

German enterprises' profitability and financing in 2006

According to the Bundesbank's corporate balance sheet statistics, profitability and financing in the corporate sector showed a further significant improvement in 2006. Given strong business growth and a sustained moderate development in personnel expenses, there was again a double-digit rise in gross profits. The return on sales before taxes on income has increased by 1 percentage point since 2003 and, at 4½%, reached its highest figure in the past ten years.

In addition to retained profits, the total inflow of funds from other sources also increased sharply, accompanied by low interest rates. On the financing side, favourable conditions were therefore in place for a rapid balance sheet growth. Moreover, capacity extensions were necessary, particularly in the manufacturing sector. The budgets for the accumulation of financial assets were increased again to an even greater extent. The structure of the assets thus again shifted in favour of financial assets. The capital base was strengthened further. The sound financial state of German enterprises that has now been achieved – together with comfortable profitability – also offers a good protection against risks and disruptive external influences, which have recently become stronger.

Overall economic environment

*Strong
upswing...*

The German economy was able to gain clear momentum in 2006 after overcoming its protracted sluggish phase in 2004 and already showing indications in 2005 of a broadening of the upward cyclical trend. At 3%, real gross domestic product (GDP) in 2006 grew more sharply on an annual average than at any time since 2000. Overall output thus also increased to a markedly greater degree than potential output, resulting in a perceptible rise in capacity utilisation and a narrowing of the (hitherto considerable) output gap.¹

*... with a broad
sectoral base
and...*

From a sectoral perspective, notable contributions to growth came both from the services sector (+1¼ percentage points) and the production sector (+1½ percentage points), with the construction sector contributing to the overall expansion for the first time since 1994. The real gross value added of the economic sectors recorded in the corporate balance sheet statistics rose by as much as 4% in 2006, compared with 3¾% in trade and industry as a whole, which also includes electricity, gas and water supply, hotels and restaurants, post and telecommunications, financial intermediation as well as real estate activities, and 2¾% in the economy as a whole.² The large difference in growth between the value added of the business sector and the overall aggregate is also linked to the slower pace of growth in public and private services (+1¼%).

*... a more
balanced
demand profile*

In 2006, the upswing spread to domestic demand on a broad front, after first moving from exports to investment in machinery and equipment. The present economic cycle has

therefore followed the traditional pattern so far. At 12½%, real exports of goods and services grew more dynamically than in the previous two years. The main reason for this was the buoyant growth of the export markets. Moreover, the German economy was able to maintain its price competitiveness at a high level, which was mainly due to the moderate price and cost developments in Germany and the relatively stable effective exchange rate of the euro on an annual average.³ The strong export activity together with the recovering domestic economy have also drawn imports upwards, which increased by 11¼% in real terms. All in all, foreign trade contributed just over 1 percentage point to GDP growth in 2006.

In view of flourishing export business and the positive sentiment in many parts of the economy, the increase in real expenditure on new machinery and equipment, at 8¼%, was even sharper than in the preceding two years. In this context, there was a particularly sharp increase in the share of investment in capacity extensions, which also boosted industrial construction investment. In addition, following an adjustment process lasting ten years, housing construction was on an upward trend again, even though a part in this was

¹ See Deutsche Bundesbank, Advances in strengthening the economy's growth potential, Monthly Report, October 2007, pp 35-45.

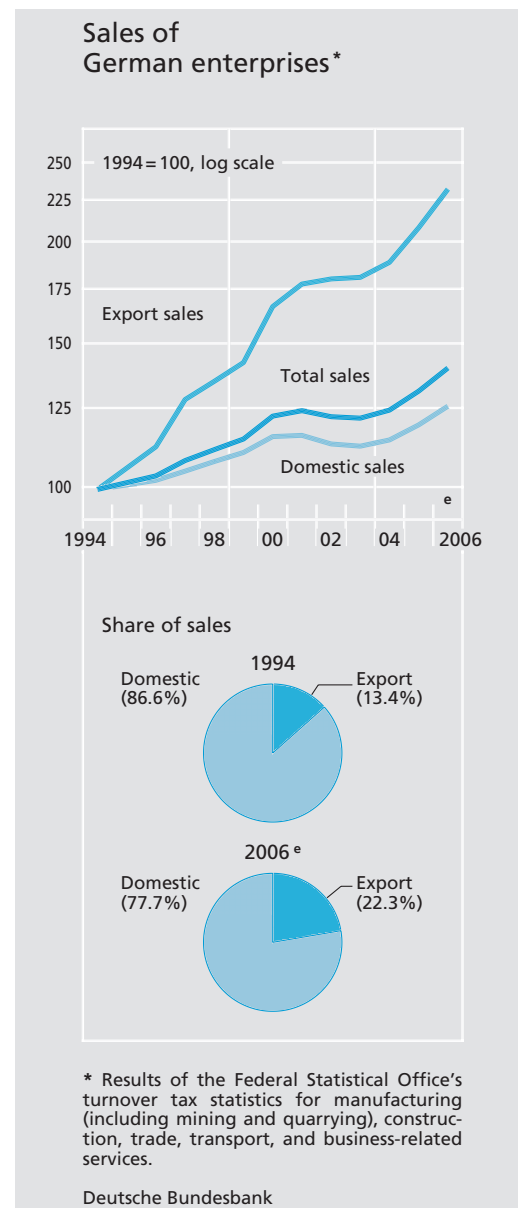
² The growth rate of real value added being lower than that of real GDP can be explained in purely mathematical terms by the fact that real taxes on products, which are netted with subsidies on products and added to value added in order to obtain GDP at market prices, rose by just over 3% in 2006.

³ However, in the course of the year, the euro appreciated by 4¼%, which is significant for the valuation of assets and liabilities on the balance sheet date (usually at the end of the year).

played by special factors, such as the abolition of the grant to homebuyers at the end of 2005 and anticipatory effects owing to the VAT increase on 1 January 2007. Towards the end of 2006, the anticipatory effects were also clearly reflected in private consumption. Furthermore, the favourable development in the labour market generated positive stimuli in this regard. The sharp rise in employment was a crucial factor in households' available income increasing from 1½% in 2005 to 2¼% in the year under review. At 1% on an annual average in price-adjusted terms, private consumption experienced its strongest increase since 2001.

Divergences between domestic and export sales

The more balanced demand profile in 2006 was reflected in the business activity of enterprises in the economic sectors under consideration to the extent that the increase in their domestic turnover, at approximately 5½%, was greater than the average since the mid-1990s (+2%). Even so, owing to the extremely buoyant expansion of exports, their share of total sales went up to 22½% (see also the explanatory notes on pages 34-35). On an average of the period from 2001 to 2006, the growth rate of export sales was just over 5½%, compared with a rate of 1½% in domestic business. During this period, the share of nominal aggregate exports in GDP increased by a total of 11¼ percentage points. Since 1994, it has increased by as much as 22 percentage points to 45%. Following the experiences of the first half of the present decade, when the large enterprises benefited, in particular, from the revival of exports, it would now conversely seem to be the case that the strong growth in domestic sales es-



pecially benefited small and medium-sized enterprises, which are typically more focused on the domestic market than large enterprises.⁴

In the economy as a whole, the modest wage development over the past few years con-

Continuing moderate wage developments

⁴ See Deutsche Bundesbank, The economic situation of small and medium-sized enterprises in Germany since 1997, Monthly Report, December 2006, pp 35-66.

German enterprises' exports by economic sector and size category since the mid-1990s

From their cyclical low in 1993 up to 2007, German exports of goods and services, as defined in the national accounts, increased by an annual average of 8¼% in value and 8% in volume.¹ During the same period, the corresponding rise in imports was 7% and 6½% respectively. The dynamic development in exports was instrumental in boosting imports in that there has been an increase in the import content of exports since the mid-1990s, going up from around 30% to 45% at the end of the period under review. The ratio of export-induced value added to total exports showed a corresponding fall. In relation to gross domestic product (GDP), however, dynamic export growth – accompanied by a mostly subdued growth in domestic demand – caused export-induced value added to go up from 13¾% in 1995 to just over 21% in 2006. Between 1995 and 2007, the German economy's degree of openness, defined as the ratio of imports and exports to GDP, increased by 39½ percentage points to 87%.

Below, the main focus will be on investigating the extent to which small, medium-sized and large enterprises in the individual economic sectors have contributed to the German economy's export success. This study is based on data from the official turnover tax statistics on taxable sales with input tax deduction, which have been published annually only since 1997 (previously biennially); currently data are available up to 2005.² Data by size category based on the turnover tax statistics are likewise available from 1997 onwards. Using this database, it is possible, first, to identify how the export sale of enterprises in the various size categories has expanded. Second, it is possible to determine the percentage of enterprises which actually conduct business with foreign customers as well as the ratio of exports to total sales.

The nominal export data based on the turnover tax statistics are to a very large extent consistent with those of the national accounts.³ Both time series display a virtually identical path for the period between 1994 and 2002. In the subsequent years, however, exports as defined in the national accounts showed stronger growth at times. During the period from 1994 to 2002, the level of export sales was 3% to 4% below the national accounts figures in each year. Since then, the gap has widened further, increasing to 9% in 2004 and 8% in 2005. This difference is partly due to the fact that exports as defined in the national accounts also contains domestic private consumption by non-

residents, such as tourists, whereas this is not included in the tax-free sales of the turnover tax statistics. Furthermore, there are additional conceptual differences between these two sets of statistics.⁴ The notable widening of the gap in 2004 and 2005 might be mainly attributable to the fact that, following EU enlargement on 1 May 2004, there was a distinct increase in cross-border commission processing business with the new member states. This led to a corresponding increase in the exports recorded in the foreign trade statistics and, therefore, also in the national accounts. Such activities hardly affect exports in the turnover tax statistics as such processing business does not normally involve any sales transactions.

The economic sectors covered by the Deutsche Bundesbank's corporate balance sheet statistics (production sector, trade, transport and business-related services), which in 2005 accounted for around 82% of turnover in the economy as a whole, were responsible for 94% of the exports recorded in the turnover tax statistics, with just over two-thirds of German export sales coming from the manufacturing sector alone. Within industry, motor vehicle manufacture was again the dominant export sector, supplying one-fifth of total exports in 2005.

The percentage of enterprises with export business rose by 2 percentage points between 1994 and 2005 to 15½%. The export ratio went up by 8 percentage points to 21¼%. In 2005, the exports of all enterprises, ie including those not recorded in the corporate balance sheet statistics, as measured by total sales, stood at 18½% and were thus well below the export ratio relating to GDP. This was due mainly to the fact that total sales, as a reference variable, include sales from earlier stages of production and are therefore well above the level of GDP. With regard to the national accounts, the ratio of exports to gross output is conceptually easier to compare. This amounted to 16½% in 2005.

