Germany to assign assets to their private sphere, as a result of which the amount of capital formally assigned to the enterprise tends to be artificially low. German incorporated enterprises display quite healthy financing structures on average. It is also important in this respect to bear in mind the relatively large weight of provisions on

Level of own funds

Corporate financing ratios by international standards

the liabilities side. For the most part they are available to the enterprise as long-term liabilities which are not subject to any interest rate risk or credit withdrawal risk and to that extent are quasi-own funds. This applies especially to provisions for pensions, which since the mid-nineties have maintained an unchanged share of around 9% in the balance sheet total.

Other provisions

Other provisions, which serve different purposes than provisions for company pensions, have lost some of their significance in the past few years; even so, in 1998 they still amounted to 12½% of total liabilities. This decrease is due in part to more restrictive tax legislation. Another possible cause is that listed enterprises, in particular, are now increasingly seeking to make their balance sheet more transparent as they attach greater significance to the concept of shareholder value, which means that they have less desire to build up hidden reserves in the form of provisions.

Liabilities and financing structures

The improvement in the financing position of west German enterprises in 1998 is reflected *inter alia* in the fact that the share of long-term liabilities to total fixed assets rose further to 109½%, the highest level since 1991. The short-term financing situation was likewise unproblematic. The coverage ratio of liquidities plus short-term debtors to short-term creditors was 82½%; going back over quite a long period, such a high ratio has been reached only once – in 1997. This positive picture is further supported by the fact that the ratio of internally generated funds (cash flow) to borrowed funds stood at 13%

Ratios relating to enterprises' assets and liabilities structure *

Item	1996	1997	1998
	as % of balance sheet total ¹		
Tangible fixed assets ²	24.3	24.3	24
Stocks ³	23.9	23.5	23
Short-term debtors	29.3	29.8	30
Long-term liabilities ⁴	42.1	42.4	43
of which			
Own funds ¹	17.8	18.1	18.5
Short-term creditors	45.1	44.9	44.5
	as % of tangible fixed assets ²		
Own funds ¹	73.2	74.4	77.5
Long-term liabilities ⁴	173.2	174.4	181
	as % of fixed assets ⁵		
Long-term liabilities ⁴	108.0	108.8	109.5
	as % of short-term creditors		
Liquidities ⁶ and short-term debtors	81.3	82.7	82.5
	as % of borrowed funds ⁷		
Internally generated funds ⁸	11.7	13.2	13

* Expanded figures, 1998: estimated figures, rounded to the nearest half or full percentage point. — ¹ Less adjustments to capital accounts. — ² Including intangible assets. — ³ Including contracts in progress. — ⁴ Own funds, provisions for pensions, long-term creditors and special reserves. — ⁵ Tangible fixed assets including intangible assets, participating interests, long-term debtors and investments held as fixed assets. — ⁶ Cash and investments held as current assets. — ⁷ Creditors, provisions and pro rata share of special reserves less cash. — ⁸ Annual result, depreciation allowances, changes in provisions, in special reserves and in prepayments and deferred income less write-ups of tangible fixed assets.

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in the year under review, which matched the rather high level achieved in 1997.

Effects of recession overcome, but further improvements necessary

Despite the worsening of the economic outlook in the later part of 1998, the profitability and financing of west German enterprises developed favourably on balance. If the even greater improvements recorded in 1997 are additionally taken into account, it can be said that the negative consequences of the recession in the year 1993 and of the further set-

back in 1996 have now been overcome. At the moment it is too early to tell whether this trend persisted in 1999. Owing to the weakening of economic momentum in the second half of 1998 and in the first half of 1999, corporate profitability suffered a temporary deterioration – according to the national accounts data – which is also likely to have affected firms' profit and loss account figures for the 1999 financial year.

The tables accompanying this article
appear on the following pages.

West German enterprises' balance sheet and profit and loss account, by economic sector *

