European non-financial listed groups: analysis of 2012 data

ERICA (European Records of IFRS Consolidated Accounts) WG
European Committee of Central Balance Sheet Data Offices (ECCBSO)

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European Committee of
Central Balance Sheet Data Offices

EUROPEAN NON-FINANCIAL LISTED GROUPS: ANALYSIS OF 2012 DATA

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IMPORTANT INFORMATION ABOUT THE SOURCE USED (ERICA[1] DATABASE)

The data used in this study are obtained from publicly available financial statements of European non-financial listed groups, having been treated manually, by CBSO statistics and accounting specialists, to be fitted on a standard European format (ERICA format); this manual treatment involves, in some cases, the interpretation of the original data, a constraint that readers of this document should bear in mind.

The database does not represent the total population of European non-financial groups; nevertheless, the coverage attained with ERICA (in the whole dataset of around 1.000 groups, as well as in ERICA+, a subset of around 250 groups with extra accounting details) on the listed European groups is well-attuned to the situation and national composition of the stock markets. The analysis performed in this document with both datasets of ERICA, with the limitation expressed in the previous paragraph, provides a view of the position and performance of the listed non-financial European groups.

The opinions of the authors of this document do not necessarily reflect those of the national central banks to which they belong or those of the ECCBSO.

All the graphs and tables presented in the document are from the same source (ECCBSO-ERICA database), except for those cases where another is indicated.

[1] ERICA (European Records of IFRS Consolidated Accounts) is a database of the European Committee of Central Balance Sheet Data Offices.

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BOXES

ANNEXES (these annexes are only distributed in www.eccbso.org)

I INTRODUCTION AND MAIN FINDINGS

The purpose of this study is to present, in a nutshell, the information available in the ERICA database (European Records of IFRS Consolidated Accounts) for the listed non-financial groups of eight participant countries on the main trends in their profitability, their financial structure and the impact of fair value accounting on their equity and results. Two boxes, at the end of the document, provide some insights about the good coverage of the database in reference to the listed non-financial European groups of the participant countries, and its relatively high concentration in a sector of activity. In the database ERICA, as well in the population of listed groups, the importance of French and German groups, industry and, of course, the large groups (over 1.5 bn euros revenue) bias the aggregate values observed. The main findings of the current study are:

1 Profitability affected by a double-dip trend that began in 2011 and has continued during 2012

- 2012 has once more been a year of reduction in the generation of income by the European non-financial listed groups. Although revenue increased by 6% on average, due to the increase in all sectors of activity, countries and sizes, EBIT, cash flow and profits declined in 2012. In this context the European groups included in ERICA had to increase the use and rotation of their assets, to compensate for the fall in their margins.
- With consolidated figures it is not possible to isolate the data and to know whether the aforementioned increase in revenue is due to corporate growth or organic growth.
- The profits of the ERICA groups, totalling 258 billion euro in 2012, decreased by 8%.

2 Financial structure without significant changes

- The moderate increase detected in equity in 2012 (0.9%) has been based on developments in the industry sector. These coincided with a slight decline in the equity ratio, although this behaviour varies across sectors and sizes; the construction sector still posted a lower ratio than all the other sectors.
- The slight rise in cash and cash equivalents was mainly based on the preference for liquidity in the large groups, a sign of the heightened economic and financial uncertainty of the previous years.
- The moderate increase in financial debt in 2012 (2.6%) was due to the behaviour of the largest groups of the sample, although the weight of financial debt remained stable

3 Differential impact of fair value accounting on profit or loss (positive) and equity (negative) in 2012

- As in previous years the total amount of fair value impact was driven by large groups.
- In profit or loss, fair value accounting was mainly explained by reclassifications adjustments in available-for-sale financial assets, and in equity it was associated with cash flow hedges.
- The positive impact on the statement of profit or loss was due to some groups from the construction sector, and industry exerted an influence in respect of derivatives and the hedge accounting policy of the automobile sector. In equity there was a negative impact related to the interest rate, exchange rate and commodity hedging in all sectors of activity, except in construction.
- The correlation analysis shows that, as in 2011, the groups did not use fair value to control profit for the year 2012.

II PROFITABILITY, TWO YEARS OF NEGATIVE RESULTS

II.1 EBIT: IN A CRISIS ENVIRONMENT, THE OPERATIONAL SURPLUS, REPRESENTED BY EBIT, DECLINED IN 2012

The data available in ERICA for 2006-2012, analysed in previous versions of this document, reflects a double dip in profitability: from the sharp decline in 2009, the intense recovery in 2010 and the subsequent deterioration in 2011, 2012 has once more been a year of reduction in the generation of income by the European non-financial listed groups. The increase observed in 2012 in revenue, standing at 6%, was greatly influenced by the good performance in industry and energy groups; in any event, all countries, sectors and sizes registered increases in their revenue. It has to be highlighted that this increase cannot be readily analysed because it is difficult to split this behaviour into two components: organic growth of groups keeping their perimeter of consolidation, and corporate growth, i.e. the increase in revenue that merely reflects the acquisition in 2012 of new groups or subsidiaries that have been integrated in the year in the perimeter of consolidation. Significantly, EBIT and profit/losses before tax, in contrast to revenue, have performed poorly in 2012, with a deterioration in all sectors of activity, countries and sizes; the only exception is small groups, which also reflected an increase in the indicators of income.

EBIT ratios: the poor performance continued in 2012, affecting the majority of sectors of activity and sizes. To compensate, on average, groups had to increase the use of their assets