By size category, the percentage of medium-sized enterprises (turnover of €1 million up to €50 million) engaging in export business has risen very sharply since 1997, ie by 5½ percentage points to 48½%.⁵ There was also an above-average increase in the ratio for large enterprises of 3½ percentage points to 87½%. By contrast, at the end of the period under review only 10½% of small enterprises were conducting business with foreign customers, compared with 9½% in 1997. However, it should be noted as a

1 The data for the fourth quarter of 2007 (unavailable at present) were estimated. — 2 Tax-free goods and services are usually excluded from input tax deduction. However, this does not apply to exported goods and services and in some other cases, such as turnover from marine transport and aviation, and deliveries of gold to central banks. These items are shown as an aggregate in the turnover tax statistics, which means that export sales cannot be separated. However,

the latter represent by far the most important form of goods and services with input tax deduction. — 3 By contrast, the import ratios of German enterprises cannot be determined on the basis of the turnover tax statistics. The reason is that import turnover tax on imports from non-EU countries is levied by the customs authorities. Only imports from EU member states are covered by the turnover tax statistics. — 4 See Deutsche Bundesbank, The export business of Ger-

Foreign business of enterprises by economic sector and size category⁶

As a percentage

Sector	Participation in export business in 2005 ⁷		Export ratio in 2005 ⁸			Average annual export growth from 1998 to 2005			
	Total	Total	by turnover size category			Total	by turnover size category		
			Less than €1m	€1m to €50m	€50m or more		Less than €1m	€1m to €50m	€50m or more
Manufacturing ⁹	28.7	34.5	3.6	21.8	39.6	6.0	2.7	4.3	6.3
<i>of which</i>									
Food products and beverages	9.3	15.1	0.4	8.2	19.0	6.1	3.3	2.4	6.9
Textiles and textile products	33.9	32.5	6.2	27.6	40.6	0.7	1.8	-0.9	2.0
Chemicals and chemical products	55.3	41.5	11.3	29.4	43.1	4.7	3.7	5.3	4.7
Basic metals	41.2	38.5	4.9	22.8	41.0	11.1	4.5	4.6	11.8
Fabricated metal products	25.8	23.0	2.7	18.6	34.6	6.2	3.7	5.2	7.1
Machinery and equipment	49.2	46.2	7.7	34.2	54.6	3.2	1.4	3.8	3.0
Office machinery, computers and electrical equipment	40.2	42.0	6.5	25.5	46.9	6.9	2.6	5.1	7.2
Transport equipment	42.0	53.5	4.9	24.1	54.6	8.0	3.8	6.6	8.0
Construction	5.5	2.3	0.5	2.4	6.4	2.4	5.5	3.8	0.5
Wholesale trade and commission trade	31.0	14.9	7.5	14.4	15.5	6.1	0.3	3.0	7.8
Retail trade (including motor vehicles and motorcycles)	17.5	4.3	2.7	6.3	3.3	7.1	5.6	7.1	7.6
Transport (excluding railways)	20.2	30.3	6.0	23.4	44.3	6.9	0.0	6.0	7.8
Business-related services	7.0	8.6	1.4	5.5	18.6	15.5	4.3	5.3	25.9
Total	15.6	21.3	2.8	13.8	27.7	6.3	2.6	4.4	6.8
<i>Memo item</i>									
All enterprises	11.5	18.5	2.2	12.3	24.1	6.5	2.7	4.5	7.1
Sectors not covered by the balance sheet statistics	3.8	6.0	0.7	4.1	8.2	10.3	3.6	4.9	12.0

general point in this connection that many enterprises which have achieved no or only few export sales in the past few years have also participated indirectly in this dynamic growth in external demand through the increased supply of intermediate goods to exporters.

Between 1998 and 2005, the greatest increases in export sales were enjoyed by large enterprises at just under 7% annually, followed by medium-sized enterprises at 4½%. By contrast, small enterprises achieved an increase of just 2½%. The growth lead of the large enterprises applied to all sectors of the economy apart from the construction industry. Against a backdrop of a mostly subdued expansion of domestic demand in Germany, the rapid export growth of the large enterprises with export business during the period from 1998 to 2005 led to exports as a share of their

total sales going up by 5 percentage points to 27½%. The increase in the percentage of exports in the case of medium-sized enterprises was smaller than for the large enterprises at 3½ percentage points to just under 14%. For small enterprises, exports, at less than 3%, were still more of an additional business.

The large enterprises have therefore been the mainstay of the German export boom in recent years. Their share of total exports by the economic sectors under review has grown even further since 1997, ie by 3 percentage points to 79½%. This development has been at the expense of the medium-sized segment whose "market share" has fallen from 22½% to 19½%. At the same time, the placing of small enterprises has declined by ½ percentage point to 1%.¹⁰

man enterprises according to size category and economic sector (explanatory notes), Monthly Report, December 2006, p 40. — 5 These and the following figures relate to the economic sectors covered by the corporate balance sheet statistics. — 6 Results of the Federal Statistical Office's turnover tax statistics. — 7 Number of firms with tax-free sales (with input tax deduction) as a percentage of all firms. — 8 Tax-free sales (with input tax deduction) as a percentage

of all sales. — 9 Including mining and quarrying. — 10 It should be noted, however, that, owing to the generally strong growth in export sales, many small and medium-sized enterprises have moved up into the next size category. The overall predominance of large enterprises is mainly attributable to the manufacturing sector, where the share of exports falling within this size category rose by a further 2 percentage points to 85½% between 1997 and 2005.

tinued in 2006. Negotiated rates of pay went up by 1¼% on a monthly basis and by 1% on an hourly basis. However, there are quite marked differences between the individual economic sectors. For example, negotiated rates of pay in manufacturing went up by 2¾%, which was due, among other things, to the sharp wage rises in the steel industry (+3¼%). By contrast, the negotiated wage increases in construction, in trade and in the public sector remained below 1%. Actual earnings per employee increased by 1% in the economy as a whole, compared with ¼% in 2005. This was accompanied by a sharp rise in labour productivity of 2¼% per person employed and 2½% per hour worked by each person employed, which meant that unit labour costs declined again, namely by 1%.

*Further decline
in corporate
insolvencies*

The sharper 17½% fall in corporate insolvencies is also consistent with the more benign economic picture presented last year, following a decline of ¼% in 2004 and of 6% in 2005.⁵ The insolvency ratio, ie the number of insolvencies per 10,000 firms, declined from 121 in 2005 to 100; the previous peak of 135 had been in 2003. This average number for enterprises as a whole includes significant variations among the individual economic sectors. Thus, the number ranged from 15 in electricity, gas and water supply to 178 in construction, where firms are traditionally very prone to insolvency. In 2006, the liabilities of insolvent enterprises fell by 15%, ie almost in step with the number of affected enterprises, to €19½ billion. As had been the case in previous years, it was mostly small and fairly new firms that were affected by

insolvency in 2006, of which many were probably one-person businesses. Accordingly, the average number of employees of insolvent enterprises was relatively low at four persons.

Profitability

As part of the strong and broadly based economic growth in 2006, the profits published in the corporate balance sheet statistics expanded considerably.⁶

*Sharp increase
in gross profits
and...*

The annual result before taxes on income⁷ of firms in the production sector, in trade, in transport and in business-related services sectors increased by 12½%. At €180 billion, the cyclical low of 2003 was exceeded by almost one-half (+47½%). The growth in profit pub-

⁵ See J Angele, *Insolvenzen 2006*, *Wirtschaft und Statistik*, April 2007, pp 352 ff.

⁶ The following study is based on 23,000 financial statements for 2006. The statistical base therefore corresponds to about one-third of the annual number of financial statements in the two preceding years. The results for 2006 were estimated on the basis of the extrapolation results of 2005, which were determined on the basis of data from the turnover tax statistics. This article shows the profitability and financing of enterprises in the economic sectors under study as a whole for the period 2004 to 2006. The appendix tables contain more detailed information for individual economic sectors for 2004 and 2005. Data from earlier years may be found in Special Statistical Publication 5, *Extrapolated results from financial statements of German enterprises 1994 to 2003*, which is available as a regularly updated Excel file for download from the internet (http://www.bundesbank.de/statistik/statistik_wirtschaftsdaten_jahresabschluss.en.php), as are all other publications of the corporate balance sheet statistics.

⁷ The annual result corresponds to the annual profit in accordance with the German Commercial Code (HGB) before profit or loss transfers. It provides a better indication of the profits generated by the enterprises analysed in this article, because many firms are linked through profit transfer agreements with enterprises which are not included in the corporate balance sheet statistics (eg holding companies) and to which their profits/losses are transferred.

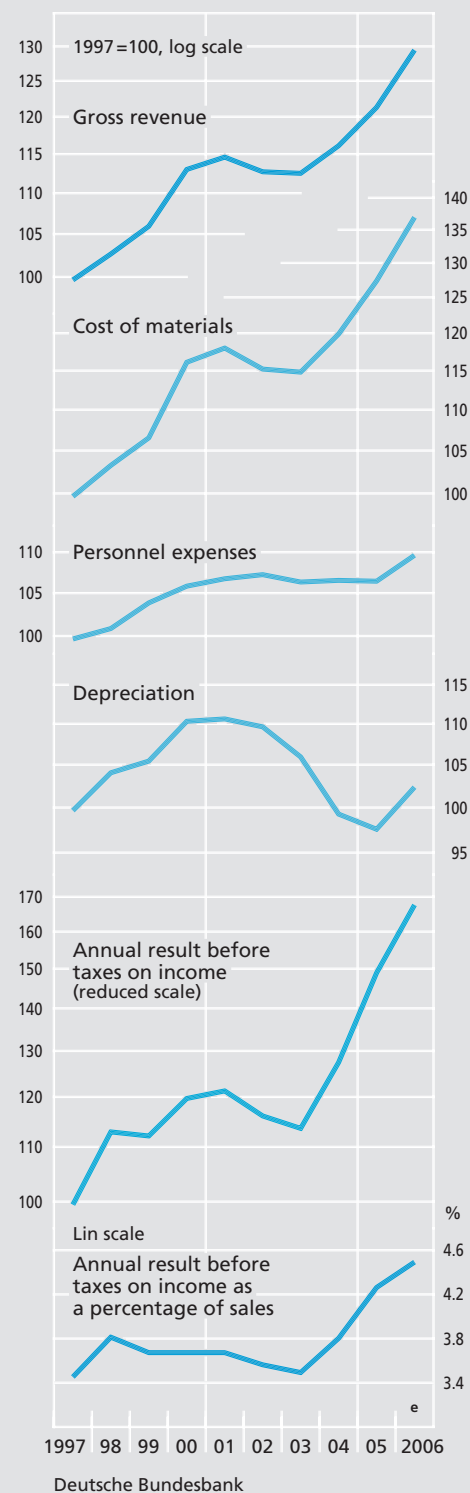
lished for 2006 is also in line with the data of the national accounts on the earnings of non-financial corporations⁸, whose profits were 11% up on the previous year's level. The increase since 2003 was 46¾% and thus virtually matched the rise shown in the corporate balance sheet statistics. Such co-movement is by no means always the case. Particularly in years of economic downturn or in periods of strong depreciation of a country's own currency, valuation losses generally depress the result before taxes on income more than the profits in the national accounts, since these, by design, include neither extraordinary earnings nor valuation gains and losses. Conversely, increases in value, which occur especially in periods of recovery, generate profit only in exceptional cases owing to the principle of the lower of cost or market that has hitherto applied to the accounting.

... in return on sales

The gross return on sales, which shows the ratio of the annual result before taxes on income to sales, increased in 2006 by ¼ percentage point on the year – and since 2003 by 1 percentage point – to 4½%. It thus also went up to its highest level since the start of the series based on the Financial Statements Data Pool in 1997. Moreover, the relevant figures on the gross return on sales in western Germany, which are available for the period from 1987 to 1998, were clearly exceeded; 3½% was achieved in the good profit years in the late 1980s and early 1990s. This was followed by a decline to 1¾% in 1993. The structural improvements in profitability that

⁸ In the ESA 1995 definition, these include quasi-corporations, ie general partnerships and limited partnerships as well as entities with derived legal status.

Selected indicators from German enterprises' income statements



have since occurred at German enterprises are revealed very clearly by the fact that the return on sales during the marked economic slowdown in the first half of the current decade did not fall below 3½% and has gone up sharply from this level in the ongoing upswing. Measured by gross income, which is produced by subtracting the cost of materials from the gross revenue and which represents a crude measure of enterprises' gross value added, the 2006 gross annual result was 12½%, compared with 9% in 2003.⁹

Positive earnings trend in manufacturing and...

The continuing improvement in profitability in 2006 could be observed in almost all economic sectors recorded in the corporate balance sheet statistics. At 13½%, the gross annual result for manufacturing showed a slightly higher-than-average increase; the gross return on sales rose to a new high of 4½%. The manufacture of transport equipment and the manufacture of (other) machinery and equipment, whose products were in high demand in Germany and abroad, also contributed to this positive result. The manufacture of textiles and textile products was once again on the cyclical downside, suffering a marked decline in profits. This was due, not least, to ongoing competitive pressure, especially from the emerging market economies of South-East Asia. The chemicals industry also had to cope with a decline in profits. In this case, special accounting effects played a part in addition to the sharp rise in crude oil prices.

... in most other economic sectors

Profitability in the wholesale trade, which, from a cyclical perspective, is closely interlinked with manufacturing, also improved

with a 17% growth in profits. Sales had a share of more than 2½% in the annual result. Business-related services also benefited from this buoyant industrial activity and were able to increase their gross annual result by 7% following high double-digit growth rates in the previous two years. As sales increased at the same pace, the return measured by it remained at the high level of 9½%. Profitability in the transport sector is usually also strongly influenced by industrial activity. In 2006, however, a sharp increase in fuel costs was one of the reasons for a decline in profits in spite of robust growth in business. There was also a further increase in expenses resulting from the motorway tolls for heavy goods vehicles that were introduced in 2005. However, measured by sales, the annual result was still 3½%.