DM billion

Item	All enterprises 1		Manufacturing		of which							
					Manufacture of food products and beverages		Manufacture of textiles		Manufacture of textile products		Manu- of wood wood ucts	
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
I. Balance sheet												
Assets												
Tangible fixed assets 4	761.1	784.1	350.1	360.1	48.5	48.8	5.4	5.2	1.8	1.7	9.8	
Stocks 5	749.6	757.4	318.7	324.0	24.5	25.6	6.6	6.7	4.7	5.1	7.8	
of which												
Raw materials and consumables	101.1	104.0	77.3	81.1	7.4	7.6	1.9	1.9	1.3	1.5	2.3	
Work in progress	116.7	118.1	84.7	88.8	2.0	2.2	1.4	1.4	0.6	0.6	1.2	
Finished goods, goods for resale	394.0	406.7	120.9	119.1	14.9	15.6	3.2	3.3	2.7	3.0	3.5	
Non-financial assets	1,510.8	1,541.5	668.9	684.1	73.0	74.3	12.0	11.9	6.5	6.8	17.6	
Cash 6	162.9	168.1	76.7	86.5	4.7	6.0	1.0	0.9	0.7	0.7	1.1	
Debtors	999.9	1,041.5	478.1	512.5	41.5	43.1	7.2	7.2	4.3	4.7	6.8	
Short-term	917.3	959.9	439.4	472.0	36.4	37.4	6.5	6.5	4.1	4.4	6.3	
of which												
Trade debtors	464.5	476.5	200.1	209.3	19.1	20.0	4.1	4.2	2.4	2.5	4.3	
Long-term	82.6	81.6	38.8	40.5	5.1	5.7	0.7	0.7	0.3	0.3	0.6	
Investments	92.5	101.9	41.5	48.6	1.3	1.6	0.2	0.1	0.0	0.0	0.1	
Participating interests	351.5	359.8	240.0	239.7	13.8	14.7	1.3	1.2	0.8	0.8	0.7	
Financial assets	1,606.9	1,671.3	836.4	887.3	61.4	65.4	9.6	9.4	5.8	6.1	8.8	
Prepayments	13.2	13.7	3.9	4.0	0.4	0.4	0.1	0.1	0.0	0.0	0.2	
Balance sheet total 7	3,130.9	3,226.5	1,509.1	1,575.4	134.9	140.2	21.7	21.4	12.3	13.0	26.5	
Liabilities												
Own funds 8, 9	557.3	583.6	356.3	374.4	27.2	29.9	4.6	4.6	2.3	2.7	2.8	
Creditors	1,873.5	1,918.6	746.7	775.0	86.2	87.5	13.7	13.6	8.7	8.9	21.2	
Short-term	1,411.6	1,448.4	570.5	595.8	58.8	60.6	9.3	9.4	6.4	6.7	12.9	
of which												
to credit institutions	279.3	290.2	96.2	100.9	13.5	13.9	2.5	2.5	2.0	2.0	4.0	
Trade creditors	417.8	430.6	145.8	155.0	23.1	23.9	3.2	3.2	2.3	2.3	4.4	
Long-term	461.9	470.2	176.2	179.2	27.4	27.0	4.4	4.1	2.3	2.3	8.3	
of which												
to credit institutions	286.4	296.3	101.0	104.1	20.2	20.0	2.5	2.3	1.1	1.1	6.2	
Provisions 9	688.4	712.0	402.8	422.6	21.3	22.6	3.4	3.2	1.3	1.4	2.4	
of which												
Provisions for pensions	278.3	291.4	194.9	205.5	8.5	9.0	1.7	1.6	0.5	0.5	0.7	
Borrowed funds	2,561.9	2,630.6	1,149.5	1,197.6	107.5	110.2	17.1	16.8	10.1	10.3	23.6	
Deferred income	11.7	12.3	3.3	3.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
Balance sheet total 7	3,130.9	3,226.5	1,509.1	1,575.4	134.9	140.2	21.7	21.4	12.3	13.0	26.5	
II. Profit and loss account												
Turnover	5,184.7	5,430.6	2,278.4	2,436.5	267.1	277.1	36.2	37.1	26.4	27.1	43.8	
Change in stocks of own products 10	18.2	10.0	5.0	5.2	0.1	0.1	-0.2	0.1	0.0	0.3	0.2	
Total output	5,202.9	5,440.6	2,283.4	2,441.7	267.3	277.2	36.0	37.1	26.5	27.4	44.0	
Interest received	30.4	31.0	15.6	16.4	0.9	1.1	0.2	0.2	0.1	0.1	0.1	
Other income	223.8	238.6	117.8	124.6	10.6	10.7	1.9	1.6	0.8	0.9	1.4	
Total income	5,457.1	5,710.2	2,416.9	2,582.7	278.8	288.9	38.1	38.9	27.4	28.4	45.5	
Cost of materials	3,255.5	3,419.0	1,217.0	1,315.1	167.5	176.7	20.1	21.0	16.2	17.0	23.3	
Labour cost 11	986.4	995.5	544.1	551.5	37.4	37.3	9.5	9.2	5.2	5.1	11.5	
Depreciation	189.9	191.0	97.7	100.8	11.8	11.3	1.6	1.5	0.5	0.5	2.2	
of tangible fixed assets	167.0	169.2	87.7	90.5	10.7	10.5	1.4	1.3	0.4	0.4	2.0	
Other 12	23.0	21.8	10.0	10.4	1.1	0.8	0.3	0.2	0.1	0.1	0.2	
Interest paid	69.2	69.0	27.9	28.5	3.5	3.4	0.6	0.6	0.4	0.3	1.0	
Taxes	165.6	184.5	115.3	132.6	7.6	7.8	0.4	0.4	0.3	0.3	0.4	
on income and earnings 13	47.3	57.4	25.3	32.6	2.1	2.2	0.3	0.4	0.2	0.3	0.4	
Other 14	118.3	127.1	90.1	100.0	5.6	5.6	0.1	0.1	0.0	0.0	0.1	
of which: Excise taxes	106.3	109.7	84.8	86.9	3.8	2.9	0.0	0.0	0.0	0.0	0.0	
Other cost	715.1	750.2	373.8	393.4	46.3	47.5	5.5	5.7	4.4	4.5	6.6	
Total cost	5,381.8	5,609.2	2,375.8	2,522.0	274.0	284.0	37.7	38.4	26.9	27.8	45.1	
Profit for the year 15	75.4	101.0	41.1	60.7	4.8	5.0	0.4	0.5	0.5	0.6	0.5	
Annual result before taxes on income 16	130.9	168.3	71.5	98.2	7.4	7.7	0.7	1.2	0.9	1.0	0.8	

* Expanded figures for the former Federal territory including Berlin (west) on the basis of partly estimated turnover according to the turnover tax statistics of the Federal Statistical Office. — 1 Electricity, gas and water supply, mining, manufacturing, construction, wholesale and retail trade and transport. — 2 Including reproduction of

recorded media. — 3 Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — 4 Including intangible assets. — 5 Including contracts in progress. — 6 Notes and coins and bank balances. — 7 Less adjustments to capital accounts. — 8 Capital, reserves and profit

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1997	Manufacture of pulp, paper and paper products		Publishing and printing ²		Manufacture of chemicals and chemical products ³		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		Item
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	
9.6	14.4	14.9	19.2	19.2	42.7	40.0	12.8	13.7	21.0	21.3	I. Balance sheet
7.9	6.4	6.5	8.6	9.7	27.1	27.4	8.6	9.0	9.7	10.2	Assets
2.4	2.5	2.7	1.9	2.2	7.1	7.3	2.6	2.8	2.4	2.6	Tangible fixed assets ⁴
1.2	0.8	0.8	2.1	2.3	4.1	6.8	1.4	1.5	1.4	1.7	Stocks ⁵
											of which
3.7	2.9	2.9	4.4	4.9	15.8	13.2	4.3	4.5	5.3	5.3	Raw materials and consumables
											Work in progress
											Finished goods, goods for resale
17.4	20.8	21.4	27.7	28.9	69.8	67.4	21.4	22.7	30.7	31.5	Non-financial assets
1.0	1.7	2.1	4.5	4.7	8.2	8.3	2.0	2.4	3.5	3.9	Cash ⁶
6.8	9.2	9.8	24.5	24.3	57.8	59.1	13.7	15.4	14.4	15.9	Debtors
6.2	8.3	8.9	22.0	22.0	52.1	51.7	12.7	14.6	12.7	14.0	Short-term
											of which
4.3	4.7	5.1	11.6	11.5	18.9	20.3	7.1	7.7	5.8	5.9	Trade debtors
0.6	0.9	0.9	2.5	2.3	5.8	7.4	0.9	0.9	1.7	1.9	Long-term
0.1	0.5	0.6	1.4	1.5	5.3	5.7	0.2	0.2	0.5	0.4	Investments
0.8	4.0	4.2	5.4	5.3	80.9	66.7	3.6	4.2	10.0	8.2	Participating interests
8.7	15.4	16.6	35.7	35.8	152.2	139.8	19.5	22.2	28.4	28.5	Financial assets
0.1	0.1	0.1	0.4	0.4	0.4	0.2	0.1	0.1	0.1	0.2	Prepayments
26.3	36.2	38.1	63.9	65.1	222.4	207.5	41.0	45.1	59.2	60.1	Balance sheet total ⁷
											Liabilities
2.5	8.7	9.8	9.6	10.2	85.6	75.8	9.3	10.8	14.8	14.8	Own funds ^{8, 9}
21.6	20.9	21.3	38.3	37.8	70.2	71.0	24.2	26.4	31.8	32.7	Creditors
13.0	12.5	12.7	26.4	26.1	58.0	59.4	16.8	18.8	21.5	21.7	Short-term
											of which
4.2	3.1	3.1	5.2	5.2	6.3	5.3	3.9	4.1	5.2	5.4	to credit institutions
4.5	3.9	3.8	8.5	8.7	11.4	12.0	4.2	4.8	4.6	4.8	Trade creditors
8.6	8.4	8.6	11.9	11.7	12.2	11.6	7.4	7.6	10.3	11.0	Long-term
											of which
6.5	4.8	5.0	7.9	7.7	3.8	3.9	4.7	5.0	6.1	6.7	to credit institutions
2.2	6.5	7.0	15.3	16.4	66.2	60.3	7.4	7.8	12.6	12.6	Provisions ⁹
											of which
0.7	3.4	3.5	8.6	9.1	40.3	36.7	3.2	3.4	5.3	5.4	Provisions for pensions
23.8	27.5	28.3	53.6	54.2	136.4	131.3	31.7	34.2	44.3	45.3	Borrowed funds
0.0	0.0	0.0	0.7	0.7	0.4	0.4	0.0	0.0	0.1	0.0	Deferred income
26.3	36.2	38.1	63.9	65.1	222.4	207.5	41.0	45.1	59.2	60.1	Balance sheet total ⁷
											II. Profit and loss account
45.1	54.7	58.1	112.2	114.2	213.8	227.6	72.8	78.5	71.6	74.0	Turnover
0.3	-0.2	0.1	0.0	0.4	0.1	0.1	0.3	0.3	0.5	0.1	Change in stocks of own products ¹⁰
45.4	54.5	58.2	112.1	114.6	213.9	227.7	73.1	78.8	72.1	74.1	Total output
0.1	0.2	0.2	0.7	0.7	2.3	1.9	0.2	0.2	0.5	0.4	Interest received
1.3	2.3	2.5	5.9	6.6	18.2	16.6	3.1	3.3	4.3	4.9	Other income
46.8	57.1	60.9	118.8	121.9	234.3	246.2	76.4	82.3	76.8	79.4	Total income
24.6	28.6	30.9	45.6	46.0	104.4	110.5	36.9	40.6	31.7	33.0	Cost of materials
11.4	12.4	12.5	34.8	35.4	52.3	50.2	19.8	20.5	19.8	20.3	Labour cost ¹¹
2.1	3.1	3.2	5.7	6.2	12.2	12.2	3.8	3.9	5.1	5.2	Depreciation
1.9	2.8	3.0	5.0	5.1	11.0	11.2	3.4	3.6	4.7	4.8	of tangible fixed assets
0.2	0.3	0.2	0.7	1.1	1.2	1.1	0.4	0.3	0.3	0.4	Other ¹²
1.0	1.0	0.9	1.9	1.7	2.7	2.9	1.0	1.0	1.3	1.4	Interest paid
0.4	0.7	1.0	1.6	2.0	5.3	6.5	1.0	1.1	1.3	1.4	Taxes
0.3	0.6	0.9	1.4	1.8	4.7	6.1	0.8	1.0	1.1	1.2	on income and earnings ¹³
0.1	0.1	0.1	0.2	0.2	0.5	0.4	0.1	0.1	0.2	0.2	Other ¹⁴
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	of which: Excise taxes
6.5	10.5	11.0	26.7	27.5	49.3	54.4	12.2	13.3	15.4	15.9	Other cost
46.0	56.2	59.5	116.3	118.7	226.2	236.7	74.7	80.4	74.7	77.3	Total cost
0.8	0.9	1.4	2.4	3.2	8.1	9.5	1.7	1.9	2.2	2.1	Profit for the year ¹⁵
											Annual result before taxes
1.1	2.0	2.8	4.8	6.1	14.5	17.5	2.8	3.2	4.0	4.0	on income ¹⁶