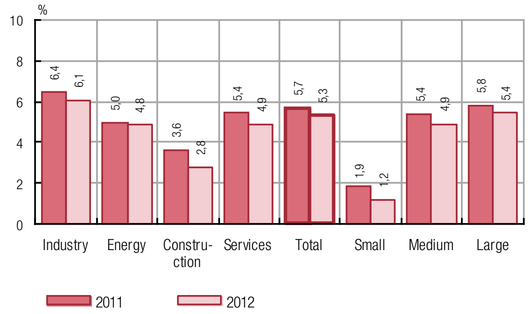
The profitability analysis based on the study of the ratio EBIT/total assets can be improved by splitting it into two components: an indicator of margins (EBIT/Revenue) and one of rotation (Revenue/Total assets). Charts II.1.1 and II.1.2 facilitate the interpretation of the behaviour of the first two variables, profitability and margins, in the year 2012 (for more details, see the full statistical annex available on the ECCBSO webpage, at http://www.eccbso.org). In 2012 the profitability of listed European groups fell slightly (-0.4 points in terms of the weighted average and -0.2 points in terms of the median), affecting in practice all sectors of activity and sizes. This was true for the weighted average, and almost so in terms of the median (which represents the behaviour of the population, not affected by the weight of a precise and singular group): only small groups and those dedicated to services had a minor increase. The decrease observed in the median data was due to a reduction in the margins and in the rotation (-0.2 and -0.3 points, respectively). But the analysis of the weighted average paints a more negative picture: the decrease in profitability (in 2012 the drop was 0.4 points, as said, from 5.7% to 5.3%) was much affected by the evolution of the margins (measured by the ratio EBIT/Revenue), that declined by 1 point (from 8.7% to 7.7%); this fall rises to 2 points in the construction and service sectors (see chart II.1.2)

In this context, the European Groups had to boost the rotation of their assets (i.e. their use), with a 3-points increase for the total sample, and higher improvements in services (the ratio grew 9 points), construction (5) and industry (a 3-points increase); only the energy sector groups had a deterioration in their ratio Revenue/Total assets.

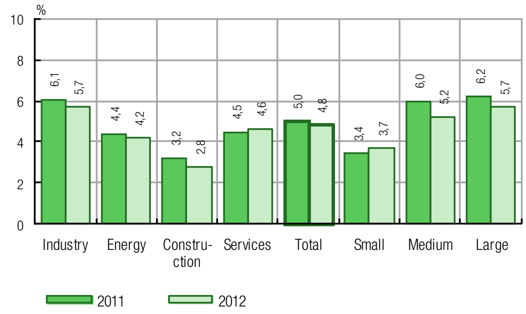
EBIT / ASSETS TOTAL

CHART II.1.1

WEIGHTED AVERAGE (%)



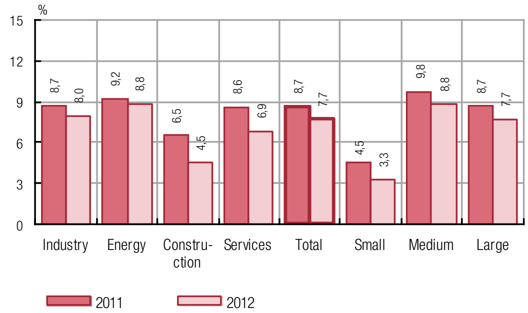
MEDIAN (%)



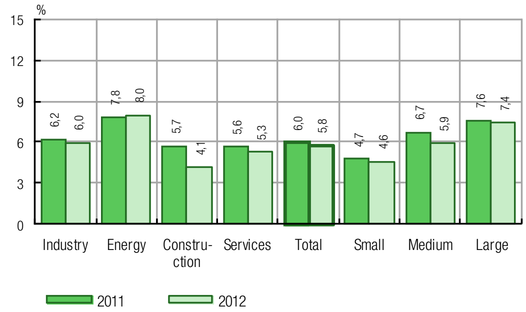
EBIT / REVENUE

CHART II.1.2

WEIGHTED AVERAGE (%)



MEDIAN (%)

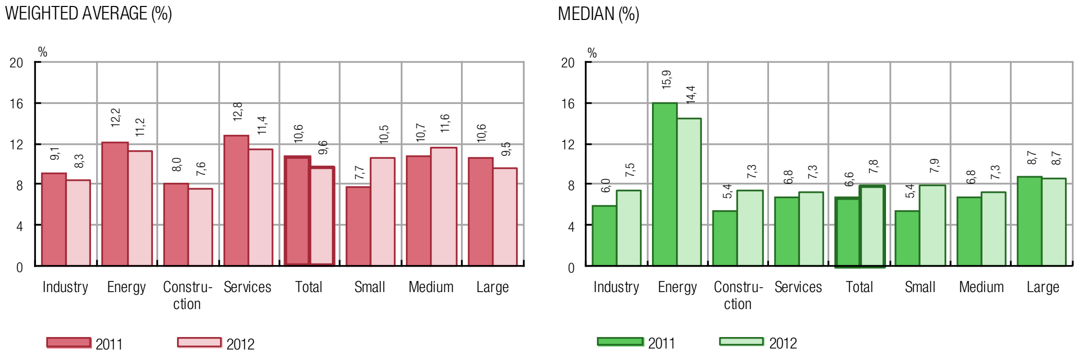


II.2 CASH FLOW FROM OPERATING ACTIVITY: DECREASE AFFECTING ALL SECTORS

The developments in cash flow from operating activity were connected to some extent in 2012 to the downward trend in EBIT; in aggregate terms the decrease (-4%) affected all sectors of activity and, by size, medium and large groups. Nevertheless, small groups showed an increase in this variable, which affects the statistical distribution in terms of ratios. Effectively, chart II.2, which shows the relationship of cash flow from operating activity to revenue, reports on average a decrease in the ratio for the total (from 10.6% in 2011 to 9.6% in 2012), and for all sectors of activity and large groups. Meanwhile, this aggregate ratio detects an increase in small and medium groups, and subsequently, the median of the ratio is increasing in nearly all sectors and sizes (except in energy, because the content of this sector of activity in terms of small and medium groups is low).