The construction industry was able to expand its gross result by almost one-third in 2006, following a decline in profits in the previous year. This was mainly due to the general improvement in construction activity and heightened demand in housing construction, which were given considerable stimulus by the abolition of the grant to homebuyers and the anticipatory effects of the VAT increase. The pick-up in construction activity as well as the rapid rise in the costs of materials meant that it was possible to put noticeable price increases into effect (+2½%). The gross return on sales also showed a clear upward trend. In

⁹ The item "cost of materials" does not include all intermediate goods. The expenses for certain services (eg advertising, insurance premiums), licence fees, travel expenses etc are recorded together with other expenses (eg unrealised losses, transfers to provisions and transfers to the special items with an equity portion) under "Other operating expenses".

2006, the anticipatory effects of the VAT increase as of 1 January 2007 also led to a (temporary) revival of business in the sale of motor vehicles. Given a sales growth rate of 6½%, gross profits rose by almost one-quarter and the return on sales by ½ percentage point to well over 2½%. However, the heightened demand for new cars was partly to the detriment of sales in traditional retail outlets, which increased by only 1% in nominal terms and by not quite ½% in real terms in 2006. Nevertheless, mostly owing to more favourable cost prices, the enterprises in this economic sector were able to boost their gross annual result by 7½% and slightly raise the return on sales before taxes on income to 4½%.

Major differences in sectoral returns on sales

Overall, the returns in the economic sectors considered here range from 2½% in wholesale trade to 9½% in business-related services. This large difference is due in part to the fact that some sectors – the wholesale trade, in particular – are characterised by a relatively extensive use of materials or a rather low depth of value added. In this case, a correspondingly low return on sales is to be expected. Setting the annual result before taxes on income in relation to gross income, the range of the relevant industry ratios declines only slightly at first. However, if transport (+7%) is excluded as an “outlier”, the ratios were quite close together, ie between 11½% (construction) and 15½% (wholesale trade). At 12½%, manufacturing is ranked in the bottom half of this group.

Enterprises' income statement *

Item	2004	2005	2006 e	2005	2006 e
	€ billion			Year-on-year change as a percentage	
Income					
Sales	3,572.6	3,735.2	3,986	4.5	6.5
Change in finished goods ¹	13.2	11.2	12	-14.7	6.5
Gross revenue	3,585.8	3,746.4	3,997.5	4.5	6.5
Interest and similar income	14.7	16.0	18.5	8.9	17
Other income ² of which from long-term equity investments	150.6 15.6	161.9 18.0	165 25	7.5 15.9	2 39.5
Total income	3,751.1	3,924.3	4,181.5	4.6	6.5
Expenses					
Cost of materials	2,235.8	2,376.0	2,553.5	6.3	7.5
Personnel expenses	649.1	648.8	668	0.0	3
Depreciation of tangible fixed assets ³ Other ⁴	109.1 98.8 10.3	107.2 97.4 9.8	112.5 101.5 11	-1.7 -1.4 -4.8	5 4 13
Interest and similar expenses	37.6	36.6	39	-2.8	7
Operating taxes of which Excise duties	60.4 57.1	59.5 56.2	63.5 60	-1.5 -1.5	6.5 6.5
Other expenses ⁵	522.1	536.1	564.5	2.7	5.5
Total expenses before taxes on income	3,614.1	3,764.2	4,001.5	4.2	6.5
Annual result before taxes on income	137.0	160.1	180	16.9	12.5
Taxes on income ⁶	31.1	34.2	35	10.0	3
Annual result	105.9	125.9	145	18.9	15
<i>Memo item</i>					
Cash flow ⁷	223.6	248.1	276	10.9	11
Net interest paid	23.0	20.6	20.5	-10.3	-0.5
	As a percentage of sales			Year-on-year change in percentage points	
Gross income ⁸	37.8	36.7	36.2	-1.1	-0.5
Annual result	3.0	3.4	3.6	0.4	0.3
Annual result before taxes on income	3.8	4.3	4.5	0.5	0.2
Net interest paid	0.6	0.6	0.5	-0.1	0.0

* Extrapolated results; differences in the figures due to rounding. — ¹ Including other own work capitalised. — ² Excluding income from profit transfers (parent company) and loss transfers (subsidiary). — ³ Including amortisation and write-downs of intangible fixed assets. — ⁴ Predominantly write-downs of receivables, securities and other long-term equity investments. — ⁵ Excluding cost of loss transfers (parent company) and profit transfers (subsidiary). — ⁶ In the case of partnerships and sole proprietorships, trade earnings tax only. — ⁷ Annual result, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income. — ⁸ Gross revenue less cost of materials.

Deutsche Bundesbank

Income and expenses in detail

Gross revenue

The favourable profit developments in 2006 are based in large part on the strong growth in business activity. The economic sectors recorded in the corporate balance sheet statistics increased their gross revenue – which, in addition to sales, includes changes in stocks of finished goods as well as other own work capitalised – by well over 6½%, following 3% in 2004 and 4½% in 2005. The largest contribution to growth (+3½ percentage points) came from manufacturing, which expanded its business activity by more than 8%, compared with just under 5% in 2005. The rates of change in gross revenue in the other sectors of the economy were close to the average in most cases, with the exception of the retail trade sector (excluding motor vehicles), which was able to record only a small increase in business.

Interest and similar income

Interest income grew even more sharply than gross revenue, namely by 17%. The main reason for this was that the annual average level of interest-bearing financial assets was stepped up by 7½%. Another contributory factor was the higher rate of interest. However, this was accompanied by only a modest increase of 2% for other income, which is composed of a large number of very different items. Both items combined increased by 3½%. Owing to their minor weight, however, these types of income together expanded virtually to the same degree as gross revenue.

Overall costs

Overall costs (excluding taxes on income of corporations) increased by almost 6½% in 2006, which was ½ percentage point less

than total income. This created room for improving the gross annual result. Among the individual cost items, the use of material and interest expenses increased by more than the average; all other cost categories, particularly personnel expenses, increased at a slower pace than the overall value or, like operating taxes, at the same pace.

The cost of materials went up by 7½% in 2006 and thus more than the gross revenue. This was due to a further sharp rise in import prices for raw materials and semi-finished goods (+21½%). The main reason for this was the sustained high level of prices in the international commodity markets. For example, German import prices for oil and gas as well as for metal ores all increased by nearly one-quarter. This especially affected enterprises in the transport sector, manufacturing and the importing wholesale trade. The construction industry also had to cope with marked price increases for intermediate goods, in particular for steel and for construction chemicals. By contrast, the retail trade benefited from the fact that the prices for imported finished goods declined again, namely by 1%. The cost of materials in traditional retail trade was only just over ½% up on the year, not least owing to consumers' reluctance to purchase.

The modest rise in personnel expenses (+3%) formed a strong counterweight to the sharp increase of the cost of materials. Its share of total expenses showed a further fall to 16½% in 2006, compared with 19½% in 1997. The main reason for this was the above-mentioned sustained moderate devel-

Cost of materials

Personnel expenses, ...

opment in wages. Employment in the sectors under consideration also increased again slightly (+½%) on an annual average, following a decline in the number of employed persons by a total of 5% in the four previous years. However, the sectoral picture is distorted by the sharp rise in the hiring out of labour, to the extent that personnel expenses are entered for the temporary employment agencies, which belong to business-related services, although a significant amount of the work is performed in industrial enterprises.¹⁰ This puts into perspective the finding, based on the official statistics, that there was a further (1%) fall in the number of employees in manufacturing in 2006, in contrast to an increase of 4½% in business-related services. Enterprises that use the services of temporary employment agencies record the remuneration to these agencies in the summary item for other costs, which increased by 5½% in 2006.

... depreciation
and...

Depreciation of tangible fixed assets (including intangible fixed assets) increased by 4% in 2006. This signifies a marked turnaround in light of the fact that the cost item declined significantly in the four previous years owing to the weaker investment activity at that time. The noticeable rise in the reporting year is due not only to recently more buoyant investment activity, but also to the temporary raising of the declining-balance depreciation rates for movables in 2006 and 2007. This is consistent with the relatively sharp increase (+7%) in manufacturing, which accounts for a large part of investment in machinery and equipment. Moreover, it should be taken into account that the leasing of machinery and

transport equipment is increasingly taking the place of acquisition in some sectors, especially in construction. The relevant depreciation is recorded for the hirers that are assigned to the economic sector "Renting of machinery and equipment without operator and of personal and household goods" (which is not recorded in the extrapolation results of the corporate balance sheet statistics). Depreciation of financial assets and of short-term securities increased to an even greater extent than depreciation of tangible fixed assets. Holdings of assets denominated in US dollar may have been affected by this, since the US currency depreciated significantly against the euro in the course of the year. Overall, depreciation increased by 5% in 2006.

Enterprises' interest expenditure rose by 7% in 2006, following an overall decline of almost one-quarter in the previous four years. One reason for this was that the annual average level of short and long-term liabilities increased again by 2%, following a prolonged period of decline. Another reason is that the average lending rate – in line with the market interest rates – was on a further upward trend to 4½%. Interest income showed a stronger percentage increase but, since the increase in the actual amount was almost the same, net interest expenditure remained unchanged. Measured by overall expenditure, it was merely ½%.

... interest

¹⁰ Owing to legal restrictions, hardly any loaned workers are employed in the construction industry. Hiring out of labour is also uncommon in the wholesale and retail trade.

Sources and uses of funds

Strong growth of financial flows

The total inflow of funds to enterprises in the sectors of the economy under consideration increased sharply again in 2006, namely by €61½ billion – or 34% – to €240 billion.¹¹ Since the most recent low in 2004, it had more than doubled. Internal funding accounted for two-fifths of the strong expansion in the reporting year.

Internal funding

The total inflow of internal funds increased by 15½% to €181 billion. This was mainly the result of larger capital injections from profits (and from contributions to the capital of non-corporations). By its nature, this component reacts particularly strongly to trends in earnings. An impressive demonstration of this is that its level had increased from €6 billion in 2001 to €50½ billion at the end of the period under review. Moreover, the transfers to provisions and – to a lesser degree – the “earned” amounts of depreciation also increased in 2006. At 62%, the latter once again accounted for the lion’s share of internal funds in the reporting year.

External funding

Revenue from sources of external funding increased by more than one and a half times, in fact, to €59 billion. In this case, the upward trend was quite broadly based. The increase in the capital of corporations, which had been weak in the previous year, became much stronger again. This was also related to the fact that the stock market climate has become more friendly for new issues. The total increase in capital from both internal and external sources was €61½ billion, which was one-quarter of the total funds raised. Further-

more, there was an inflow of €48½ billion from short and long-term liabilities. There was a clear reversal, particularly for bank loans, which were expanded by €7½ billion, after net redemptions amounting to €93 billion between 2001 and 2005.

The more buoyant growth in business activities was also accompanied by a considerable expansion of short-term trade payables (and the matching receivables). Although significantly more financial resources were procured through the issuance of bonds in 2006 than in previous years, this financing instrument did not, on the whole, play a major role for the enterprises considered here. In this context, it should be noted, however, that, in the case of firms that belong to a large corporate network, bonds are often issued by financing companies created especially for this purpose or by the group headquarters and that the funds are then passed on internally. This is in line with the strong growth of €26½ billion in liabilities to affiliated companies.

In 2006, almost nine-tenths of the additional funds raised went to financial investment and just over one-tenth to fixed asset formation. The trend towards financial assets, which has been evident for some time now, thus continued at a faster pace. Apart from bank balances, participations and securities, this mainly includes loans to customers and affiliated enterprises. The rise in fixed asset formation by 7% in 2006 was due very largely to higher investment in new machinery and equip-

Uses of funds, gross capital formation

¹¹ The figures on the sources and uses of funds are subject to much more uncertainty than the balance sheet and income statement data.

ment. The accumulation of stocks accounted for a rather small amount. At €8 billion, the net acquisition of tangible fixed assets, produced by deducting write-downs from the gross figure, was 50% higher than in 2005, and thus more than offset the decline in 2003-2004.