brought forward less adjustments to capital accounts. — ⁹ Including pro rata share of special reserves. — ¹⁰ Including other capitalised production. — ¹¹ Wages, salaries, social security contributions and voluntary social security expenditure. — ¹² Write-downs of current

and financial assets. — ¹³ In the case of partnerships and sole proprietorships trade earnings tax only. — ¹⁴ Including trade capital tax. — ¹⁵ Total income less total cost. — ¹⁶ Profit for the year before profit and loss transfers and before taxes on income and earnings.

West German enterprises' balance sheet and profit and loss account, by economic sector * (cont'd)

DM billion

Item	Manufacturing sector (cont'd); of which										
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trailers 1
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
I. Balance sheet											
Assets											
Tangible fixed assets 4	20.5	18.9	29.1	29.9	31.3	32.2	20.9	22.5	7.0	8.2	38.0
Stocks 5	14.0	14.1	31.1	30.8	64.2	61.5	32.8	33.9	10.7	11.7	25.5
of which											
Raw materials and consumables	4.2	4.4	6.8	7.4	12.5	12.7	6.7	7.2	2.8	3.0	6.0
Work in progress	4.6	4.9	11.3	10.1	27.3	27.3	7.3	6.9	3.5	3.9	7.3
Finished goods, goods for resale	5.0	4.5	9.7	9.8	13.5	12.7	9.4	9.6	3.7	3.9	11.9
Non-financial assets	34.5	32.9	60.2	60.7	95.5	93.6	53.7	56.4	17.7	19.9	63.6
Cash 6	1.8	1.8	6.1	6.1	9.9	10.9	4.7	5.0	1.8	2.0	14.9
Debtors	17.0	22.2	33.1	34.3	70.7	71.7	48.3	53.8	14.1	16.8	53.1
Short-term	15.5	20.2	30.6	31.4	67.7	68.9	46.2	51.4	12.3	14.6	48.5
of which											
Trade debtors	7.5	9.8	18.7	18.9	33.9	33.7	21.0	22.1	6.6	7.0	14.3
Long-term	1.5	2.1	2.5	3.0	3.1	2.8	2.1	2.4	1.8	2.2	4.7
Investments	1.0	0.5	0.6	0.9	4.9	4.3	13.5	17.1	0.2	0.1	6.1
Participating interests	8.8	11.2	6.8	5.6	17.9	20.6	25.8	30.6	2.8	3.7	36.9
Financial assets	28.6	35.8	46.6	46.8	103.4	107.5	92.3	106.5	18.9	22.6	111.1
Prepayments	0.1	0.1	0.4	0.5	0.5	0.5	0.2	0.2	0.1	0.1	0.2
Balance sheet total 7	63.2	68.8	107.2	108.0	199.4	201.7	146.2	163.1	36.7	42.6	174.9
Liabilities											
Own funds 8, 9	17.2	20.5	18.3	17.8	40.4	43.1	35.5	41.8	7.4	9.9	41.3
Creditors	26.3	29.6	70.5	72.9	110.7	109.7	62.4	69.7	19.5	21.0	59.1
Short-term	18.7	21.4	49.7	50.1	91.4	90.8	51.5	59.4	14.1	15.4	52.6
of which											
to credit institutions	3.2	3.5	10.4	11.6	12.7	11.4	5.2	6.4	3.8	4.3	5.2
Trade creditors	5.1	5.9	12.8	13.5	17.5	17.0	9.2	10.2	2.9	3.3	18.3
Long-term	7.6	8.2	20.8	22.8	19.2	18.9	10.9	10.3	5.4	5.6	6.4
of which											
to credit institutions	3.5	3.7	12.4	14.0	10.3	9.7	4.1	4.5	2.9	3.1	2.8
Provisions 9	19.6	18.6	18.3	17.2	48.1	48.8	48.2	51.5	9.8	11.6	74.1
of which											
Provisions for pensions	11.6	10.5	8.7	8.0	21.3	21.4	22.8	25.4	5.7	6.8	32.9
Borrowed funds	45.9	48.3	88.8	90.2	158.8	158.5	110.6	121.2	29.2	32.6	133.2
Deferred income	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.3
Balance sheet total 7	63.2	68.8	107.2	108.0	199.4	201.7	146.2	163.1	36.7	42.6	174.9
II. Profit and loss account											
Turnover	94.8	105.8	171.5	178.1	262.1	270.8	178.8	197.3	52.1	56.3	312.0
Change in stocks of own products 10	-0.3	0.4	1.2	1.1	3.9	0.4	0.6	0.0	0.4	0.5	0.8
Total output	94.5	106.2	172.7	179.2	266.1	271.2	179.4	197.3	52.6	56.8	312.8
Interest received	0.4	0.4	0.7	0.6	1.9	1.8	2.3	3.0	0.2	0.3	2.6
Other income	4.7	5.5	6.2	6.8	12.9	13.8	9.3	11.0	3.0	3.4	16.6
Total income	99.7	112.2	179.7	186.6	280.8	286.8	191.0	211.3	55.8	60.5	331.9
Cost of materials	58.6	68.3	81.3	82.5	135.9	137.4	101.6	114.0	23.3	25.4	197.7
Labour cost 11	22.3	22.9	54.8	57.4	82.8	81.2	51.9	53.9	18.5	19.4	70.5
Depreciation	4.2	4.3	8.1	8.0	9.2	9.2	7.4	7.6	2.1	2.2	13.1
of tangible fixed assets	4.1	4.1	7.4	7.3	7.9	7.8	6.3	6.7	1.8	1.9	12.5
Other 12	0.2	0.2	0.7	0.7	1.3	1.4	1.1	0.9	0.4	0.3	0.6
Interest paid	1.1	1.1	2.7	2.8	3.4	3.3	2.5	2.9	0.8	0.8	1.7
Taxes	0.7	1.0	2.3	2.5	3.4	3.8	2.6	2.6	0.8	0.9	3.9
on income and earnings 13	0.6	0.9	2.0	2.3	3.0	3.4	2.2	2.3	0.7	0.8	3.4
Other 14	0.2	0.2	0.3	0.3	0.5	0.4	0.3	0.3	0.1	0.1	0.5
of which: Excise taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other cost	11.6	12.8	26.1	27.6	41.9	42.9	21.4	24.6	9.3	10.1	43.2
Total cost	98.5	110.4	175.2	180.8	276.7	277.7	187.3	205.5	54.8	58.9	330.1
Profit for the year 15	1.1	1.7	4.4	5.8	4.1	9.1	3.7	5.8	1.0	1.6	1.9
Annual result before taxes on income 16	1.8	2.8	6.5	8.5	7.6	12.2	5.6	8.1	1.8	2.2	6.7