CASH FLOW OPERATING ACTIVITIES / REVENUE

CHART II.2

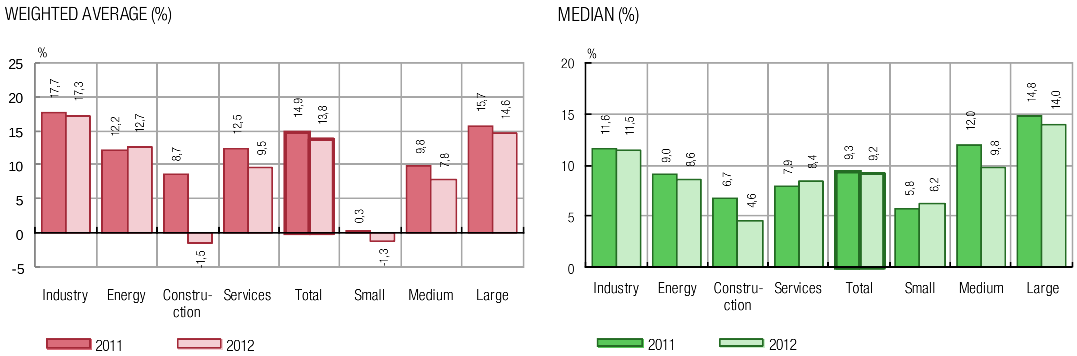


II.3 PROFIT (LOSS) BEFORE TAX: ANOTHER YEAR OF REDUCTION IN THE GENERATION OF PROFIT

The level of aggregate profits generated by the listed non-financial European groups is quite impressive, reaching 258 billion euro. 96% of these surpluses are created by large groups and 63% in the industry. In relative terms (Profits/Equity ratio) the power to create profit remains quite vigorous, standing at 13.8% for the aggregate sample. Nevertheless, in 2012, once more, the intensity of the crisis affected the European groups, reducing their profits (by around 8%), with this behaviour affecting all sectors of activity. In relative terms, the Profits/Equity ratio worsened, with a reduction of 1 point, from 14.9% to 13.8%, and what is more relevant, affecting strongly the small groups and the groups of the construction sector, which in weighted average terms recorded losses. The analysis of the statistical distribution (the median) shows that the reduction in the profit ratio had a lesser effect (the reduction in the ratio was only 0.1%), but it again affected practically all sectors of activity and sizes, as can be seen in chart II.3.

PROFIT (LOSS) BEFORE TAX/ EQUITY

CHART II.3



III FINANCIAL STRUCTURE ANALYSIS

III.1 EQUITY: MODERATE INCREASE IN EQUITY BUT WEAKENING OF THE EQUITY RATIO

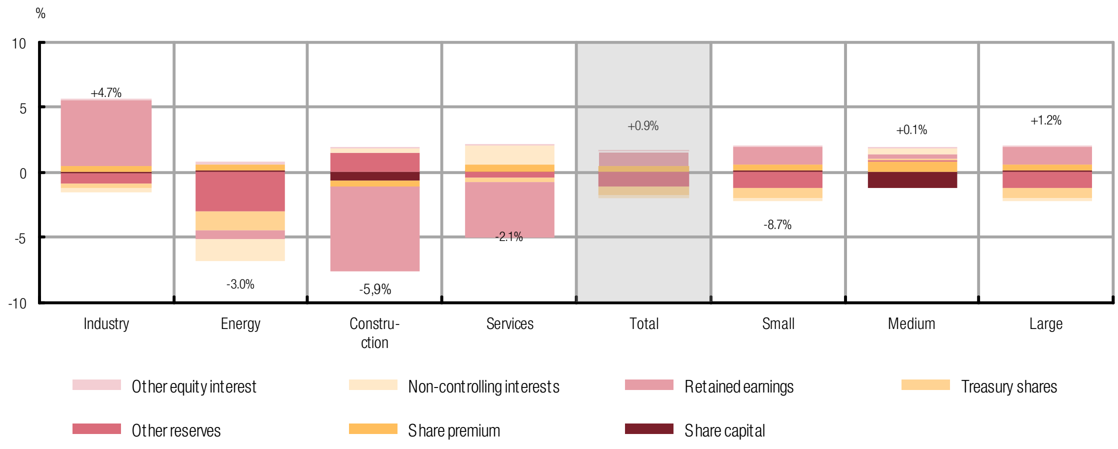
Moderate increase in equity in 2012

As in the previous year, there were only slight changes in equity with overall growth of 0.9% in 2012.
Only the industry sector showed a positive trend in the period considered, with an equity increase of 4.7%. In contrast to that, the energy, construction and services sectors posted a decrease in equity. In terms of size, large groups in particular contributed to the overall increase.

CHANGES IN THE CONSTITUENTS OF EQUITY

CHART III.1.1

CHANGE 2012 (IN %)



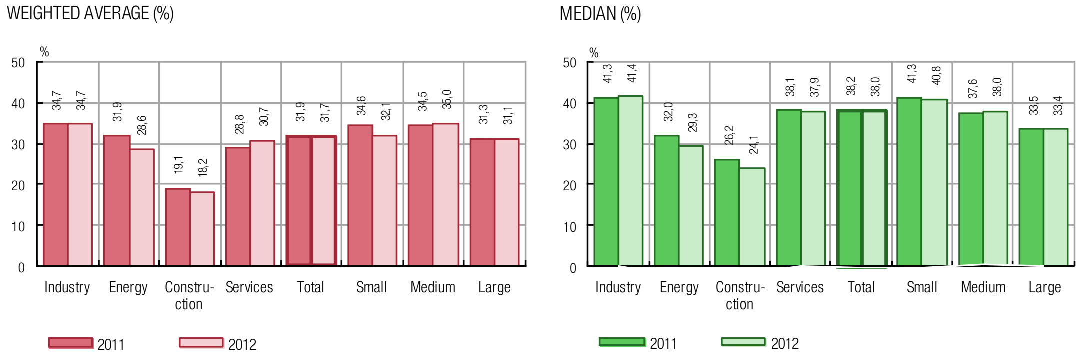
The equity ratio (Equity / Total assets) declined slightly

Both figures of the equity ratio declined slightly: the weighted mean and the median dipped 0.2 points to 31.7% and 38.0%, respectively.

The weighted average did not trend uniformly across sectors or sizes. The largest decline had been reported in the energy sector (-3.3 points). In contrast to that, the services sector showed an increase of 1.9 points. The construction sector still posted a lower ratio (less than 20%) than all the other sectors (around or above 30%). With regard to the size of the groups, only medium groups were able to improve their equity ratio slightly, by 0.5 points. The ratio of the small groups shrank by -2.5 points.

EQUITY RATIO - EQUITY / TOTAL ASSETS

GRAPH III.1.2



The picture is similar for the median. Again, the largest decline had been reported in the energy sector (-2.7 points), but the construction sector also showed a distinct fall of 2.1 points. The equity ratio of the other two sectors remained practically stable. With regard to the size of the groups, only the medium groups were able to slightly raise their ratio by 0.4 points.