*Financial
investment*

The financial wealth of enterprises in the economic sectors included here rose by €119 billion, compared with €65½ billion in 2005. Of this, €77½ billion was accounted for by the increase in claims, a large part of which were composed of higher trade receivables. The build-up of loans to affiliated enterprises also increased sharply. Enterprises provided €22 billion for the purchase of securities, after sales had predominated in 2005. By contrast, at €20½ billion, the acquisition of other long-term equity investments was one-third lower than in the previous year.

Balance sheet trends and balance sheet ratios

*Expansion of
balance sheet
total and asset
structure*

Robust economic activity in 2006 and the further improvement in profitability significantly strengthened the growth of the corporate balance sheets, namely by 2½ percentage points to 6%. This was the strongest increase since the start of the series in 1997. As already mentioned, this was mainly due to the very dynamic development of financial assets, which expanded by no less than 9%, while fixed assets increased by 2%. At the end of the period under review, financial assets accounted for 59% of the balance sheet total, compared with 51% in 1997. Among its

Enterprises' sources and uses of funds *

€ billion					
Item	2004	2005	2006 e	Year-on-year change	
				2005	2006 e
Sources of funds					
Capital increase from profits and contributions to the capital of non-corporations ¹	13.9	33.8	50.5	19.9	16.5
Depreciation (total)	109.1	107.2	112.5	- 1.9	5.5
Increase in provisions ²	8.6	15.6	18	7.0	2.5
Internal funds	131.7	156.6	181	25.0	24.5
Increase in capital of corporations ³	10.6	3.1	11	- 7.5	7.5
Change in liabilities	- 33.3	19.1	48.5	52.4	29
Short-term	- 15.4	26.9	40	42.3	13.5
Long-term	- 17.9	- 7.9	8	10.1	16
External funds	- 22.7	22.2	59	44.9	37
Total	109.0	178.8	240	69.8	61.5
Uses of funds					
Increase in tangible fixed assets (gross) ⁴	98.6	102.8	109.5	4.2	7
<i>Memo item</i>					
Increase in tangible fixed assets (net) ⁴	- 0.2	5.4	8	5.6	3
Depreciation of tangible fixed assets ⁴	98.8	97.4	101.5	- 1.4	4
Change in inventories	- 9.6	10.5	11.5	20.1	1
Non-financial asset formation					
(gross investments)	89.0	113.3	121	24.3	7.5
Change in cash	3.4	9.3	- 1	5.8	- 10
Change in receivables ⁵	- 4.2	29.5	77.5	33.7	48
Short-term	0.7	27.1	74	26.4	47
Long-term	- 4.9	2.4	3.5	7.4	1
Acquisition of securities	7.3	- 2.7	22	- 10.0	24.5
Acquisition of other long-term equity investments	13.4	29.4	20.5	16.0	- 9
Financial asset formation	20.0	65.5	119	45.5	53.5
Total	109.0	178.8	240	69.8	61.5
<i>Memo item</i>					
Internal funds as a percentage of gross investments	148.0	138.2	149.5	.	.

* Extrapolated results; differences in the figures due to rounding. — 1 Including "GmbH und Co KGs" and similar legal forms. — 2 Including change in the balance of prepaid expenses and deferred items. — 3 Increase in nominal capital through the issue of shares and transfers to capital reserves. — 4 Including intangible fixed assets. — 5 Including unusual write-downs of current assets.

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Enterprises' balance sheet *

Item	2004	2005	2006 e	2005	2006 e
	€ billion			Year-on-year change as a percentage	
Assets					
Intangible fixed assets	43.3	43.0	42.5	-0.8	-0.5
Tangible fixed assets	443.3	449.0	457.5	1.3	2
Inventories	394.4	404.9	416.5	2.7	3
Non-financial assets	881.0	896.9	916.5	1.8	2
Cash	142.7	151.9	151	6.5	-0.5
Receivables	676.7	702.6	777.5	3.8	10.5
of which					
Trade receivables	269.9	275.6	305	2.1	10.5
Receivables from affiliated companies	297.2	316.4	353	6.5	11.5
Securities	54.0	51.3	73.5	-4.9	43
Other long-term equity investments ¹	266.3	289.6	301.5	8.7	4
Prepaid expenses	10.7	10.8	11	0.8	2
Financial assets	1,150.4	1,206.2	1,314.5	4.9	9
Total assets ²	2,031.4	2,103.1	2,231	3.5	6
Capital					
Equity ^{2, 3}	463.3	500.2	561.5	8.0	12
Liabilities	1,164.6	1,183.7	1,232	1.6	4
of which					
to banks	315.0	300.9	308	-4.5	2.5
Trade payables to affiliated companies	216.4	223.2	242.5	3.2	8.5
Payments received on account of orders	363.0	381.3	408	5.0	7
Provisions ³	105.9	111.5	113.5	5.2	2
of which	394.8	411.0	429.5	4.1	4.5
Provisions for pensions	164.0	169.6	172.5	3.4	1.5
Deferred income	8.6	8.1	8	-5.7	-3
Liabilities and provisions	1,568.1	1,602.9	1,669.5	2.2	4
Total capital ²	2,031.4	2,103.1	2,231	3.5	6
Memo item					
Sales	3,572.6	3,735.2	3,986	4.5	6.5
Ratio of sales to balance sheet total	175.9	177.6	178.5	.	.

* Extrapolated results; differences in the figures due to rounding. — ¹ Including shares in affiliated companies. — ² Less adjustments to equity. — ³ Including half of the special tax-allowable reserve.

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components, holdings of securities showed by far the strongest increase at 43%; by the end of 2006, they amounted to almost 3½% of total assets. This item should be regarded mainly as a financial buffer for future investment in new tangible fixed assets and for the acquisition of other long-term equity investments. This is consistent with the fact that, at 4%, the equity investment portfolio was topped up rather moderately in 2006. Loans to affiliated enterprises increased by 11½%. For business reasons, trade receivables were also stepped up considerably (+10½%) as were, as a mirror image of this, liabilities (+8½%).

On the liability side of the balance sheet, there was a further strengthening of the capital base, a development that had been under way since 2004; in 2006, the growth was well over 12%, following 8% in the previous year. The trend showed that many economic sectors had a part in this. The average equity ratio rose by ½ percentage points to 25%, compared with 16½% in 1997 and 18½% in 2000. This was attributable mainly to the substantial topping up of the reserves by 14½%. However, the average share of equity conceals a still quite large range in the equity ratios of the economic sectors under consideration, extending from 11% in construction to 28% in manufacturing. Thus, liabilities and provisions diminished further in significance in the context of the 2006 balance sheet. This applies especially to liabilities vis-à-vis credit institutions, which, with a rise of 2½%, accounted for no more than 14% of liabilities, compared with 21½% in 1997. The combined provisions were expanded by 4½%;

Equity and liabilities and provisions

measured by the balance sheet total, they declined slightly to just under 19½%.

Selected ratios

The further perceptible improvement in the enterprises' financial situation is also confirmed by the liquidity ratios. Thus, the total capital available long-term increased by ½ percentage point to 45½% of the balance sheet total. Moreover, at 15½%, it exceeded the fixed assets even more than in the previous year. In the short-term range, cash resources and receivables reached a new high at 96% of liabilities. The cash flow as a percentage of liabilities and provisions, which provides information on the ability to service debt, rose by 1 percentage point to 18%. Between 2001 and 2004, which were economically difficult years for German enterprises, this ratio had been just under 15½%.

Summary

Further improvements in profitability and...

In 2006, the enterprises of the production sector, trade, transport and the business-related services sector, maintained the positive earnings situation, which had been initiated earlier, at a rapid pace. Measured by the return on sales, the profitability of enterprises reached its highest level in the past ten years. Almost all the economic sectors considered here had a part in this upward trend. The fact that domestic demand gained greater momentum along with sustained favourable export activity also played a part in this. However, the anticipatory effects owing to the VAT increase as of 1 January 2007, the main beneficiaries of which were manufacturers of durable consumer goods and of motor ve-

Balance sheet ratios *

Item	2004	2005	2006 e
	Percentage of balance sheet total 1		
Intangible fixed assets	2,1	2,0	2
Tangible fixed assets	21,8	21,3	20,5
Inventories	19,4	19,3	18,5
Short-term receivables	31,0	31,0	32,5
Long-term equity and liabilities 2	45,0	45,0	45,5
of which Equity 1	22,8	23,8	25
Long-term liabilities	13,5	12,7	12,5
Short-term liabilities	43,8	43,6	43
	Percentage of tangible fixed assets 3		
Equity 1	95,2	101,7	112,5
Long-term equity and liabilities 2	187,7	192,6	204
	Percentage of fixed assets 4		
Long-term equity and liabilities 2	110,4	111,4	115,5
	Percentage of short-term liabilities		
Cash resources 5 and short-term receivables	89,7	91,2	96
	Percentage of liabilities and provisions 6		
Cash flow 7	15,7	17,1	18

* Extrapolated results. — 1 Less adjustments to equity. — 2 Equity, provisions for pensions, long-term liabilities and the special tax-allowable reserve. — 3 Including intangible fixed assets. — 4 Tangible fixed assets, intangible fixed assets, other long-term equity investments, long-term receivables and long-term securities. — 5 Cash and short-term securities. — 6 Liabilities, provisions, deferred income and half of the special tax-allowable reserve less cash. — 7 Annual result, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income.

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hicles and housing construction, contributed to a certain overstatement of the cyclical trends. Housing construction also benefited from the surge in demand in connection with the abolition of the grant to homebuyers at the end of 2005.

*... increase of
financial
viability*

Higher retained profits were used together with the increases from other funding sources for stepping up gross fixed capital formation and, to an even greater extent, for the accumulation of financial assets. In this context, the enterprises – through an increase in securities acquisitions, for example – acquired

financial buffers for a future expansion of investment in new tangible fixed assets and other long-term equity investments and so on. At the same time, the capital base showed a further clear improvement. Other balance sheet ratios also indicate a notably greater financial viability. This means, first, that the requirements for sustainable corporate growth were strengthened. Second, enterprises built up their resilience to disruptive external influences. Against the background of the tensions in the financial markets since the third quarter of 2007, these successes are to be rated exceptionally highly.

The tables accompanying this article appear on the following pages.