* Expanded figures for the former Federal territory including Berlin (west) on the basis of partly estimated turnover according to the turnover tax statistics of the Federal Statistical Office. — 1 Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — 2 Including re-

pair of motor vehicles and motorcycles and personal and household goods. — 3 Excluding communication. — 4 Including intangible assets. — 5 Including contracts in progress. — 6 Notes and coins and bank balances. — 7 Less adjustments to capital accounts. — 8 Capital, reserves and profit brought forward less adjustments to capital

Deutsche Bundesbank

facture motor trailers semi-	Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) 2		Transport 3 (excluding trans- port via railways)		Item
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
46.9	132.8	138.0	43.7	42.2	68.4	70.4	77.2	80.6	69.1	73.4	I. Balance sheet
25.7	8.9	7.9	137.9	127.4	123.0	128.9	154.9	163.5	2.8	2.6	Assets
6.3	5.1	4.6	6.2	5.9	5.7	5.7	4.6	4.3	1.1	1.3	Tangible fixed assets 4
8.2	0.4	0.5	27.1	24.6	2.5	2.3	1.3	1.4	0.4	0.4	Stocks 5
10.5	1.5	1.8	11.1	10.9	109.9	115.6	148.2	156.8	0.6	0.6	of which
											Raw materials and consumables
											Work in progress
											Finished goods, goods for resale
72.5	141.7	145.9	181.5	169.7	191.5	199.3	232.1	244.1	71.9	76.0	Non-financial assets
20.6	13.3	9.8	21.2	17.9	26.6	27.5	16.1	15.5	7.7	9.8	Cash 6
60.4	68.3	69.3	91.6	87.1	210.0	213.7	90.1	93.3	40.7	44.5	Debtors
56.5	59.4	61.8	86.2	81.2	198.8	203.5	83.4	86.8	35.2	39.2	Short-term
											of which
14.1	23.3	22.2	51.6	49.2	123.2	127.4	44.9	46.1	18.6	20.0	Trade debtors
3.9	8.9	7.6	5.4	5.8	11.2	10.2	6.7	6.5	5.5	5.3	Long-term
9.4	38.2	38.8	7.6	7.6	2.5	2.7	0.8	0.8	0.8	2.0	Investments
38.4	48.8	54.5	7.1	6.9	26.6	29.4	13.8	13.7	7.1	7.7	Participating interests
128.8	168.7	172.4	127.5	119.5	265.7	273.2	120.8	123.4	56.4	64.0	Financial assets
0.3	1.0	1.0	3.7	3.6	1.5	1.6	1.6	1.7	1.3	1.6	Prepayments
201.6	311.3	319.3	312.8	292.8	458.7	474.1	354.4	369.1	129.6	141.6	Balance sheet total 7
48.5	76.8	77.5	18.0	14.8	66.7	72.1	10.2	10.7	18.1	22.5	Liabilities
59.8	104.1	111.7	260.1	245.6	347.1	355.4	311.7	324.4	87.3	91.0	Own funds 8, 9
52.0	58.8	64.9	222.8	206.8	280.7	289.0	218.2	227.3	50.2	54.8	Creditors
											Short-term
6.1	5.0	5.3	29.5	28.8	65.2	67.3	70.5	74.0	11.5	12.8	of which
19.8	12.4	12.5	42.4	41.2	111.1	110.8	85.3	89.5	18.3	19.3	to credit institutions
7.8	45.3	46.8	37.3	38.9	66.4	66.4	93.4	97.1	37.1	36.1	Trade creditors
											Long-term
2.9	22.2	21.9	27.2	29.3	38.6	39.6	67.7	71.5	26.3	26.4	of which
92.9	124.8	124.5	34.3	32.0	44.0	45.6	31.8	33.2	23.5	27.0	to credit institutions
43.8	29.6	29.2	8.3	8.2	16.4	17.5	12.8	13.5	10.7	11.9	Provisions 9
											of which
											Provisions for pensions
152.7	228.9	236.2	294.4	277.6	391.1	401.0	343.4	357.6	110.8	118.0	Borrowed funds
0.4	5.6	5.6	0.4	0.4	0.8	1.0	0.8	0.8	0.7	1.1	Deferred income
201.6	311.3	319.3	312.8	292.8	458.7	474.1	354.4	369.1	129.6	141.6	Balance sheet total 7
357.8	208.1	214.5	367.4	357.6	1,214.9	1,254.7	898.2	937.7	174.8	186.7	II. Profit and loss account
0.5	1.5	1.3	10.8	2.7	0.2	0.4	0.6	0.3	0.2	0.2	Turnover
											Change in stocks of own products 10
358.3	209.6	215.8	378.2	360.3	1,215.1	1,255.1	898.7	938.0	175.0	186.9	Total output
3.1	4.1	4.0	2.0	1.9	4.6	4.6	2.2	2.3	1.0	1.2	Interest received
19.6	12.9	12.5	14.3	14.2	31.9	35.0	24.4	26.1	17.7	19.1	Other income
381.0	226.6	232.3	394.5	376.4	1,251.6	1,294.7	925.3	966.4	193.8	207.2	Total income
234.3	129.1	135.6	192.0	184.6	982.7	1,015.3	641.7	671.8	75.2	78.9	Cost of materials
73.4	30.3	29.8	128.1	120.4	101.9	105.2	118.3	121.6	51.2	54.3	Labour cost 11
16.4	19.0	18.5	14.9	13.7	19.9	19.9	18.6	17.8	16.2	15.9	Depreciation
14.6	18.0	18.0	11.6	10.9	14.8	14.6	16.3	16.1	15.1	15.2	of tangible fixed assets
1.7	0.9	0.5	3.3	2.8	5.1	5.3	2.3	1.7	1.2	0.7	Other 12
2.1	3.2	3.2	6.2	6.1	12.7	12.5	14.4	14.1	4.1	4.1	Interest paid
5.6	9.6	11.3	3.0	2.7	22.8	22.4	8.3	8.7	2.3	2.6	Taxes
5.2	8.1	10.1	2.2	2.0	6.0	6.6	3.1	3.3	1.3	1.6	on income and earnings 13
0.4	1.5	1.3	0.8	0.7	16.7	15.8	5.2	5.4	1.0	1.0	Other 14
0.0	0.6	0.6	0.0	0.0	13.5	14.7	4.5	4.7	0.0	0.0	of which: Excise taxes
45.0	29.5	27.6	47.7	46.8	101.2	107.1	112.9	118.4	41.8	46.5	Other cost
376.8	220.7	226.0	391.9	374.2	1,241.2	1,282.3	914.1	952.4	190.7	202.4	Total cost
4.2	5.9	6.3	2.6	2.2	10.5	12.4	11.2	14.0	3.1	4.8	Profit for the year 15
8.2	18.0	20.7	4.8	4.5	17.5	21.0	14.6	18.2	0.8	1.8	Annual result before taxes on income 16