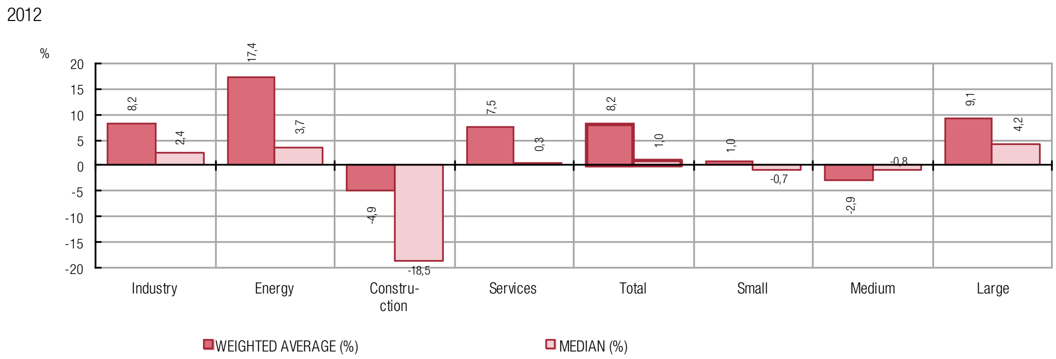
III.2 SLIGHT RISE IN CASH AND CASH EQUIVALENTS

Distinct increase in liquidity in 2012

The trend of the previous years to hold more and more cash and cash equivalents - which seemed to be broken in 2011 – resumed in 2012. The strong preference for liquidity was a sign of the heightened economic and financial uncertainty of the previous years. In 2012, there was again a distinct increase in cash and cash equivalents of 8.2% on average. In particular, the energy sector experienced strongly accelerating growth rates (17.4%). The increase in liquidity in industry (8.2%) and the services sector (7.5%) was far more moderate. Only groups in the construction sector reduced their cash funds, by 4.9%

CHANGE IN CASH AND CASH EQUIVALENTS

CHART III.2.1



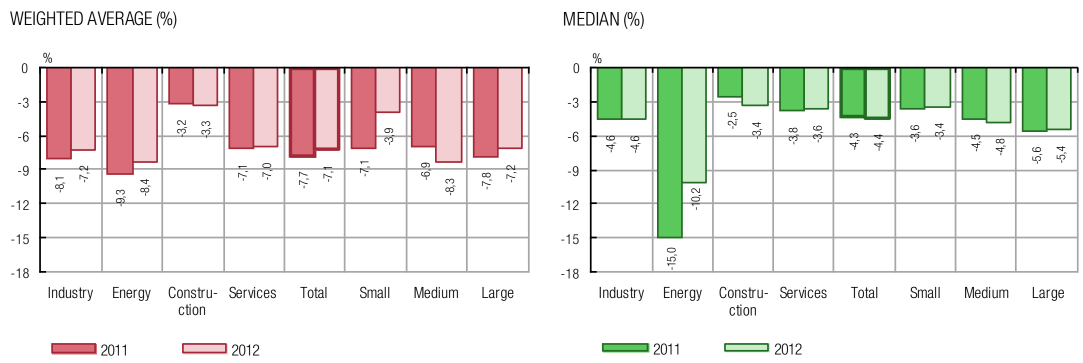
The overall median only showed a slight increase of 1.0%. Notably, the changes in single medians often differed from the changes on average. For example, the median of the construction sector fell much more steeply (-18.5%) than the weighted average. On the other hand, the increase in liquidity in the other three sectors was much less pronounced in the median than in the weighted average. This highlights the fact that large companies enhance their liquidity more than small and medium sized ones.

Slight reduction in the relative weight of net investment expenses

As in previous years, the overall net investment expenses ratio did not increase in 2012. However, there was no significant reduction in investment activities as in the year 2011; industry and the energy sector lowered their net investment expenses ratio by around 1% on average. Activity in construction and the services sector remained practically unchanged. Small groups reduced the share of net investment expenses more than large or medium sized groups. The medians across all sectors and sizes were virtually stable, but not uniform, during the last year. There was only one exception: the median of the energy sector fell significantly.

NET CASH FLOW FROM INVESTING ACTIVITIES / REVENUE

CHART III.2.2



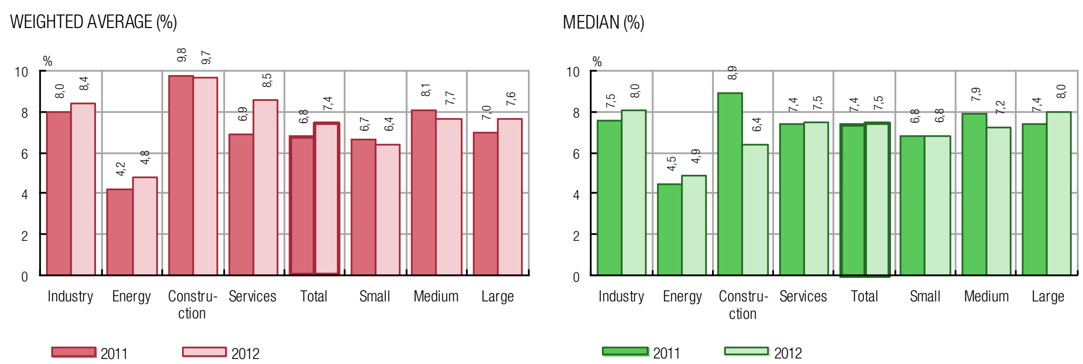
Slightly higher liquidity rate

Considering the distinct increase in cash and cash equivalents, the liquidity in relation to total assets also showed a slight increase of 0.6 points on average, with a level of 7.4% at the end of 2012. The median ratio remained largely stable (+0.1 points) at a level of 7.5% by year-end.

The main driver of the increase in the weighted average was in the services sector, where the liquidity rate rose from 6.9% to 8.5%. Industry and the energy sector marginally improved their ratio as well; only the construction sector remained practically unchanged.