German enterprises' balance sheet and income statement by economic sector *

€ billion

Item	All economic sectors ¹		Manufacturing ²		of which					
	2004	2005	2004	2005	Manufacture of food products and beverages		Manufacture of textiles and textile products		Manufacture of wood and wood products	
					2004	2005	2004	2005	2004	2005
Balance sheet										
Assets										
Intangible fixed assets	43.3	43.0	27.1	25.4	2.0	2.1	0.2	0.2	0.1	0.1
Tangible fixed assets	443.3	449.0	254.6	257.2	28.3	27.6	3.4	3.2	4.7	5.1
of which: Land and buildings	191.3	189.7	101.1	100.6	14.3	13.7	1.8	1.7	2.3	2.5
Inventories	394.4	404.9	200.0	209.5	11.4	11.7	5.0	5.0	3.4	3.5
of which										
Work in progress	118.9	119.5	65.1	66.0	1.3	1.2	0.8	0.8	1.0	1.0
Finished goods and merchandise	200.2	208.0	73.2	79.0	6.1	6.4	2.9	2.8	1.4	1.4
Cash	142.7	151.9	69.3	75.8	3.6	4.0	1.3	1.1	0.7	0.8
Receivables	676.7	702.6	380.5	397.2	28.2	26.9	6.0	5.5	3.6	4.1
Short-term	629.0	652.4	349.1	363.8	25.2	24.2	5.5	5.1	3.4	3.8
of which										
Trade receivables	269.9	275.6	125.4	126.2	12.5	12.3	2.9	2.7	1.9	1.8
Receivables from affiliated companies	273.5	291.9	185.6	199.6	9.6	9.2	1.9	1.8	1.1	1.5
Long-term	47.7	50.2	31.4	33.3	3.0	2.7	0.5	0.4	0.1	0.3
of which: Loans to affiliated companies	23.7	24.5	16.5	17.3	1.3	1.0	0.4	0.2	0.1	0.2
Securities	54.0	51.3	43.2	36.8	1.9	1.6	0.2	0.2	0.1	0.1
Other long-term equity investments ³	266.3	289.6	225.0	245.4	6.7	7.6	0.9	0.9	0.4	0.4
Prepaid expenses	10.7	10.8	4.1	4.1	0.3	0.3	0.1	0.1	0.1	0.1
Balance sheet total (adjusted)	2,031.4	2,103.1	1,203.6	1,251.3	82.3	81.8	17.1	16.1	13.1	14.3
Capital										
Equity ⁴ (adjusted)	463.3	500.2	326.3	343.2	19.6	21.2	4.7	5.0	2.6	2.9
Liabilities	1,164.6	1,183.7	593.3	613.6	50.3	48.1	10.2	9.2	9.2	9.9
Short-term	890.6	917.5	455.6	479.4	34.2	33.3	7.7	6.8	5.9	6.8
of which										
Liabilities to banks	152.1	141.2	57.7	52.2	8.9	8.6	1.8	1.6	1.7	1.8
Trade payables	216.4	223.2	90.3	93.8	9.3	9.2	1.7	1.7	1.4	1.5
Liabilities to affiliated companies	290.3	311.5	196.2	213.6	11.3	11.0	3.1	2.6	1.2	1.8
Payments received on account of orders	105.9	111.5	53.9	59.2	0.0	0.0	0.0	0.0	0.7	0.7
Long-term	274.1	266.2	137.7	134.2	16.2	14.8	2.5	2.3	3.3	3.1
of which										
Liabilities to banks	162.9	159.7	67.5	67.3	10.8	10.2	1.5	1.1	2.4	2.3
Liabilities to affiliated companies	72.7	69.7	45.9	44.0	3.0	2.9	0.7	0.7	0.7	0.6
Provisions ⁴	394.8	411.0	281.7	291.8	12.3	12.5	2.2	1.9	1.3	1.4
of which: Provisions for pensions	164.0	169.6	130.1	134.1	4.7	4.7	0.9	0.8	0.3	0.3
Deferred income	8.6	8.1	2.3	2.7	0.1	0.0	0.0	0.0	0.0	0.0
Balance sheet total (adjusted)	2,031.4	2,103.1	1,203.6	1,251.3	82.3	81.8	17.1	16.1	13.1	14.3
Income statement										
Sales	3,572.6	3,735.2	1,621.9	1,699.4	166.0	168.2	30.4	28.7	22.9	23.6
Change in finished goods ⁵	13.2	11.2	6.4	7.2	0.4	0.3	0.1	0.0	0.2	0.1
Gross revenue	3,585.8	3,746.4	1,628.3	1,706.6	166.4	168.4	30.4	28.6	23.1	23.7
Interest and similar income	14.7	16.0	9.8	10.2	0.5	0.5	0.1	0.1	0.1	0.1
Other income ⁶	150.6	161.9	84.5	89.4	6.0	6.3	1.2	1.1	0.8	0.9
of which: from long-term equity investments	15.6	18.0	12.0	13.5	0.6	0.8	0.0	0.1	0.0	0.0
Total income	3,751.1	3,924.3	1,722.5	1,806.2	172.9	175.2	31.7	29.9	23.9	24.6
Cost of materials	2,235.8	2,376.0	950.7	1,019.8	105.8	107.4	17.7	16.8	12.9	13.4
Personnel expenses	649.1	648.8	332.6	332.5	24.0	23.6	6.2	5.7	5.1	5.0
Depreciation	109.1	107.2	64.3	63.7	6.4	5.4	0.9	0.7	0.9	0.9
of which: of tangible fixed assets ⁷	98.8	97.4	58.0	57.5	5.8	5.1	0.7	0.6	0.8	0.8
Interest and similar expenses	37.6	36.6	19.9	19.4	1.7	1.6	0.4	0.4	0.4	0.4
Operating taxes	60.4	59.5	45.7	45.2	1.5	1.4	0.0	0.0	0.0	0.0
of which: Excise duties	57.1	56.2	44.1	43.7	0.8	0.9	0.0	0.0	0.0	0.0
Other expenses ⁸	522.1	536.1	244.6	249.1	27.6	29.1	5.4	5.0	3.8	4.0
Total expenses before taxes on income	3,614.1	3,764.2	1,657.8	1,729.8	167.1	168.5	30.6	28.7	23.1	23.7
Annual result before taxes on income	137.0	160.1	64.8	76.4	5.9	6.7	1.2	1.2	0.8	0.9
Taxes on income ⁹	31.1	34.2	17.5	19.4	1.1	1.3	0.3	0.3	0.2	0.2
Annual result	105.9	125.9	47.2	57.0	4.7	5.4	0.9	0.9	0.7	0.8
Cash flow ¹⁰	223.6	248.1	117.9	131.4	10.5	10.9	1.8	1.3	1.5	1.9

* Extrapolated results based on partially estimated figures taken from the turnover tax statistics provided by the Federal Statistical Office. — ¹ Manufacturing (including mining and quarrying), construction, trade, transport (excluding railways) and business-related services. —

² Including mining and quarrying. — ³ Including shares in affiliated companies. — ⁴ Including half of the special tax-allowable reserve. — ⁵ Including other own work capitalised. — ⁶ Excluding income from profit transfers (parent company) and loss transfers (subsidiary). —

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Manufacture of pulp, paper and paper products; publishing and printing		Manufacture of chemicals and chemical products		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		Manufacture of basic metals and fabricated metal products		Item
2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	
										Balance sheet
										Assets
1.4	1.6	6.8	5.5	0.5	0.6	0.5	0.4	2.1	1.7	Intangible fixed assets
22.5	23.5	29.4	29.8	10.1	10.3	9.9	9.9	33.5	32.9	Tangible fixed assets
8.1	8.5	10.6	10.6	4.1	4.2	4.9	4.8	12.9	12.9	of which: Land and buildings
8.2	8.5	18.2	18.7	6.4	6.5	5.3	5.6	25.8	28.5	Inventories
										of which
1.3	1.3	5.4	3.7	1.3	1.3	1.2	1.4	9.3	10.6	Work in progress
3.9	3.9	8.0	10.1	3.0	3.1	2.6	2.7	8.5	9.3	Finished goods and merchandise
4.3	4.7	7.1	11.1	2.2	2.6	1.8	2.0	5.9	7.0	Cash
19.2	20.3	60.3	62.9	12.6	12.4	9.1	9.5	32.3	35.2	Receivables
18.3	19.4	54.6	56.2	11.8	11.5	8.4	8.8	31.0	33.7	Short-term
										of which
8.2	8.3	12.8	13.1	5.2	5.0	2.6	2.8	16.0	16.8	Trade receivables
8.1	9.0	37.5	38.5	5.5	5.4	4.7	5.1	11.7	13.7	Receivables from affiliated companies
0.9	0.9	5.7	6.7	0.8	0.9	0.7	0.6	1.4	1.5	Long-term
0.5	0.5	4.7	5.9	0.4	0.4	0.5	0.5	0.7	0.8	of which: Loans to affiliated companies
1.1	1.1	2.3	3.9	0.2	0.2	0.6	0.6	1.2	1.0	Securities
5.0	4.9	71.4	75.1	5.1	4.9	4.1	4.4	6.8	7.0	Other long-term equity investments ³
0.3	0.3	0.6	0.5	0.1	0.1	0.1	0.3	0.4	0.4	Prepaid expenses
61.8	64.8	196.1	207.6	37.2	37.7	31.4	32.8	108.0	113.7	Balance sheet total (adjusted)
										Capital
15.9	18.2	68.6	67.1	10.4	10.5	9.5	10.4	28.3	31.2	Equity ⁴ (adjusted)
34.8	35.3	87.0	98.6	20.9	21.1	15.2	15.4	60.7	62.3	Liabilities
23.0	23.4	62.9	71.7	15.0	15.0	10.3	10.7	44.6	45.8	Short-term
										of which
4.7	4.5	4.3	3.7	3.1	3.0	2.2	2.0	8.5	8.0	Liabilities to banks
5.7	5.8	7.8	8.0	3.1	3.3	1.8	2.0	11.1	11.7	Trade payables
8.7	9.1	42.1	50.6	6.4	6.1	4.1	4.5	14.5	15.1	Liabilities to affiliated companies
0.4	0.3	2.6	2.7	0.4	0.3	0.6	0.7	4.0	4.5	Payments received on account of orders
11.7	11.9	24.1	26.9	5.9	6.1	5.0	4.7	16.1	16.5	Long-term
										of which
7.2	6.9	7.0	8.6	2.6	3.5	2.8	2.4	10.0	9.9	Liabilities to banks
3.7	4.0	6.6	6.9	2.4	1.8	1.9	2.1	4.6	5.2	Liabilities to affiliated companies
10.9	11.0	40.2	41.6	5.9	6.1	6.6	7.0	18.8	20.1	Provisions ⁴
5.3	5.4	23.6	24.2	2.4	2.3	2.9	3.2	8.4	8.5	of which: Provisions for pensions
0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.2	0.2	Deferred income
61.8	64.8	196.1	207.6	37.2	37.7	31.4	32.8	108.0	113.7	Balance sheet total (adjusted)
										Income statement
94.2	96.5	153.2	164.7	58.2	60.0	37.5	38.2	179.6	194.8	Sales
0.1	0.2	0.4	0.5	0.3	0.3	0.1	0.1	1.0	1.4	Change in finished goods ⁵
94.4	96.7	153.6	165.2	58.5	60.3	37.6	38.3	180.6	196.2	Gross revenue
0.4	0.4	1.7	2.0	0.2	0.2	0.2	0.2	0.4	0.5	Interest and similar income
4.5	4.8	14.7	16.1	2.6	2.4	2.5	2.8	7.1	6.7	Other income ⁶
0.5	0.7	4.5	3.9	0.4	0.3	0.3	0.4	0.6	0.7	of which: from long-term equity investments
99.2	101.9	170.0	183.4	61.3	62.8	40.2	41.3	188.2	203.4	Total income
45.8	47.7	84.4	90.9	32.0	33.2	18.2	19.1	102.2	115.0	Cost of materials
22.9	22.4	30.4	31.4	13.5	13.6	9.5	9.5	43.1	43.3	Personnel expenses
4.8	4.8	9.5	8.7	2.3	2.5	2.0	2.0	7.0	7.1	Depreciation
4.5	4.6	7.9	6.9	2.2	2.3	1.8	1.8	6.6	6.6	of which: of tangible fixed assets ⁷
1.3	1.3	3.5	4.0	0.7	0.8	0.6	0.6	2.0	2.0	Interest and similar expenses
0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.1	0.1	Operating taxes
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	of which: Excise duties
19.4	20.0	32.1	35.6	9.7	9.6	7.9	8.0	23.7	25.0	Other expenses ⁸
94.2	96.3	160.1	170.8	58.4	59.7	38.3	39.2	178.2	192.4	Total expenses before taxes on income
5.1	5.6	9.9	12.6	2.9	3.1	1.9	2.1	10.0	11.0	Annual result before taxes on income
1.1	1.1	2.5	3.1	0.8	0.9	0.3	0.3	2.0	2.5	Taxes on income ⁹
4.0	4.5	7.5	9.5	2.1	2.2	1.6	1.8	8.0	8.5	Annual result
8.8	9.5	18.5	19.8	4.6	4.9	3.6	4.0	16.6	16.8	Cash flow ¹⁰

⁷ Including amortisation and write-downs of intangible fixed assets. — ⁸ Excluding cost of loss transfers (parent company) and profit transfers (subsidiary). — ⁹ In the case of partnerships and sole proprietorships, trade earnings tax only. — ¹⁰ Annual result after

taxes on income, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income.