accounts. — 9 Including pro rata share of special reserves. —
10 Including other capitalised production. — 11 Wages, salaries, social
security contributions and voluntary social security expenditure. —
12 Write-downs of current and financial assets. — 13 In the case of

partnerships and sole proprietorships trade earnings tax only. —
14 Including trade capital tax. — 15 Total income less total cost. —
16 Profit for the year before profit and loss transfers and before taxes
on income and earnings.

Selected ratios *

Item	All enterprises ¹		Manufacturing		of which						
					Manufacture of food products and beverages		Manufacture of textiles		Manufacture of textile products		Manu- of wood wood
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
% of balance sheet total (adjusted)											
I. Balance sheet ratios											
Assets											
Tangible fixed assets ⁴	24.3	24.3	23.2	22.9	36.0	34.8	25.0	24.5	14.4	12.9	37.0
Stocks ⁵	23.9	23.5	21.1	20.6	18.2	18.2	30.4	31.4	38.4	39.6	29.3
Cash ⁶	5.2	5.2	5.1	5.5	3.5	4.3	4.4	4.0	5.4	5.1	4.2
Debtors	31.9	32.3	31.7	32.5	30.8	30.7	33.0	33.7	35.2	36.1	25.8
Short-term	29.3	29.8	29.1	30.0	27.0	26.7	29.9	30.5	32.9	33.8	23.6
Long-term	2.6	2.5	2.6	2.6	3.8	4.0	3.1	3.2	2.4	2.3	2.2
Investments	3.0	3.2	2.8	3.1	1.0	1.2	0.7	0.5	0.2	0.1	0.4
Participating interests	11.2	11.1	15.9	15.2	10.3	10.5	6.0	5.7	6.1	5.9	2.7
Liabilities											
Own funds (adjusted) ⁷	17.8	18.1	23.6	23.8	20.2	21.3	21.2	21.6	18.3	20.7	10.8
Creditors	59.8	59.5	49.5	49.2	63.9	62.4	63.0	63.4	70.8	68.8	80.1
Short-term	45.1	44.9	37.8	37.8	43.6	43.2	42.8	44.1	52.2	51.3	48.6
Long-term	14.8	14.6	11.7	11.4	20.3	19.2	20.2	19.2	18.6	17.5	31.5
Provisions ⁷	22.0	22.1	26.7	26.8	15.8	16.1	15.7	15.0	10.9	10.5	9.1
of which: Provisions for pensions	8.9	9.0	12.9	13.0	6.3	6.4	7.9	7.3	4.2	3.9	2.6
Memo item: Turnover	165.6	168.3	151.0	154.7	198.0	197.7	167.1	173.1	214.1	208.6	165.5
% of total output											
II. Profit and loss account ratios											
Turnover	99.7	99.8	99.8	99.8	99.9	100.0	100.5	99.8	99.9	98.8	99.5
Change in stocks of own products ⁸	0.3	0.2	0.2	0.2	0.1	0.0	-0.5	0.2	0.1	1.2	0.5
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest received	0.6	0.6	0.7	0.7	0.4	0.4	0.5	0.5	0.4	0.4	0.3
Other income	4.3	4.4	5.2	5.1	4.0	3.9	5.3	4.4	3.2	3.2	3.1
Total income	104.9	105.0	105.8	105.8	104.3	104.2	105.8	104.9	103.6	103.6	103.4
Cost of materials	62.6	62.8	53.3	53.9	62.7	63.8	55.8	56.6	61.1	61.8	52.8
Labour cost ⁹	19.0	18.3	23.8	22.6	14.0	13.5	26.2	24.7	19.5	18.6	26.2
Depreciation of tangible fixed assets	3.2	3.1	3.8	3.7	4.0	3.8	3.8	3.5	1.4	1.4	4.6
Other depreciation ¹⁰	0.4	0.4	0.4	0.4	0.4	0.3	0.8	0.4	0.4	0.5	0.5
Interest paid	1.3	1.3	1.2	1.2	1.3	1.2	1.8	1.6	1.5	1.3	2.3
Taxes	3.2	3.4	5.1	5.4	2.9	2.8	1.1	1.2	1.1	1.2	1.0
on income and earnings ¹¹	0.9	1.1	1.1	1.3	0.8	0.8	0.9	1.0	0.9	1.1	0.8
Other cost	13.7	13.8	16.4	16.1	17.3	17.1	15.3	15.5	16.6	16.5	14.9
Total cost	103.4	103.1	104.0	103.3	102.5	102.5	104.7	103.5	101.6	101.2	102.3
Profit for the year	1.4	1.9	1.8	2.5	1.8	1.8	1.1	1.4	2.0	2.3	1.1
% of turnover											
Annual result ¹²	1.6	2.0	2.0	2.7	2.0	2.0	1.1	2.1	2.4	2.7	1.0
Annual result before taxes on income ¹³	2.5	3.1	3.1	4.0	2.8	2.8	1.9	3.1	3.3	3.9	1.8
Internally generated funds ¹⁴	5.4	6.0	6.4	7.6	6.2	6.5	4.9	5.5	3.6	4.7	6.2
% of turnover											
III. Other ratios											
Stocks	14.5	13.9	14.0	13.3	9.2	9.2	18.2	18.1	17.9	19.0	17.7
Short-term debtors	17.7	17.7	19.3	19.4	13.6	13.5	17.9	17.6	15.4	16.2	14.3
% of tangible fixed assets											
Own funds (adjusted)	73.2	74.4	101.8	104.0	56.1	61.3	84.7	88.3	127.1	160.8	29.0
Long-term liabilities ¹⁵	173.2	174.4	210.5	213.4	133.0	138.1	201.3	201.3	287.3	328.8	122.7
% of fixed assets ¹⁶											
Long-term liabilities ¹⁵	108.0	108.8	116.1	118.0	95.1	96.8	145.7	146.5	180.8	200.4	108.4
% of short-term creditors											
Liquidities ¹⁷ and short-term debtors	81.3	82.7	96.6	100.1	71.5	73.7	81.0	78.8	73.6	76.0	58.1
Liquidities ¹⁷ , short-term debtors and stocks	134.4	135.0	152.5	154.4	113.1	115.9	152.1	149.9	147.2	153.2	118.3
% of borrowed funds ¹⁸ less cash											
Internally generated funds ¹⁴	11.7	13.3	13.6	16.7	16.1	17.4	11.0	12.9	10.2	13.2	12.1
% of balance sheet total (adjusted)											
Annual result ¹² and interest paid	4.9	5.6	4.9	6.0	6.5	6.3	4.7	6.5	8.2	8.4	5.5