CASH - CASH AND CASH EQUIVALENTS / TOTAL ASSETS

CHART III.2.3



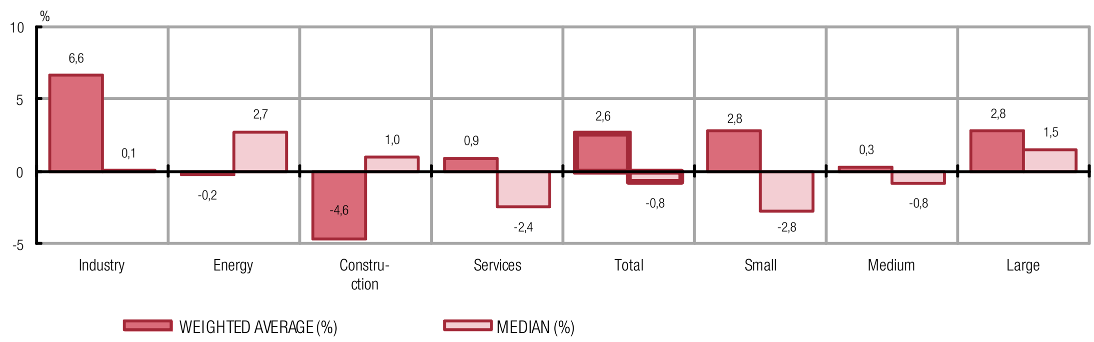
III.3 FINANCIAL DEBT ROSE SLIGHTLY AND THE INDEBTEDNESS RATE REMAINED LARGELY STABLE

Moderate increase in financial debt in 2012

Total financial debt rose moderately by 2.6% on average. The trends by sector and size were not uniform: again a strong increase in industry can be observed (+6.6%), a distinct decline in construction and a moderate gain in the services sector. The energy sector remained virtually stable. Compared to 2011, the changes in financial debt were less pronounced. In contrast to that, the median showed a slight overall decline of 0.8%. And again the trends by sector and by size were not uniform.

CHANGE IN FINANCIAL DEBT GRAPH III.3.1

2012

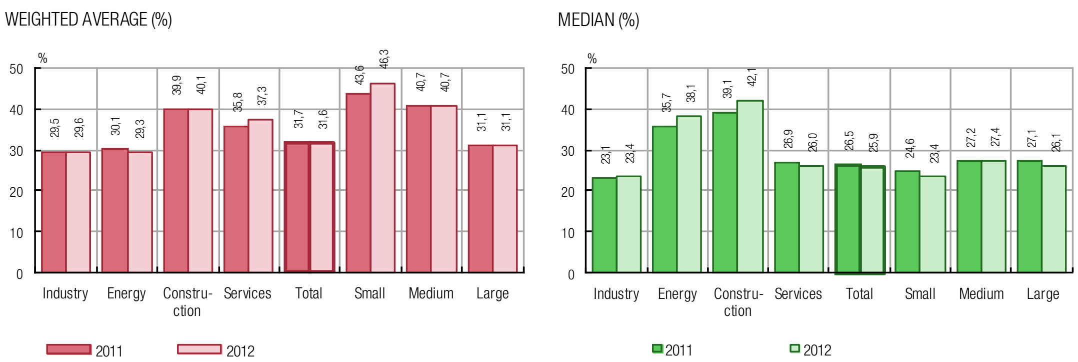


The weight of financial debt remained largely stable

Although the absolute amount of financial debt rose slightly in 2012, the indebtedness rate remained largely stable, at around 31% of total assets. The overall rate even decreased by 0.1 points on average. The most significant change can be seen in the services sector, where the ratio rose from 35.8% in 2011 to 37.3% in 2012. All other sectors showed only slight changes. Furthermore, the larger groups had an average ratio lower than the small and medium ones.

The changes in the median were more pronounced by sector than those in the weighted rate, and the changes are again not uniform. The median of the indebtedness rate across all sectors and sizes decreased by 0.6%.

FINANCIAL DEBT / TOTAL ASSETS CHART III.3.2



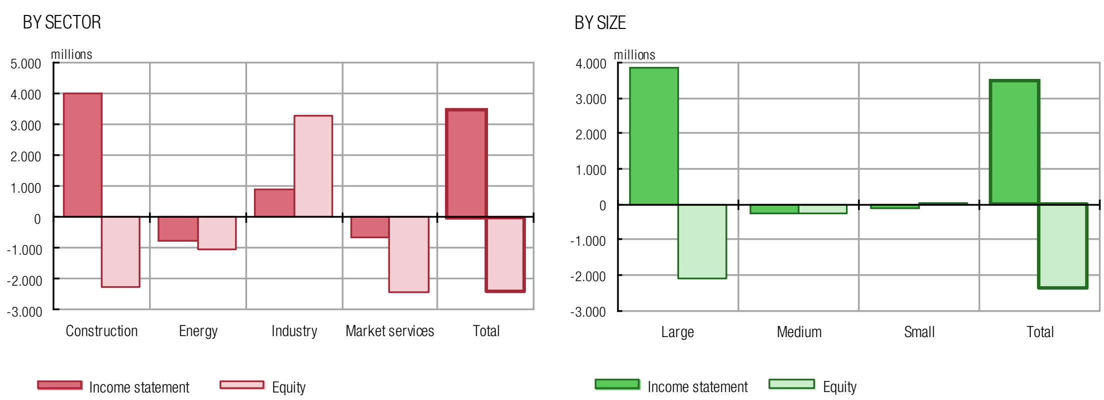
IV FAIR VALUE IMPACT ON FINANCIAL STATEMENTS

Fair value impact analysis relies on financial statements for the year 2012 and includes data from 221 groups that have been included in ERICA + (with some extra details on top of that available for the rest of the groups included in ERICA, which make this analysis possible), 148 of which were subject to fair value revaluation, corresponding to 67% of the total sample (57% in 2011). 119 groups reported fair value in the statement of profit or loss, 92 made adjustments with an impact on equity and 73 groups did not make any fair value adjustment.

IV.1 POSITIVE IMPACT ON THE STATEMENT OF PROFIT OR LOSS AND NEGATIVE IMPACT ON EQUITY

In 2012, fair value has differentiated impacts on the statement of profit or loss and on equity. While in the statement of profit or loss the impact is positive mainly due to reclassification adjustments in available-for-sale financial assets, in equity it is negative essentially due to cash flow hedges. Large groups tend to record most of all fair value revaluations compared with small and medium sized groups. As in the previous years, the total amount of fair value was driven by large groups.