German enterprises' balance sheet and income statement by economic sector * (cont'd)

€ billion

Item	Manufacturing (cont'd): of which								Construction	
	Manufacture of machinery and equipment		Manufacture of office machinery, computers and electrical equipment		Manufacture of medical, precision and optical instruments		Manufacture of transport equipment			
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Balance sheet										
Assets										
Intangible fixed assets	2.4	2.6	2.4	2.1	1.8	2.0	3.8	3.1	0.6	0.6
Tangible fixed assets	20.9	21.8	16.3	17.2	6.4	6.5	43.4	43.6	23.2	22.3
of which: Land and buildings	10.1	10.1	5.2	5.2	3.3	3.3	10.6	10.6	12.1	11.4
Inventories	35.7	38.0	21.5	21.6	8.2	8.0	37.0	40.0	43.3	42.7
of which										
Work in progress	18.4	20.2	7.3	6.9	3.2	2.9	11.9	11.9	35.4	35.2
Finished goods and merchandise	7.0	7.3	8.1	8.6	2.6	2.8	13.0	14.4	4.9	4.6
Cash	8.9	11.0	12.6	10.7	2.3	2.7	15.0	14.2	10.6	10.2
Receivables	44.4	45.3	43.5	47.2	14.8	14.6	66.6	73.5	33.9	32.3
Short-term	42.2	43.0	41.4	44.8	13.8	13.5	56.6	62.3	32.5	30.9
of which										
Trade receivables	19.3	19.4	12.7	13.0	4.9	4.6	14.0	13.8	18.9	18.4
Receivables from affiliated companies	19.6	20.1	24.7	28.2	7.7	7.8	35.4	41.3	8.0	7.7
Long-term	2.3	2.4	2.1	2.4	1.0	1.2	10.0	11.2	1.4	1.4
of which: Loans to affiliated companies	1.0	1.2	1.1	2.0	0.6	0.8	2.7	2.1	0.5	0.6
Securities	2.9	3.3	19.6	10.2	0.9	0.8	9.1	10.4	1.6	1.5
Other long-term equity investments 4	11.6	12.9	40.7	52.1	4.1	4.3	56.2	57.7	2.4	2.5
Prepaid expenses	0.4	0.5	0.4	0.5	0.1	0.1	0.4	0.4	1.4	1.3
Balance sheet total (adjusted)	127.3	135.3	157.1	161.5	38.5	39.1	231.5	242.9	117.0	113.3
Capital										
Equity 5 (adjusted)	31.4	34.8	43.2	46.8	11.1	12.4	54.8	54.6	8.7	9.6
Liabilities	66.6	70.6	73.3	74.0	16.7	17.2	100.2	104.8	94.0	90.1
Short-term	53.8	58.0	61.2	63.4	12.0	12.7	87.0	93.5	77.6	74.3
of which										
Liabilities to banks	6.7	6.6	3.1	2.9	2.5	1.9	4.5	3.0	12.7	11.1
Trade payables	10.9	11.3	8.8	9.0	2.3	2.3	19.0	20.4	14.4	13.9
Liabilities to affiliated companies	14.3	15.1	32.1	33.7	3.8	4.5	36.5	40.7	5.6	5.6
Payments received on account of orders	15.8	18.5	10.7	10.0	1.7	2.1	16.2	18.3	32.9	32.9
Long-term	12.8	12.6	12.1	10.6	4.7	4.5	13.2	11.3	16.4	15.8
of which										
Liabilities to banks	6.9	6.7	3.1	3.1	2.7	3.2	4.9	4.3	12.3	11.6
Liabilities to affiliated companies	4.6	4.6	6.5	6.4	1.5	0.9	6.2	4.9	2.6	2.6
Provisions 5	29.1	29.7	40.0	40.0	10.6	9.3	76.2	83.2	14.2	13.5
of which: Provisions for pensions	11.8	11.4	19.9	20.4	5.8	4.7	33.6	37.4	3.3	3.0
Deferred income	0.2	0.2	0.6	0.7	0.1	0.2	0.3	0.3	0.1	0.1
Balance sheet total (adjusted)	127.3	135.3	157.1	161.5	38.5	39.1	231.5	242.9	117.0	113.3
Income statement										
Sales	177.2	186.5	153.6	157.7	46.9	47.6	303.6	321.5	176.1	167.6
Change in finished goods 6	1.9	2.0	1.0	0.9	0.3	0.2	0.6	0.5	1.7	2.2
Gross revenue	179.1	188.5	154.6	158.7	47.2	47.8	304.2	322.0	177.8	169.8
Interest and similar income	0.7	0.8	1.8	1.4	0.2	0.3	2.8	3.2	0.5	0.5
Other income 7	8.0	9.0	9.3	10.7	2.7	3.2	17.9	17.9	6.7	6.4
of which: from long-term equity investments	0.9	1.1	1.3	2.5	0.3	0.3	2.1	2.1	0.2	0.2
Total income	187.9	198.3	165.8	170.8	50.1	51.3	324.9	343.1	185.0	176.7
Cost of materials	97.6	103.7	92.0	100.1	20.4	21.4	216.6	231.8	87.7	85.9
Personnel expenses	49.0	49.4	35.4	35.3	15.6	15.0	56.7	58.1	54.3	49.8
Depreciation	5.0	5.4	5.6	6.1	1.7	1.7	13.0	13.6	5.4	5.1
of which: of tangible fixed assets 8	4.5	4.7	5.1	5.4	1.5	1.6	11.7	12.6	4.8	4.5
Interest and similar expenses	1.8	1.8	2.9	2.3	0.6	0.5	2.8	2.6	2.4	2.2
Operating taxes	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.2	0.2
of which: Excise duties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expenses 9	26.3	27.5	23.4	19.6	8.9	9.1	33.0	34.5	27.1	25.8
Total expenses before taxes on income	179.8	187.9	159.4	163.5	47.2	47.9	322.2	340.8	177.1	169.0
Annual result before taxes on income	8.1	10.4	6.4	7.3	2.9	3.4	2.7	2.3	8.0	7.6
Taxes on income 10	2.1	2.5	1.8	1.8	0.7	0.7	3.1	2.4	1.1	1.1
Annual result	6.0	7.8	4.6	5.4	2.2	2.6	-0.4	-0.1	6.9	6.6
Cash flow 11	11.1	13.8	10.6	11.8	3.6	3.1	16.5	20.5	10.6	10.9

* Extrapolated results based on partially estimated figures taken from the turnover tax statistics provided by the Federal Statistical Office. — 1 Including retail sale of automotive fuel. — 2 Including repair of personal and household goods. — 3 Including computer and related ac-

tivities, research and development, and other business services (excluding holding companies). — 4 Including shares in affiliated companies. — 5 Including half of the special tax-allowable reserve. — 6 Including other own work capitalised. — 7 Excluding income from

Retail trade in and repair of motor vehicles and motorcycles 1		Wholesale trade and commission trade		Retail trade 2		Transport (excluding railways)		Business-related services 3		Item
2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	
Balance sheet										
Assets										
0.5	0.5	4.1	5.0	2.7	3.3	0.9	1.2	7.3	7.0	Intangible fixed assets
18.6	18.1	35.0	34.3	30.4	31.6	45.5	49.3	36.0	36.2	Tangible fixed assets
10.8	10.4	20.4	19.2	16.8	18.1	13.4	13.4	16.6	16.5	of which: Land and buildings
24.9	25.0	55.1	55.9	49.9	50.2	1.9	1.9	19.3	19.6	Inventories
										of which
0.4	0.3	3.3	3.6	1.5	1.1	0.5	0.5	12.7	12.8	Work in progress
23.6	23.8	47.1	47.8	46.9	47.7	0.4	0.4	4.2	4.8	Finished goods and merchandise
3.2	3.5	17.0	17.2	12.2	12.9	7.6	7.1	22.8	25.3	Cash
19.6	20.1	101.5	102.3	45.6	47.4	27.4	30.6	68.3	72.7	Receivables
19.0	19.5	97.7	98.5	44.2	45.8	24.7	27.5	62.0	66.4	Short-term
										of which
10.2	10.6	57.9	59.2	14.8	16.0	12.0	13.3	30.6	31.9	Trade receivables
5.3	5.4	27.5	27.0	18.4	19.4	8.7	9.6	20.0	23.2	Receivables from affiliated companies
0.6	0.5	3.8	3.9	1.5	1.6	2.7	3.1	6.3	6.4	Long-term
0.2	0.2	1.6	1.8	0.5	0.5	2.0	2.2	2.5	2.1	of which: Loans to affiliated companies
0.1	0.2	1.7	2.0	1.0	1.4	1.6	3.3	4.7	6.2	Securities
1.0	1.0	12.7	13.5	11.4	11.2	5.3	7.1	8.6	8.9	Other long-term equity investments 4
0.3	0.3	0.9	0.9	0.9	1.0	0.9	0.9	2.2	2.3	Prepaid expenses
68.2	68.7	228.0	231.2	154.2	159.0	91.1	101.4	169.2	178.2	Balance sheet total (adjusted)
Capital										
7.2	8.4	51.9	54.6	24.4	29.1	14.2	19.2	30.7	36.2	Equity 5 (adjusted)
54.9	53.8	148.6	149.1	112.9	112.1	60.8	64.3	100.2	100.6	Liabilities
41.5	41.6	122.6	124.3	79.7	80.7	35.1	39.1	78.5	78.1	Short-term
										of which
17.3	17.0	23.3	23.1	16.3	14.9	10.3	10.0	14.5	12.9	Liabilities to banks
11.7	11.7	42.9	43.7	32.7	33.8	9.0	10.2	15.5	16.1	Trade payables
7.3	7.8	36.9	38.3	17.5	17.6	8.5	10.5	18.4	18.2	Liabilities to affiliated companies
0.4	0.3	3.0	3.1	1.3	1.5	1.3	1.1	13.1	13.5	Payments received on account of orders
13.4	12.2	25.9	24.9	33.2	31.5	25.7	25.1	21.7	22.5	Long-term
										of which
10.2	9.2	15.1	13.7	24.5	23.5	18.4	19.1	14.9	15.3	Liabilities to banks
2.1	2.0	8.2	8.7	4.9	4.2	4.5	3.6	4.4	4.6	Liabilities to affiliated companies
5.9	6.2	26.6	26.7	16.1	16.9	15.5	17.2	34.9	38.7	Provisions 5
1.1	1.2	9.1	8.9	4.5	4.7	4.9	5.4	10.9	12.3	of which: Provisions for pensions
0.2	0.2	0.9	0.8	0.9	0.9	0.7	0.7	3.5	2.7	Deferred income
68.2	68.7	228.0	231.2	154.2	159.0	91.1	101.4	169.2	178.2	Balance sheet total (adjusted)
Income statement										
182.8	189.7	751.0	791.0	431.5	446.7	139.8	150.2	269.6	290.7	Sales
0.1	0.0	4.3	0.5	0.1	0.2	0.5	0.5	0.1	0.7	Change in finished goods 6
182.9	189.6	755.2	791.5	431.5	446.9	140.3	150.7	269.7	291.4	Gross revenue
0.2	0.3	1.4	1.8	1.0	1.2	0.6	0.7	1.2	1.4	Interest and similar income
4.5	4.7	16.7	17.9	12.4	14.3	9.2	10.7	16.6	18.5	Other income 7
0.1	0.1	1.2	1.4	0.7	0.8	0.3	0.6	1.0	1.5	of which: from long-term equity investments
187.7	194.6	773.3	811.1	444.9	462.3	150.0	162.0	287.5	311.3	Total income
137.9	144.3	613.8	650.0	291.0	303.6	64.3	70.8	90.5	101.6	Cost of materials
20.6	20.2	55.0	54.8	59.1	57.5	32.8	33.5	94.7	100.4	Personnel expenses
3.0	2.9	8.6	8.2	7.2	7.1	8.7	9.1	12.0	11.0	Depreciation
2.8	2.7	7.2	7.0	6.7	6.6	8.4	8.7	10.9	10.4	of which: of tangible fixed assets 8
2.1	2.0	4.0	3.9	3.9	3.9	2.2	2.2	3.1	3.0	Interest and similar expenses
0.1	0.1	13.2	12.8	0.5	0.6	0.4	0.4	0.3	0.2	Operating taxes
0.0	0.0	12.6	12.2	0.3	0.3	0.0	0.0	0.1	0.0	of which: Excise duties
20.2	20.7	60.2	61.8	68.5	71.5	36.7	39.7	64.9	67.6	Other expenses 9
183.8	190.2	754.7	791.5	430.4	444.2	145.0	155.7	265.4	283.8	Total expenses before taxes on income
3.9	4.4	18.6	19.7	14.6	18.1	5.0	6.3	22.1	27.6	Annual result before taxes on income
0.7	0.8	4.3	4.5	2.4	2.7	1.0	1.1	4.0	4.5	Taxes on income 10
3.2	3.6	14.3	15.2	12.2	15.4	4.0	5.2	18.1	23.0	Annual result
6.3	6.8	24.0	23.2	20.1	23.3	12.2	15.8	32.4	36.7	Cash flow 11

profit transfers (parent company) and loss transfers (subsidiary). — 8 Including amortisation and write-downs of intangible fixed assets. — 9 Excluding cost of loss transfers (parent company) and profit transfers (subsidiary). — 10 In the case of partnerships and sole

proprietorships, trade earnings tax only. — 11 Annual result after taxes on income, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income.