* Calculated from expanded figures. — ¹ Electricity, gas and water supply, mining, manufacturing, construction, wholesale and retail trade and transport. — ² Including reproduction of recorded media. — ³ Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — ⁴ Including intangible assets. — ⁵ Including contracts

in progress. — ⁶ Notes and coins and bank balances. — ⁷ Including pro rata share of special reserves. — ⁸ Including other capitalised production. — ⁹ Wages, salaries, social security contributions and voluntary social security expenditure. — ¹⁰ Write-downs of current and financial assets. — ¹¹ In the case of partnerships and sole proprietorships trade earnings tax only. — ¹² Profit for the year

facture and products	Manufacture of pulp, paper and paper products		Publishing and printing ²		Manufacture of chemicals and chemical products ³		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		Item
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
% of balance sheet total (adjusted)											I. Balance sheet ratios
36.3	39.7	39.0	30.0	29.5	19.2	19.3	31.3	30.4	35.4	35.5	Assets
30.0	17.6	17.1	13.4	14.9	12.2	13.2	20.9	20.0	16.4	16.9	Tangible fixed assets ⁴
3.9	4.8	5.5	7.0	7.2	3.7	4.0	4.9	5.4	5.9	6.6	Stocks ⁵
25.8	25.3	25.7	38.3	37.3	26.0	28.5	33.4	34.2	24.3	26.5	Cash ⁶
23.6	22.8	23.4	34.4	33.7	23.4	24.9	31.1	32.3	21.4	23.4	Debtors
2.2	2.5	2.3	3.9	3.6	2.6	3.6	2.3	1.9	2.8	3.1	Short-term
0.5	1.3	1.5	2.2	2.3	2.4	2.8	0.4	0.4	0.9	0.7	Long-term
2.9	11.1	10.9	8.4	8.2	36.4	32.1	8.8	9.2	16.9	13.6	Investments
											Participating interests
9.6	24.1	25.6	15.0	15.6	38.5	36.5	22.7	24.0	25.1	24.6	Liabilities
82.0	57.8	56.0	59.9	58.1	31.6	34.2	59.1	58.5	53.6	54.3	Own funds (adjusted) ⁷
49.5	34.6	33.4	41.3	40.2	26.1	28.6	41.1	41.6	36.2	36.1	Creditors
32.6	23.2	22.6	18.6	18.0	5.5	5.6	18.0	16.9	17.4	18.3	Short-term
8.4	18.0	18.3	24.0	25.1	29.8	29.1	18.1	17.3	21.2	21.0	Long-term
2.6	9.5	9.2	13.4	14.0	18.1	17.7	7.9	7.5	9.0	8.9	Provisions ⁷
171.6	151.0	152.7	175.7	175.4	96.1	109.7	177.5	174.1	120.9	123.2	of which: Provisions for pensions
											Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.4	100.4	99.8	100.0	99.6	100.0	100.0	99.6	99.6	99.3	99.9	Turnover
0.6	-0.4	0.2	0.0	0.4	0.0	0.0	0.4	0.4	0.7	0.1	Change in stocks of own products ⁸
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.3	0.4	0.4	0.7	0.6	1.1	0.8	0.3	0.3	0.7	0.6	Interest received
2.8	4.3	4.2	5.2	5.8	8.5	7.3	4.2	4.2	5.9	6.6	Other income
103.1	104.7	104.6	105.9	106.4	109.5	108.1	104.5	104.5	106.6	107.2	Total income
54.2	52.4	53.0	40.7	40.1	48.8	48.5	50.5	51.5	44.0	44.6	Cost of materials
25.1	22.7	21.5	31.1	30.9	24.5	22.1	27.1	26.1	27.5	27.4	Labour cost ⁹
4.3	5.2	5.1	4.5	4.4	5.1	4.9	4.6	4.6	6.6	6.4	Depreciation of tangible fixed assets
0.4	0.5	0.4	0.6	1.0	0.6	0.5	0.6	0.3	0.5	0.6	Other depreciation ¹⁰
2.2	1.8	1.5	1.7	1.5	1.2	1.3	1.4	1.3	1.8	1.9	Interest paid
0.9	1.2	1.7	1.4	1.7	2.5	2.8	1.3	1.4	1.9	1.9	Taxes
0.7	1.0	1.6	1.3	1.6	2.2	2.7	1.2	1.2	1.6	1.7	on income and earnings ¹¹
14.2	19.2	18.9	23.8	24.0	23.1	23.9	16.7	16.9	21.4	21.5	Other cost
101.4	103.0	102.2	103.7	103.6	105.8	104.0	102.3	102.1	103.5	104.3	Total cost
1.8	1.7	2.4	2.2	2.8	3.8	4.2	2.3	2.4	3.0	2.9	Profit for the year
% of turnover											
1.8	2.6	3.3	3.0	3.7	4.6	5.0	2.7	2.9	4.0	3.7	Annual result ¹²
2.5	3.6	4.9	4.2	5.3	6.8	7.7	3.8	4.1	5.6	5.4	Annual result before taxes on income ¹³
6.0	8.3	9.5	8.9	10.1	10.2	7.6	7.7	8.3	8.4	10.8	Internally generated funds ¹⁴
% of turnover											III. Other ratios
17.5	11.7	11.2	7.6	8.5	12.7	12.0	11.8	11.5	13.6	13.7	Stocks
13.8	15.1	15.3	19.6	19.2	24.3	22.7	17.5	18.6	17.7	19.0	Short-term debtors
% of tangible fixed assets											
26.4	60.7	65.7	49.9	52.9	200.5	189.4	72.6	79.0	70.8	69.5	Own funds (adjusted)
124.8	145.2	149.6	158.4	163.2	328.2	313.2	156.4	160.3	147.6	148.6	Long-term liabilities ¹⁵
% of fixed assets ¹⁶											
109.3	107.6	110.9	112.1	116.4	107.8	109.1	115.1	116.6	94.4	100.5	Long-term liabilities ¹⁵
% of short-term creditors											
56.6	82.5	89.9	105.5	107.4	112.1	109.4	88.3	91.1	77.2	84.4	Liquidities ¹⁷ and short-term debtors
117.2	133.4	140.9	138.0	144.6	158.8	155.6	139.1	139.1	122.6	131.2	Liquidities ¹⁷ , short-term debtors and stocks
% of borrowed funds ¹⁸ less cash											
11.8	17.6	21.1	20.4	23.2	17.0	14.0	18.8	20.4	14.7	19.3	Internally generated funds ¹⁴
% of balance sheet total (adjusted)											
6.8	6.5	7.4	8.1	9.2	5.6	6.9	7.2	7.2	7.1	6.9	Annual result ¹² and interest paid