FAIR VALUE REVALUATION (TOTAL BY SECTOR AND SIZE) CHART IV.1



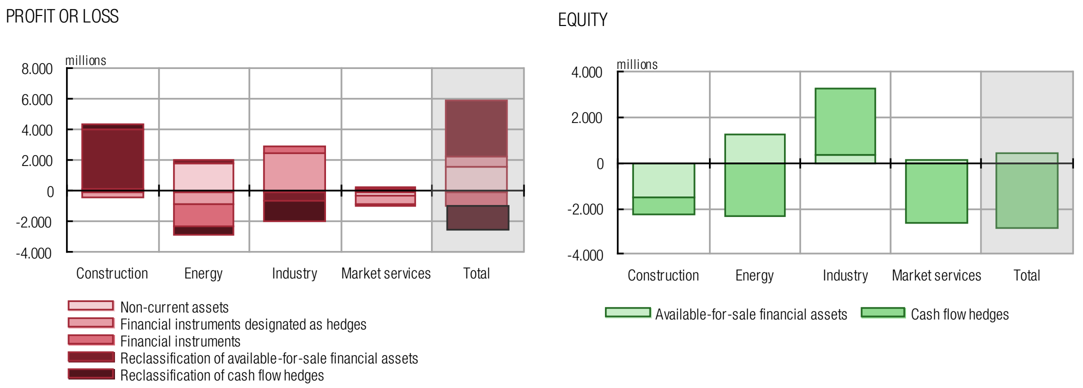
IV.1.1 Positive impact on the statement of profit or loss due to available-for-sale financial assets

In the statement of profit or loss, the total fair value impact is positive due to the construction sector, and more precisely from one company with huge losses from a decrease in the percentage of participation and also in market price shares. In energy, the fair value impact is low as a result of a contrary effect on their components. On one hand, there is a notably positive impact from non-current assets due to one group lessening its participation followed by an exit from the shareholders' pact. On the other hand, the negative impact is influenced by negative variations in fair value of commodity derivatives. Industry is clearly influenced by derivatives and the hedge accounting policy of the automobile sector. This sector uses hedging instruments such as option and forward currency contracts in order to cover currency risks attached to future transactions, interest rate swaps and commodity swaps to hedge against raw materials prices. As remeasurement of the derivatives is initially accounted for in the reserve for cash flow hedges in equity and only recognised in the statement of profit or loss when the hedge item is recognised as profit and loss, there is an impact both on the statement of profit or loss and on equity for these groups using derivatives to hedge balance sheet items and future cash flows.

IV.1.2 Negative impact on equity due to cash flow hedges

On equity the total impact is negative and mainly explained by construction and market services. By component, it is clear that the negative impact of cash flow hedges is in all sectors, except in industry. In fact, industry has a positive impact that offsets almost half of the total negative impact. In energy, the negative impact is explained by derivatives to cover interest and exchange rate variations. In market services, exchange rate hedges are used by a telecommunications group to cover the possible loss in foreign investments due to the depreciation of currencies and interest rate variation.

FAIR VALUE REVALUATION IN PROFIT OR LOSS AND EQUITY (TOTAL BY SECTOR) GRAPH IV.1.2



Overall, fair value revaluation in the statement of profit or loss has a limited weight in revenues. However, some small and medium groups have higher ratios (above 15%) which cause differences between the simple average and the weighted average, namely in market services. The weight of revaluation in equity in total equity is for all sectors less than 2%, except for the construction sector (10%), mainly due to the sector's low equity.

A correlation analysis between Fair value revaluation in the statement of profit or loss and Profit (loss) for the year, before fair value revaluation, allows us to conclude that non-financial groups did not use fair value to control profit for the year in 2012. As in previous years, fair value revaluation increased the magnitude of profit instead of smoothing it. Furthermore, a regression analysis using a set of accounting variables such as total assets, intangible assets, revenue, profits, research and development and also sector and as a dependent variable the absolute value of fair value revaluation, shows an adjusted R square of just 45% for total fair value revaluation. The low R square values indicate that accounting variables cannot be the only way to address fair value impact and that there is perhaps an absence of important variables, such as market indices.

Finally, a comparison with stock market indices shows that the trends reflected by the impact of fair value accounting groups coincide with the positive trend of the stock markets in Europe in 2012, irrespective of the measure chosen (weighted average or median). This pattern is also followed by all sectors of activity analysed (the detailed information is available in the statistical annex of the document), with the exception of energy, where some operations affected the weighted average, not reflecting properly the improvement in the the capitalisation of the European groups.

ERICA DATABASE: COVERAGE AND MAIN FIGURES BOX 1

The analysis conducted in this document is mainly based on consolidated financial statements available in the ERICA database, including data reported in 2012 by almost 1,000 non-financial European groups listed on a European stock exchange; paragraphs II and III of this document (i.e. profitability and financial structure analysis) are based on the core of common data included in ERICA, while paragraph IV (fair value impact) benefits from the availability of some extra details, obtained in this case for a sub-set of 250 groups, called ERICA + in this document[2].

REPRESENTATIVITY OF THE SAMPLE USED SECTORS AND COUNTRIES COVERED
Main figures for 2012 (filter utilized to avoid double sector and country accounting) data in billion of € TABLE BOX 1

	Number	Total Assets	Equity	Financial liabilities	EBIT	Cash Flow Op. Act.	P/(L) bef. Tax	Revenue
By country								
France	334	2196,60	727,74	603,26	115,57	150,45	96,35	1437,82
Germany	221	1823,68	548,45	557,64	95,89	103,09	95,26	1473,27
Italy	127	581,48	202,93	191,53	32,31	39,69	24,57	374,66
Austria	44	128,87	52,84	37,30	8,19	10,23	6,56	105,72
Spain	111	763,43	213,92	312,62	38,54	58,28	18,92	403,94
Belgium	76	196,32	72,70	63,31	15,38	19,12	12,40	129,34
Greece	50	81,97	29,10	29,93	1,63	5,64	0,29	59,47
Portugal	35	127,48	32,62	59,02	6,09	7,79	3,94	73,83
By sector								
1. Industry	442	2726,45	946,63	806,67	165,86	173,15	163,77	2075,39
2. Energy	50	1448,33	414,13	423,57	70,08	88,91	52,44	792,61
3. Construction	55	324,10	58,85	129,94	9,00	15,06	-0,88	199,34
4. Services	444	1453,61	446,59	542,41	70,79	117,83	42,55	1032,32
5. Not classified	6	4,08	1,87	1,02	0,32	0,29	0,27	2,42
By size (revenue)								
1. Small groups (<250mn)	470	126,80	40,69	58,61	1,53	4,89	-0,51	46,52
2. Medium (250mm-1,5bn)	286	351,86	122,99	141,68	17,26	22,73	9,60	195,86
3. Large groups (>1,5 bn)	241	5477,91	1704,38	1703,33	297,26	367,62	249,06	3859,70
Total	997	5956,57	1868,06	1903,62	316,05	395,24	258,15	4.102,08

a. Note: The number of firms by country and by sector or by size are different: some double accounted groups belong to the same country but are in different sectors.