Selected ratios *

Item	All economic sectors ¹		Manufacturing ²		of which					
	2004	2005	2004	2005	Manufacture of food products and beverages		Manufacture of textiles and textile products		Manufacture of wood and wood products	
					2004	2005	2004	2005	2004	2005
Balance sheet ratios	Percentage of balance sheet total (adjusted)									
Assets										
Intangible fixed assets	2.1	2.0	2.3	2.0	2.4	2.6	1.4	1.4	0.9	0.9
Tangible fixed assets	21.8	21.3	21.2	20.6	34.3	33.7	19.8	19.7	36.1	35.7
Inventories	19.4	19.3	16.6	16.7	13.9	14.3	29.4	30.7	26.0	24.7
Cash	7.0	7.2	5.8	6.1	4.3	4.9	7.3	6.9	5.7	5.7
Receivables	33.3	33.4	31.6	31.7	34.2	32.9	35.2	33.8	27.2	28.4
Short-term	31.0	31.0	29.0	29.1	30.6	29.6	32.1	31.6	26.1	26.6
Long-term	2.3	2.4	2.6	2.7	3.6	3.3	3.1	2.2	1.1	1.8
Securities	2.7	2.4	3.6	2.9	2.3	2.0	1.1	1.3	0.9	1.0
Other long-term equity investments ³	13.1	13.8	18.7	19.6	8.1	9.2	5.4	5.8	2.7	3.0
Capital										
Equity ⁴ (adjusted)	22.8	23.8	27.1	27.4	23.8	25.9	27.7	31.0	20.0	20.4
Liabilities										
Short-term	43.8	43.6	37.9	38.3	41.5	40.7	45.0	42.4	45.4	47.4
Long-term	13.5	12.7	11.4	10.7	19.7	18.1	14.3	14.5	24.9	21.8
Provisions ⁴	19.4	19.5	23.4	23.3	15.0	15.2	13.0	12.0	9.6	10.1
of which: Provisions for pensions	8.1	8.1	10.8	10.7	5.7	5.8	5.2	5.2	2.4	2.4
Memo item: Sales	175.9	177.6	134.7	135.8	201.7	205.5	177.3	177.6	175.2	164.5
Income statement ratios	Percentage of gross revenue									
Sales	99.6	99.7	99.6	99.6	99.8	99.8	99.7	100.1	99.3	99.4
Change in finished goods ⁵	0.4	0.3	0.4	0.4	0.2	0.2	0.3	-0.1	0.7	0.6
Gross revenue	100	100	100	100	100	100	100	100	100	100
Interest and similar income	0.4	0.4	0.6	0.6	0.3	0.3	0.4	0.4	0.3	0.3
Other income ⁶	4.2	4.3	5.2	5.2	3.6	3.7	3.9	4.0	3.5	3.6
Total income	104.6	104.7	105.8	105.8	103.9	104.0	104.3	104.3	103.8	103.9
Cost of materials	62.4	63.4	58.4	59.8	63.6	63.8	58.2	58.5	55.8	56.3
Personnel expenses	18.1	17.3	20.4	19.5	14.4	14.0	20.2	20.0	22.3	21.1
Depreciation	3.0	2.9	3.9	3.7	3.9	3.2	2.8	2.6	3.9	3.8
Interest and similar expenses	1.0	1.0	1.2	1.1	1.0	1.0	1.3	1.4	1.6	1.5
Operating taxes	1.7	1.6	2.8	2.6	0.9	0.8	0.1	0.1	0.1	0.1
of which: Excise duties	1.6	1.5	2.7	2.6	0.5	0.5	0.0	0.0	0.0	0.0
Other expenses ⁷	14.6	14.3	15.0	14.6	16.6	17.3	17.7	17.6	16.5	17.0
Total expenses before taxes on income	100.8	100.5	101.8	101.4	100.4	100.0	100.4	100.2	100.1	99.9
Annual result before taxes on income	3.8	4.3	4.0	4.5	3.5	4.0	3.9	4.2	3.7	4.0
Taxes on income ⁸	0.9	0.9	1.1	1.1	0.7	0.8	1.0	1.0	0.7	0.8
Annual result	3.0	3.4	2.9	3.4	2.8	3.2	3.0	3.2	3.0	3.2
Cash flow ⁹	6.3	6.6	7.3	7.7	6.3	6.5	6.0	4.6	6.7	8.1
Other ratios										
Inventories	11.0	10.8	12.3	12.3	6.9	7.0	16.6	17.3	14.8	15.0
Short-term receivables	17.6	17.5	21.5	21.4	15.2	14.4	18.1	17.8	14.9	16.2
Equity (adjusted)	95.2	101.7	115.8	121.5	64.8	71.5	130.3	146.8	54.2	55.8
Long-term equity and liabilities ¹¹	187.7	192.6	212.5	218.1	135.9	139.2	225.6	242.0	130.5	125.1
Long-term equity and liabilities ¹¹	110.4	111.4	106.9	107.4	101.7	102.3	159.9	174.0	118.0	110.4
Cash resources ¹³ and short-term receivables	89.7	91.2	96.4	96.7	87.1	88.2	89.6	93.2	71.8	70.2
Cash resources ¹³ , short-term receivables and inventories	134.0	135.4	140.3	140.5	120.7	123.4	154.9	165.5	129.0	122.4
Cash flow ⁹	15.7	17.1	14.6	15.8	17.8	19.3	16.4	13.1	15.8	18.1
Annual result and interest and similar expenses	7.1	7.7	5.6	6.1	7.8	8.6	7.6	8.1	8.1	7.8

* Extrapolated results based on partially estimated figures taken from the turnover tax statistics provided by the Federal Statistical Office. — 1 Manufacturing (including mining and quarrying), construction, trade and transport (excluding railways) and business-related services. — 2 Including mining and quarrying. — 3 Including shares in

affiliated companies. — 4 Including half of the special tax-allowable reserve. — 5 Including other own work capitalised. — 6 Excluding income from profit transfers (parent company) and loss transfers (subsidiary). — 7 Excluding costs of loss transfers (parent company) and profit transfers (subsidiary). — 8 In the case of partnerships and

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Manufacture of pulp, paper and paper products; publishing and printing		Manufacture of chemicals and chemical products		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		Manufacture of basic metals and fabricated metal products		Item
2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	
Percentage of balance sheet total (adjusted)										Balance sheet ratios
										Assets
2.2	2.4	3.4	2.6	1.4	1.6	1.5	1.3	1.9	1.5	Intangible fixed assets
36.4	36.3	15.0	14.3	27.3	27.3	31.6	30.3	31.0	28.9	Tangible fixed assets
13.2	13.1	9.3	9.0	17.2	17.3	16.9	17.1	23.9	25.0	Inventories
6.9	7.2	3.6	5.4	5.8	6.9	5.8	6.1	5.4	6.2	Cash
31.0	31.3	30.8	30.3	33.8	32.9	29.0	28.8	29.9	30.9	Receivables
29.5	29.9	27.9	27.1	31.8	30.6	26.7	26.9	28.7	29.6	Short-term
1.5	1.4	2.9	3.2	2.0	2.3	2.3	1.9	1.3	1.3	Long-term
1.8	1.7	1.2	1.9	0.5	0.6	1.8	2.0	1.1	0.9	Securities
8.1	7.5	36.4	36.2	13.6	13.1	13.0	13.5	6.3	6.2	Other long-term equity investments ³
										Capital
25.7	28.1	35.0	32.3	27.9	27.8	30.2	31.7	26.2	27.4	Equity ⁴ (adjusted)
56.2	54.5	44.4	47.5	56.2	56.0	48.6	46.8	56.2	54.8	Liabilities
37.2	36.1	32.1	34.5	40.4	39.8	32.7	32.6	41.3	40.3	Short-term
19.0	18.4	12.3	12.9	15.8	16.2	15.9	14.2	14.9	14.5	Long-term
17.6	17.0	20.5	20.0	15.8	16.1	21.2	21.4	17.4	17.6	Provisions ⁴
8.5	8.3	12.0	11.6	6.5	6.2	9.3	9.8	7.7	7.5	of which: Provisions for pensions
152.3	148.8	78.1	79.3	156.5	159.0	119.4	116.3	166.3	171.3	Memo item: Sales
Percentage of gross revenue										Income statement ratios
99.9	99.7	99.7	99.7	99.4	99.6	99.6	99.6	99.4	99.3	Sales
0.1	0.3	0.3	0.3	0.6	0.4	0.4	0.4	0.6	0.7	Change in finished goods ⁵
100	100	100	100	100	100	100	100	100	100	Gross revenue
0.4	0.4	1.1	1.2	0.3	0.3	0.5	0.5	0.2	0.3	Interest and similar income
4.8	5.0	9.6	9.8	4.4	3.9	6.6	7.3	4.0	3.4	Other income ⁶
105.2	105.3	110.7	111.0	104.7	104.3	107.0	107.8	104.2	103.7	Total income
48.5	49.4	54.9	55.0	54.8	55.1	48.5	49.9	56.6	58.6	Cost of materials
24.3	23.1	19.8	19.0	23.1	22.5	25.4	24.8	23.8	22.0	Personnel expenses
5.1	5.0	6.2	5.3	4.0	4.1	5.2	5.1	3.9	3.6	Depreciation
1.3	1.3	2.3	2.4	1.3	1.3	1.6	1.4	1.1	1.0	Interest and similar expenses
0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	Operating taxes
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	of which: Excise duties
20.6	20.7	20.9	21.6	16.6	16.0	21.1	20.9	13.1	12.8	Other costs ⁷
99.8	99.5	104.2	103.4	99.7	99.1	101.8	102.3	98.6	98.1	Total expenses before taxes on income
Percentage of sales										Other ratios
5.4	5.8	6.5	7.6	5.0	5.2	5.2	5.5	5.6	5.6	Annual result before taxes on income
1.2	1.1	1.6	1.9	1.4	1.5	0.8	0.9	1.1	1.3	Taxes on income ⁸
4.2	4.7	4.9	5.8	3.6	3.7	4.4	4.7	4.5	4.3	Annual result
9.3	9.9	12.1	12.1	7.8	8.1	9.5	10.4	9.2	8.6	Cash flow ⁹
8.7	8.8	11.9	11.4	11.0	10.9	14.2	14.7	14.4	14.6	Inventories
19.4	20.1	35.7	34.1	20.3	19.2	22.4	23.1	17.2	17.3	Short-term receivables
Percentage of tangible fixed assets ¹⁰										Equity (adjusted)
66.6	72.5	189.8	190.3	97.4	96.3	91.3	100.2	79.7	90.3	Equity (adjusted)
139.5	143.1	323.2	336.7	176.2	175.3	169.3	177.7	150.2	164.3	Long-term equity and liabilities ¹¹
Percentage of fixed assets ¹²										Long-term equity and liabilities ¹¹
110.0	114.3	102.7	100.6	113.8	113.8	113.5	116.8	120.0	130.2	
Percentage of short-term liabilities										Cash resources ¹³ and short-term receivables
100.4	105.4	100.8	98.1	94.1	95.3	101.9	104.0	83.7	90.0	Cash resources ¹³ , short-term receivables and inventories
135.8	141.6	129.8	124.2	136.7	138.8	153.6	156.6	141.6	152.2	
Percentage of liabilities and provisions ¹⁴ less cash										Cash flow ⁹
21.1	22.7	15.4	15.3	18.5	19.8	17.7	19.4	22.5	22.2	
Percentage of balance sheet total (adjusted)										Annual result and interest and similar expenses
8.5	8.9	5.6	6.5	7.6	7.9	7.1	7.1	9.3	9.2	

sole proprietorships, trade earnings tax only. — ⁹ Annual result after taxes on income, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income. — ¹⁰ Including intangible fixed assets. — ¹¹ Equity, provisions for pensions, long-term liabilities and the special tax-allowable

reserve. — ¹² Tangible fixed assets, intangible fixed assets, other long-term equity investments, long-term receivables and long-term securities. — ¹³ Cash and short-term securities. — ¹⁴ Liabilities, provisions, deferred income and half of the special tax-allowable reserve.