before profit and loss transfers. — ¹³ Taxes on income and earnings. — ¹⁴ Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — ¹⁵ Own funds, provisions for pensions, long-term creditors and special

reserves. — ¹⁶ Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — ¹⁷ Cash and investments held as current assets. — ¹⁸ Creditors, provisions and pro rata share of special reserves.

Selected ratios * (cont'd)

Item	Manufacturing sector (cont'd); of which											
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trai- lers 1	
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
I. Balance sheet ratios	% of balance sheet total (adjusted)											
Assets												
Tangible fixed assets 4	32.5	27.4	27.2	27.7	15.7	15.9	14.3	13.8	19.2	19.3	21.8	
Stocks 5	22.1	20.5	29.0	28.5	32.2	30.5	22.4	20.8	29.1	27.4	14.6	
Cash 6	2.8	2.7	5.7	5.6	4.9	5.4	3.2	3.1	4.8	4.7	8.5	
Debtors	26.9	32.3	30.9	31.8	35.5	35.6	33.0	33.0	38.5	39.4	30.4	
Short-term	24.5	29.3	28.5	29.1	33.9	34.2	31.6	31.5	33.6	34.2	27.7	
Long-term	2.4	3.0	2.4	2.7	1.5	1.4	1.4	1.5	4.9	5.2	2.7	
Investments	1.6	0.7	0.6	0.8	2.4	2.1	9.3	10.5	0.6	0.3	3.5	
Participating interests	14.0	16.3	6.3	5.1	9.0	10.2	17.7	18.7	7.5	8.7	21.1	
Liabilities												
Own funds (adjusted) 7	27.3	29.8	17.1	16.4	20.3	21.4	24.3	25.6	20.2	23.2	23.6	
Creditors	41.6	43.0	65.8	67.5	55.5	54.4	42.7	42.7	53.1	49.4	33.8	
Short-term	29.5	31.1	46.4	46.4	45.9	45.0	35.2	36.4	38.3	36.2	30.1	
Long-term	12.1	12.0	19.4	21.1	9.6	9.4	7.5	6.3	14.8	13.1	3.7	
Provisions 7	31.1	27.1	17.1	15.9	24.1	24.2	32.9	31.6	26.6	27.3	42.4	
of which: Provisions for pensions	18.3	15.3	8.1	7.4	10.7	10.6	15.6	15.6	15.4	16.1	18.8	
Memo item: Turnover	150.0	153.7	160.0	164.9	131.5	134.3	122.3	121.0	142.0	132.3	178.4	
II. Profit and loss account ratios	% of total output											
Turnover	100.3	99.6	99.3	99.4	98.5	99.8	99.7	100.0	99.2	99.1	99.7	
Change in stocks of own products 8	-0.3	0.4	0.7	0.6	1.5	0.2	0.3	0.0	0.8	0.9	0.3	
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Interest received	0.4	0.4	0.4	0.3	0.7	0.6	1.3	1.5	0.5	0.5	0.8	
Other income	5.0	5.2	3.6	3.8	4.8	5.1	5.2	5.6	5.6	5.9	5.3	
Total income	105.4	105.6	104.0	104.1	105.5	105.7	106.4	107.1	106.1	106.4	106.1	
Cost of materials	62.0	64.3	47.1	46.1	51.1	50.6	56.6	57.7	44.3	44.7	63.2	
Labour cost 9	23.6	21.6	31.7	32.0	31.1	30.0	28.9	27.3	35.2	34.1	22.5	
Depreciation of tangible fixed assets	4.3	3.9	4.3	4.1	3.0	2.9	3.5	3.4	3.3	3.3	4.0	
Other depreciation 10	0.2	0.2	0.4	0.4	0.5	0.5	0.6	0.5	0.7	0.6	0.2	
Interest paid	1.1	1.1	1.6	1.6	1.3	1.2	1.4	1.5	1.6	1.5	0.6	
Taxes	0.8	1.0	1.3	1.4	1.3	1.4	1.4	1.3	1.5	1.6	1.2	
on income and earnings 11	0.6	0.8	1.1	1.3	1.1	1.2	1.2	1.2	1.3	1.4	1.1	
Other cost	12.3	12.0	15.1	15.4	15.8	15.8	11.9	12.4	17.7	17.8	13.8	
Total cost	104.2	104.0	101.5	100.9	104.0	102.4	104.4	104.1	104.2	103.6	105.5	
Profit for the year	1.2	1.6	2.6	3.2	1.6	3.3	2.1	2.9	1.9	2.8	0.6	
Annual result 12	1.3	1.8	2.6	3.5	1.8	3.2	1.9	2.9	2.1	2.5	1.0	
Annual result before taxes on income 13	1.9	2.6	3.8	4.8	2.9	4.5	3.1	4.1	3.4	4.0	2.1	
Internally generated funds 14	5.5	4.9	5.8	7.4	5.0	6.8	5.2	8.5	7.6	9.7	6.2	
III. Other ratios	% of turnover											
Stocks	14.7	13.3	18.1	17.3	24.5	22.7	18.3	17.2	20.5	20.7	8.2	
Short-term debtors	16.3	19.1	17.8	17.6	25.8	25.4	25.8	26.0	23.6	25.8	15.5	
Own funds (adjusted)	84.0	108.8	62.8	59.3	128.8	133.9	170.0	185.9	105.2	120.1	108.6	
Long-term liabilities 15	180.0	210.8	165.8	163.9	259.8	260.8	336.5	350.2	265.9	274.1	213.8	
Long-term liabilities 15	119.5	123.5	124.5	126.1	151.6	148.6	143.5	140.6	160.7	159.2	99.6	
Liquidities 17 and short-term debtors	97.6	104.9	74.3	75.5	88.6	91.7	124.7	122.9	101.5	107.8	128.1	
Liquidities 17, short-term debtors and stocks	172.4	170.7	136.8	136.9	158.7	159.4	188.4	180.0	177.5	183.3	176.6	
Internally generated funds 14	11.9	11.2	11.9	15.7	8.9	12.5	8.7	14.5	14.4	17.9	16.4	
Annual result 12 and interest paid	3.6	4.4	6.7	8.4	4.0	6.0	4.0	5.4	5.2	5.3	2.9	