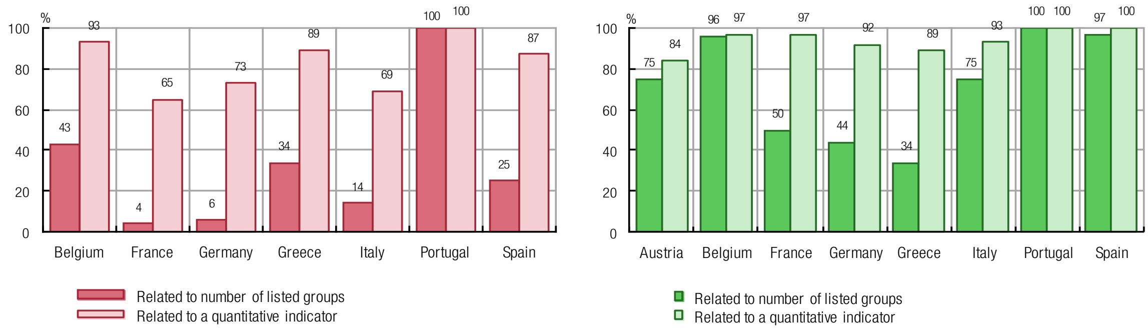
This box shows the great representativeness of the ERICA database over the listed markets of non-financial groups. Table 1 of this box sets out, accordingly, the importance of French and German groups in ERICA (as occurs in the total population): nearly 70% of the revenue, equity or total assets of the 997 groups analysed is reported by the groups of these two countries, with the percentage rising to 89% in the variable cash flow of operations activities. With regard to size, for all variables analysed (total assets, equity, financial liabilities, revenue, EBIT, cash Flow, profit/losses) between 89% and 95% are reported by the large groups (those with revenue over 1.5 bn euro). If we consider the main activity pursued by the groups (see box 2 for more details about the degree of diversification of European listed non-financial groups) the previous table details the importance of the industrial groups: 42% of financial liabilities and 50% of the EBIT are covered in industrial groups, a percentage that increases to 63% when referring to profit and loss before tax. The second sector of activity in importance is services; both, services and industry covers 89% of the total number of groups analysed.

[2] The number of groups included in ERICA is below those reported in the 2011 study (nearly 200 fewer), due to the focus of the analysis in 2012 being exclusively on listed groups: the document prepared one year ago included for 2011 some IFRS non-listed Italian groups.

The coverage of ERICA+ concerning the number of listed consolidated groups varies from Portugal (100%) to Germany (6%); however, quantitative indicators show that ERICA+ is a sound sample of the consolidated groups´ population with higher coverage rates (from 69% in Italy to 100% in Portugal). When looking at ERICA the coverage is clearly greater compared to ERICA+. ERICA contains between 44% (in Germany) and 100% (in Portugal) of all listed groups. Using a quantitative indicator the coverage is very high for all countries and varies between 84% in Austria and 100% in Portugal and Spain.

COVERAGE OF DATABASE CHART BOX 1.1

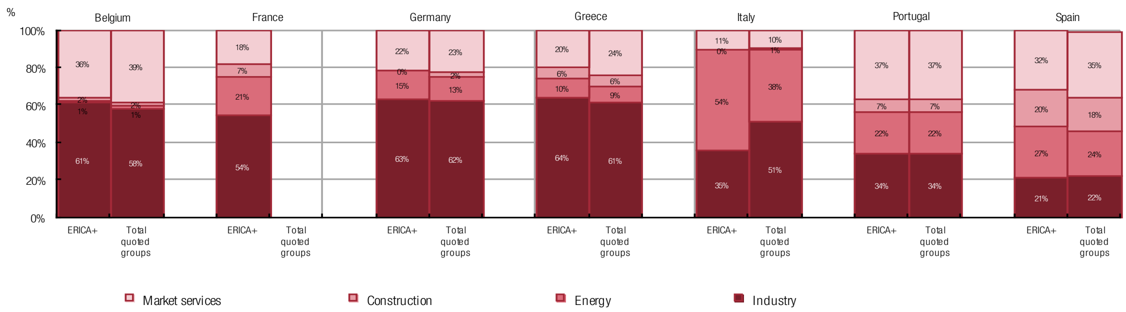
ERICA + (RELATED TO TOTAL LISTED GROUPS) ERICA (RELATED TO TOTAL LISTED GROUPS)



The sectoral breakdown of the listed European groups differs greatly from country to country. Industry is especially important in most of the countries except in Portugal and Spain. The construction sector accounts for a large part of the stock market in Austria and Spain, while in other countries it plays a minor role. The energy sector has a high share of the stock market in Italy, Portugal and Spain, but a low one in Belgium and Greece.

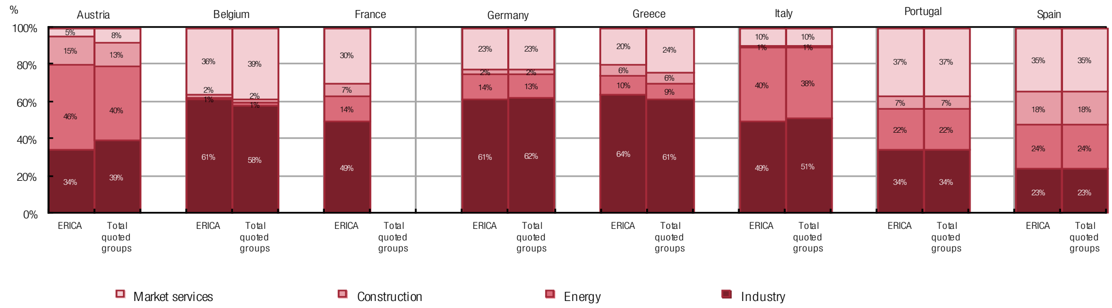
The sectoral structure is well represented by both databases even for those countries with a lower coverage in terms of quantitative indicators (i.e. in Italy, ERICA+ offers an over-represented energy sector, although it has an overall good representation in the database).