Selected ratios * (cont'd)

Item	Manufacturing (cont'd): of which									
	Manufacture of machinery and equipment		Manufacture of office machinery, computers and electrical equipment		Manufacture of medical, precision and optical instruments		Manufacture of transport equipment		Construction	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Balance sheet ratios	Percentage of balance sheet total (adjusted)									
Assets										
Intangible fixed assets	1.9	1.9	1.5	1.3	4.6	5.2	1.6	1.3	0.5	0.5
Tangible fixed assets	16.4	16.1	10.4	10.7	16.6	16.5	18.7	17.9	19.8	19.7
Inventories	28.0	28.1	13.7	13.4	21.2	20.5	16.0	16.5	37.0	37.7
Cash	7.0	8.1	8.0	6.6	6.1	6.8	6.5	5.9	9.1	9.0
Receivables	34.9	33.5	27.7	29.2	38.3	37.4	28.8	30.3	29.0	28.5
Short-term	33.1	31.8	26.4	27.7	35.9	34.4	24.5	25.6	27.8	27.3
Long-term	1.8	1.7	1.3	1.5	2.5	3.0	4.3	4.6	1.2	1.2
Securities	2.2	2.5	12.5	6.3	2.3	2.1	3.9	4.3	1.4	1.3
Other long-term equity investments 4	9.1	9.5	25.9	32.2	10.5	11.1	24.3	23.7	2.1	2.2
Capital										
Equity 5 (adjusted)	24.7	25.8	27.5	29.0	28.9	31.6	23.7	22.5	7.4	8.4
Liabilities										
Short-term	52.3	52.2	46.7	45.8	43.3	44.0	43.3	43.1	80.4	79.5
Long-term	42.3	42.9	39.0	39.2	31.2	32.4	37.6	38.5	66.3	65.6
Provisions 5	10.0	9.3	7.7	6.6	12.1	11.6	5.7	4.7	14.1	13.9
of which: Provisions for pensions	22.9	21.9	25.4	24.8	27.6	23.8	32.9	34.2	12.1	11.9
of which: Provisions for pensions	9.3	8.4	12.6	12.6	15.2	12.1	14.5	15.4	2.8	2.6
Memo item: Sales	139.2	137.8	97.7	97.7	121.8	121.7	131.2	132.3	150.5	147.9
Income statement ratios	Percentage of gross revenue									
Sales	98.9	99.0	99.3	99.4	99.5	99.7	99.8	99.9	99.0	98.7
Change in finished goods 6	1.1	1.0	0.7	0.6	0.5	0.3	0.2	0.1	1.0	1.3
Gross revenue	100	100	100	100	100	100	100	100	100	100
Interest and similar income	0.4	0.4	1.2	0.9	0.5	0.5	0.9	1.0	0.3	0.3
Other income 7	4.5	4.8	6.0	6.8	5.7	6.8	5.9	5.6	3.8	3.8
Total income	104.9	105.2	107.2	107.6	106.2	107.3	106.8	106.6	104.1	104.1
Cost of materials	54.5	55.0	59.5	63.1	43.3	44.8	71.2	72.0	49.3	50.6
Personnel expenses	27.3	26.2	22.9	22.3	33.0	31.5	18.6	18.1	30.5	29.3
Depreciation	2.8	2.9	3.6	3.8	3.6	3.5	4.3	4.2	3.0	3.0
Interest and similar expenses	1.0	1.0	1.9	1.5	1.2	1.2	0.9	0.8	1.3	1.3
Operating taxes	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1
of which: Excise duties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expenses 8	14.7	14.6	15.1	12.3	18.9	19.2	10.8	10.7	15.2	15.2
Total expenses before taxes on income	100.4	99.7	103.1	103.0	100.1	100.2	105.9	105.8	99.6	99.6
Annual result before taxes on income	4.6	5.6	4.2	4.6	6.2	7.1	0.9	0.7	4.5	4.6
Taxes on income 9	1.2	1.4	1.2	1.2	1.5	1.6	1.0	0.8	0.6	0.6
Annual result	3.4	4.2	3.0	3.5	4.6	5.5	-0.1	0.0	3.9	3.9
Cash flow 10	6.3	7.4	6.9	7.5	7.8	6.5	5.4	6.4	6.0	6.5
Other ratios										
Inventories	20.1	20.4	14.0	13.7	17.4	16.8	12.2	12.4	24.6	25.5
Short-term receivables	23.8	23.0	27.0	28.4	29.4	28.3	18.7	19.4	18.4	18.5
Equity (adjusted)	134.5	143.0	230.6	242.3	135.9	145.2	116.1	117.0	36.4	41.7
Long-term equity and liabilities 12	241.3	242.9	403.6	406.1	267.3	256.0	215.6	221.9	124.6	128.1
Long-term equity and liabilities 12	146.3	143.9	103.7	102.7	162.4	154.2	86.9	87.5	106.0	108.2
Cash resources 14 and short-term receivables	97.9	96.1	101.6	99.5	139.3	132.7	88.6	90.0	57.2	56.9
Cash resources 14, short-term receivables and inventories	164.2	161.5	136.6	133.6	207.3	195.9	131.2	132.8	113.0	114.3
Cash flow 10	12.8	15.4	10.5	11.3	14.5	12.9	10.2	11.8	10.9	11.6
Annual result and interest and similar expenses	6.1	7.1	4.8	4.8	7.1	8.1	1.0	1.1	7.9	7.7

* Extrapolated results based on partially estimated figures taken from the turnover tax statistics provided by the Federal Statistical Office. — 1 Including the retail sale of automotive fuel. — 2 Including repair of personal and household goods. — 3 Including computer and related activities, research and development, and other business services (ex-

cluding holding companies). — 4 Including shares in affiliated companies. — 5 Including half of the special tax-allowable reserve. — 6 Including other own work capitalised. — 7 Excluding income from profit transfers (parent company) and loss transfers (subsidiary). — 8 Excluding cost of loss transfers (parent company) and profit transfers

Retail trade in and repair of motor vehicles and motorcycles 1		Wholesale trade and commission trade		Retail trade 2		Transport (excluding railways)		Business-related services 3		Item
2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	
Percentage of balance sheet total (adjusted)										Balance sheet ratios
0.7	0.8	1.8	2.2	1.7	2.0	1.0	1.2	4.3	4.0	Assets
27.3	26.4	15.4	14.8	19.7	19.9	49.9	48.7	21.3	20.3	Intangible fixed assets
36.5	36.4	24.2	24.2	32.3	31.6	2.1	1.9	11.4	11.0	Tangible fixed assets
4.7	5.1	7.5	7.4	7.9	8.1	8.4	7.0	13.4	14.2	Inventories
28.7	29.2	44.5	44.3	29.6	29.8	30.1	30.1	40.3	40.8	Cash
27.8	28.4	42.8	42.6	28.6	28.8	27.1	27.1	36.6	37.3	Receivables
0.8	0.8	1.7	1.7	0.9	1.0	3.0	3.0	3.7	3.6	Short-term
0.2	0.3	0.8	0.9	0.7	0.9	1.7	3.3	2.8	3.5	Long-term
1.4	1.4	5.5	5.8	7.4	7.1	5.8	7.0	5.1	5.0	Securities
										Other long-term equity investments 4
10.6	12.2	22.8	23.6	15.8	18.3	15.5	19.0	18.1	20.3	Capital
80.4	78.3	65.2	64.5	73.2	70.5	66.7	63.4	59.2	56.5	Equity 5 (adjusted)
60.8	60.5	53.8	53.8	51.7	50.7	38.5	38.6	46.4	43.8	Liabilities
19.6	17.8	11.4	10.8	21.5	19.8	28.2	24.8	12.8	12.6	Short-term
8.7	9.1	11.7	11.5	10.4	10.6	17.0	17.0	20.6	21.7	Long-term
1.7	1.7	4.0	3.9	2.9	3.0	5.4	5.3	6.4	6.9	Provisions 5
268.0	276.0	329.4	342.1	279.9	280.9	153.4	148.2	159.3	163.1	of which: Provisions for pensions
										Memo item: Sales
Percentage of gross revenue										Income statement ratios
100.0	100.0	99.4	99.9	100.0	100.0	99.6	99.7	100.0	99.8	Sales
0.0	0.0	0.6	0.1	0.0	0.0	0.4	0.3	0.0	0.2	Change in finished goods 6
100	100	100	100	100	100	100	100	100	100	Gross revenue
0.1	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.5	Interest and similar income
2.5	2.5	2.2	2.3	2.9	3.2	6.5	7.1	6.2	6.3	Other income 7
102.6	102.6	102.4	102.5	103.1	103.5	106.9	107.5	106.6	106.8	Total income
75.4	76.1	81.3	82.1	67.4	67.9	45.8	47.0	33.5	34.9	Cost of materials
11.2	10.7	7.3	6.9	13.7	12.9	23.4	22.2	35.1	34.5	Personnel expenses
1.6	1.5	1.1	1.0	1.7	1.6	6.2	6.1	4.5	3.8	Depreciation
1.1	1.0	0.5	0.5	0.9	0.9	1.6	1.5	1.1	1.0	Interest and similar expenses
0.1	0.1	1.7	1.6	0.1	0.1	0.3	0.3	0.1	0.1	Operating duties
0.0	0.0	1.7	1.5	0.1	0.1	0.0	0.0	0.0	0.0	of which: Excise duties
11.0	10.9	8.0	7.8	15.9	16.0	26.1	26.3	24.0	23.2	Other expenses 8
100.5	100.3	99.9	100.0	99.7	99.4	103.4	103.4	98.4	97.4	Total expenses before taxes on income
Percentage of sales										Other ratios
2.1	2.3	2.5	2.5	3.4	4.1	3.6	4.2	8.2	9.5	Inventories
0.4	0.4	0.6	0.6	0.6	0.6	0.7	0.8	1.5	1.6	Short-term receivables
1.7	1.9	1.9	1.9	2.8	3.5	2.8	3.4	6.7	7.9	Annual result before taxes on income
3.5	3.6	3.2	2.9	4.7	5.2	8.7	10.5	12.0	12.6	Taxes on income 9
										Annual result
13.6	13.2	7.3	7.1	11.6	11.2	1.4	1.3	7.2	6.7	Cash flow 10
10.4	10.3	13.0	12.4	10.2	10.3	17.6	18.3	23.0	22.8	
Percentage of tangible fixed assets 11										Equity (adjusted)
37.8	45.0	132.7	138.9	73.7	83.5	30.5	38.1	70.7	83.6	Equity (adjusted)
116.2	119.4	224.7	227.0	191.7	191.0	100.2	101.5	150.1	167.8	Long-term equity and liabilities 12
Percentage of fixed assets 13										Long-term equity and liabilities 12
107.3	110.0	156.7	155.2	136.4	138.0	84.4	82.9	107.2	117.7	
Percentage of short-term liabilities										Cash resources 14 and short-term receivables
53.6	55.6	94.5	94.1	71.4	73.9	94.6	93.8	110.8	121.2	
113.7	115.7	139.4	139.0	134.0	136.2	100.1	98.8	135.5	146.2	Cash resources 14, short-term receivables and inventories
Percentage of liabilities and provisions 15 less cash										Cash flow 10
11.0	12.0	15.1	14.6	17.1	19.9	17.6	21.0	28.0	31.5	
Percentage of balance sheet total (adjusted)										Annual result and interest and similar expenses
7.8	8.1	8.0	8.3	10.5	12.2	6.8	7.3	12.5	14.6	

(subsidiary). — 9 In the case of partnerships and sole proprietorships, trade earnings tax only. — 10 Annual result after taxes on income, depreciation, and changes in provisions, in the special tax-allowable reserve and in prepaid expenses and deferred income. — 11 Including intangible fixed assets. — 12 Equity, provisions for pensions, long-term

liabilities and the special tax-allowable reserve. — 13 Tangible fixed assets, intangible fixed assets, other long-term equity investments, long-term receivables and long-term securities. — 14 Cash and short-term securities. — 15 Liabilities, provisions, deferred income and half of the special tax-allowable reserve.