* Calculated from expanded figures. — 1 Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — 2 Including repair of motor vehicles and motorcycles and personal and household goods. — 3 Excluding communication. — 4 Including intangible assets. — 5 In-

cluding contracts in progress. — 6 Notes and coins and bank balances. — 7 Including pro rata share of special reserves. — 8 Including other capitalised production. — 9 Wages, salaries, social security contributions and voluntary social security expenditure. — 10 Write-downs of current and financial assets. — 11 In the case of partnerships

factory motor trailers, semi-	Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) 2		Transport 3 (excluding trans- port via railways)		Item
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
% of balance sheet total (adjusted)											I. Balance sheet ratios
23.3	42.6	43.2	14.0	14.4	14.9	14.9	21.8	21.8	53.3	51.8	Assets
12.7	2.9	2.5	44.1	43.5	26.8	27.2	43.7	44.3	2.2	1.8	Tangible fixed assets 4
10.2	4.3	3.1	6.8	6.1	5.8	5.8	4.5	4.2	6.0	6.9	Stocks 5
30.0	21.9	21.7	29.3	29.7	45.8	45.1	25.4	25.3	31.4	31.5	Cash 6
28.0	19.1	19.3	27.6	27.7	43.3	42.9	23.5	23.5	27.2	27.7	Debtors
1.9	2.9	2.4	1.7	2.0	2.4	2.2	1.9	1.8	4.2	3.8	Short-term
4.7	12.3	12.2	2.4	2.6	0.5	0.6	0.2	0.2	0.6	1.4	Long-term
19.0	15.7	17.1	2.3	2.4	5.8	6.2	3.9	3.7	5.5	5.5	Investments
											Participating interests
											Liabilities
24.1	24.7	24.3	5.8	5.1	14.5	15.2	2.9	2.9	14.0	15.9	Own funds (adjusted) 7
29.7	33.4	35.0	83.2	83.9	75.7	75.0	87.9	87.9	67.4	64.2	Creditors
25.8	18.9	20.3	71.2	70.6	61.2	61.0	61.6	61.6	38.7	38.7	Short-term
3.9	14.6	14.6	11.9	13.3	14.5	14.0	26.4	26.3	28.7	25.5	Long-term
46.1	40.1	39.0	11.0	10.9	9.6	9.6	9.0	9.0	18.1	19.1	Provisions 7
21.7	9.5	9.2	2.7	2.8	3.6	3.7	3.6	3.7	8.3	8.4	of which: Provisions for pensions
177.5	66.8	67.2	117.5	122.1	264.9	264.6	253.4	254.0	134.9	131.8	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.9	99.3	99.4	97.1	99.3	100.0	100.0	99.9	100.0	99.9	99.9	Turnover
0.1	0.7	0.6	2.9	0.7	0.0	0.0	0.1	0.0	0.1	0.1	Change in stocks of own products 8
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.9	2.0	1.8	0.5	0.5	0.4	0.4	0.2	0.2	0.6	0.6	Interest received
5.5	6.1	5.8	3.8	3.9	2.6	2.8	2.7	2.8	10.1	10.2	Other income
106.3	108.1	107.6	104.3	104.5	103.0	103.2	103.0	103.0	110.7	110.8	Total income
65.4	61.6	62.8	50.8	51.2	80.9	80.9	71.4	71.6	42.9	42.2	Cost of materials
20.5	14.5	13.8	33.9	33.4	8.4	8.4	13.2	13.0	29.2	29.1	Labour cost 9
4.1	8.6	8.4	3.1	3.0	1.2	1.2	1.8	1.7	8.6	8.2	Depreciation of tangible fixed assets
0.5	0.4	0.2	0.9	0.8	0.4	0.4	0.3	0.2	0.7	0.4	Other depreciation 10
0.6	1.5	1.5	1.6	1.7	1.0	1.0	1.6	1.5	2.3	2.2	Interest paid
1.6	4.6	5.3	0.8	0.8	1.9	1.8	0.9	0.9	1.3	1.4	Taxes
1.4	3.9	4.7	0.6	0.6	0.5	0.5	0.3	0.3	0.7	0.9	on income and earnings 11
12.6	14.1	12.8	12.6	13.0	8.3	8.5	12.6	12.6	23.9	24.9	Other cost
105.2	105.3	104.7	103.6	103.9	102.1	102.2	101.7	101.5	109.0	108.3	Total cost
1.2	2.8	2.9	0.7	0.6	0.9	1.0	1.2	1.5	1.8	2.5	Profit for the year
% of turnover											Annual result 12
0.8	4.7	4.9	0.7	0.7	0.9	1.1	1.3	1.6	-0.3	0.1	Annual result before taxes on income 13
2.3	8.6	9.6	1.3	1.3	1.4	1.7	1.6	1.9	0.5	1.0	Internally generated funds 14
10.7	14.8	13.7	4.8	3.9	2.5	2.9	3.6	3.6	10.3	10.9	
% of turnover											III. Other ratios
7.2	4.3	3.7	37.5	35.6	10.1	10.3	17.2	17.4	1.6	1.4	Stocks
15.8	28.5	28.8	23.5	22.7	16.4	16.2	9.3	9.3	20.2	21.0	Short-term debtors
% of tangible fixed assets											Own funds (adjusted)
103.5	57.9	56.1	41.3	35.1	97.5	102.4	13.2	13.3	26.2	30.6	Long-term liabilities 15
215.5	117.8	115.1	147.4	148.1	220.7	223.8	152.4	152.3	98.5	99.9	
% of fixed assets 16											Long-term liabilities 15
109.1	75.7	73.2	111.8	110.5	140.8	141.5	120.1	121.4	83.3	84.7	
% of short-term creditors											Liquidities 17 and short-term
159.8	161.1	143.9	51.0	50.9	80.8	80.4	45.8	45.2	87.1	92.7	debtors
209.1	176.4	156.0	112.9	112.5	124.6	125.0	116.8	117.2	92.7	97.4	Liquidities 17, short-term debtors
% of borrowed funds 18 less cash											and stocks
29.0	14.3	13.0	6.4	5.4	8.4	9.6	9.8	10.0	17.5	18.8	Internally generated funds 14
% of balance sheet total (adjusted)											Annual result 12 and
2.5	4.2	4.3	2.8	2.9	5.3	5.7	7.3	7.9	2.8	3.0	interest paid

and sole proprietorships trade earnings tax only. — 12 Profit for the year before profit and loss transfers. — 13 Taxes on income and earnings. — 14 Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — 15 Own

funds, provisions for pensions, long-term creditors and special reserves. — 16 Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — 17 Cash and investments held as current assets. — 18 Creditors, provisions and pro rata share of special reserves.