STRUCTURE BY COUNTRY AND SECTOR (RELATED TO A QUANTITATIVE INDICATOR) CHART BOX 1.2
ERICA+



STRUCTURE BY COUNTRY AND SECTOR (RELATED TO A QUANTITATIVE INDICATOR) - ERICA

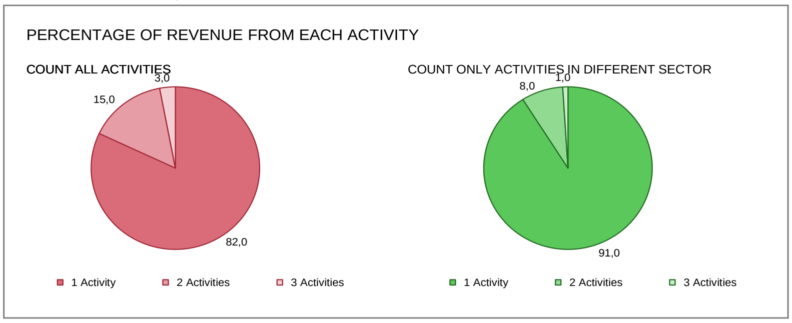
CHART BOX 1.3



ACTIVITIES PURSUED BY EUROPEAN NON-FINANCIAL LISTED GROUPS IN EUROPE: AN ANALYSIS OF THEIR DIVERSIFICATION **BOX 2**

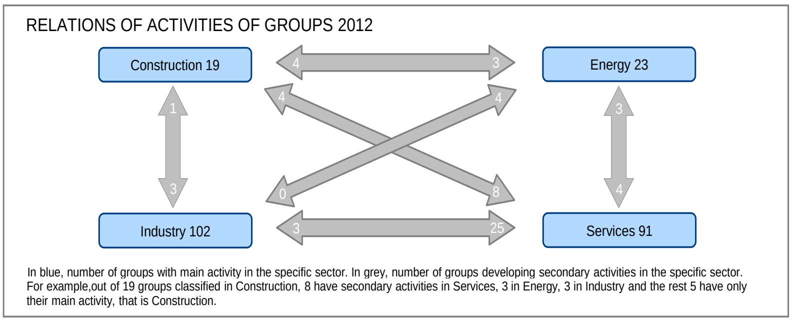
In order to identify how the revenue of the groups is divided between the different activities the groups may pursue, two different approaches were followed. The first approach takes into account all the activities of the groups, whether these activities belong to the same upper level of sector of activity (according to NACE) or not. The second approach takes into account only those second and third activities declared by the groups that belong to different upper levels of sectors of activity.

While with the 1st approach 50% of the groups have only one activity, with the 2nd approach this percentage rises to 74%. In terms of revenue, the degree of concentration rises. More precisely with the 1st approach, 82% of revenue is derived from the first activity, and with the 2nd approach this percentage rises to 91%.



PERCENTAGE OF REVENUE FROM EACH ACTIVITY

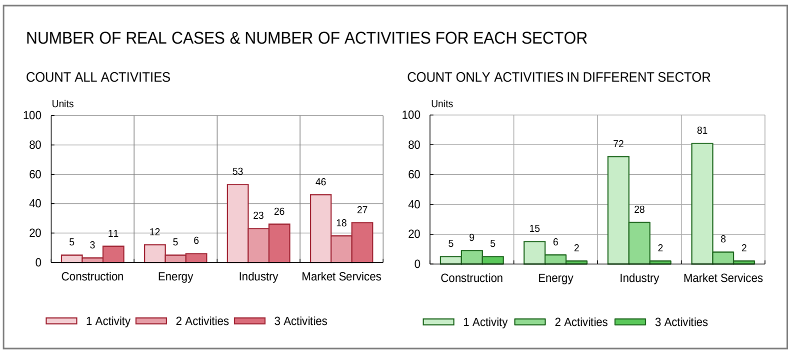
The chart to the right shows the nature of the other activities in which the groups are involved. From this chart we can see that, for the majority of the groups, the second activity in which they are involved is in the services sector.



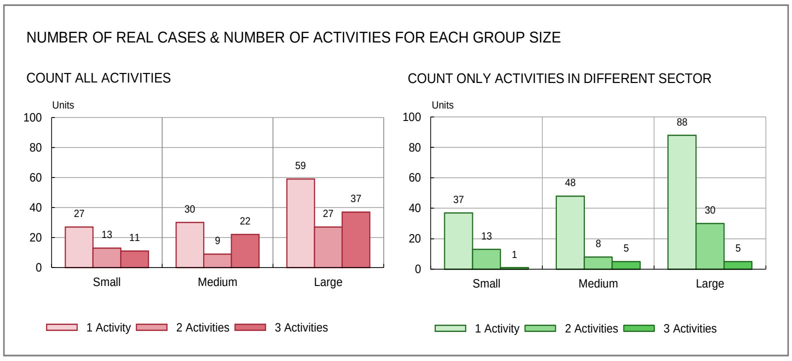
RELATIONS OF ACTIVITIES OF GROUPS 2012

In blue, number of groups with main activity in the specific sector. In grey, number of groups developing secondary activities in the specific sector. For example,out of 19 groups classified in Construction, 8 have secondary activities in Services, 3 in Energy, 3 in Industry and the rest 5 have only their main activity, that is Construction.

From a sectoral point of view, while with the 1st approach all sectors are equally diversified, with the 2nd approach the construction sector is the most diversified. From a group size standpoint, with the 1st approach around 50% of the groups have only one activity, irrespective of their size. With the 2nd approach, this percentage rises to over 70% and only large groups are diversified in their activities. In terms of revenue, for all sectors and group sizes and for both approaches, the biggest percentage of revenue arises from the first activity.



NUMBER OF REAL CASES & NUMBER OF ACTIVITIES FOR EACH SECTOR



NUMBER OF REAL CASES & NUMBER OF ACTIVITIES FOR EACH GROUP SIZE