



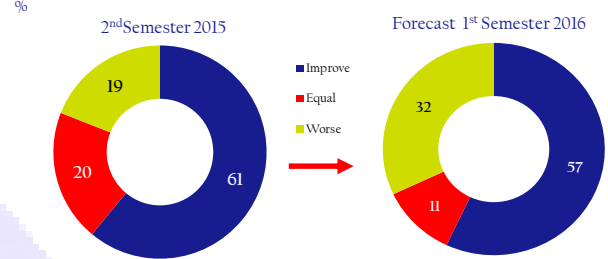
Barometer of the companies

Corporate trends

According to the Deloitte Barometer, of the 294 Spanish companies surveyed, 61% report that their billing improved in the second half of 2015 (although it was some 2 decimal points lower than in the first half of the year) a figure slightly higher than their expectations for the first half of 2016.

In addition, 73% predict that the Spanish economy will develop favorably.

Companies surveyed production %

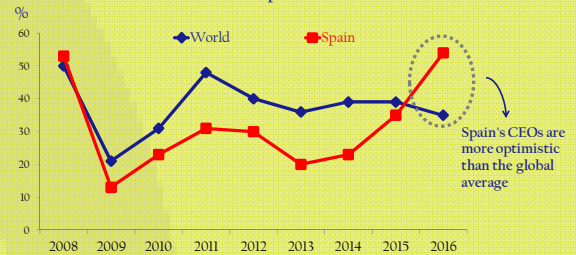


Source: Deloitte, 2016

CEOs confidence

In the most recent survey by PwC, 54% of Spanish CEOs are optimistic about the future of their company, and 59% expect to increase their staff, as against 35% worldwide that expect to increase their staff.

CEO's confidence about their companies



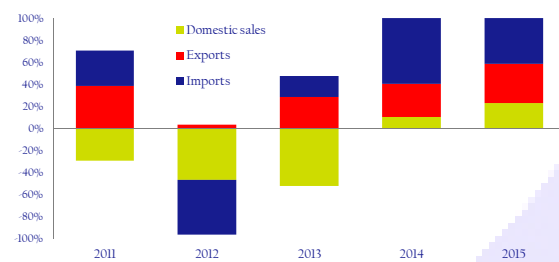
Source: PwC, 2016

Company sales and employment

In 2015 the average increase in sales of companies with billings of greater than 6.01 million euros was 5.1%. Exports increased by 7.2%, while domestic sales grew by 4.6%.

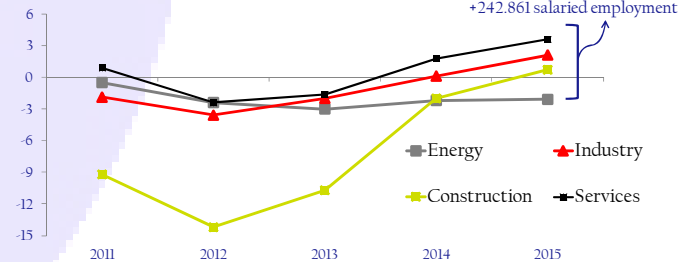
Salaried employment in this type of company increased 3.1%, driven mainly by the service sector, which accounted for 90% of the new jobs. By contrast, jobs in the energy sector declined by 2.1%.

Sales of companies > 6.01 million euros Annual change



Source: Círculo de Empresarios based on AEAT, 2016

Employment evolution in companies with sales > 6,01 M€ % annual change

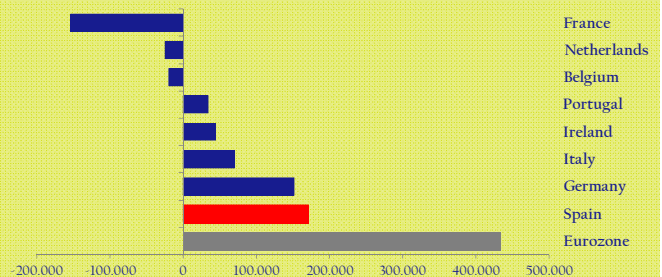


Source: Círculo de Empresarios based on AEAT, 2016

Permanent employment

In year-on-year terms, the survey of working population for the last quarter of 2015 showed that 170,600 permanent employment contracts had been created. During the past year, Spain has created four of every 10 permanent employment jobs in the Eurozone. At present, 75% of the Spanish work force has this kind of contract, which is growing at rates similar to those in 2004 (8.1%).

Change in permanent employment Annual change, 3Q-2015

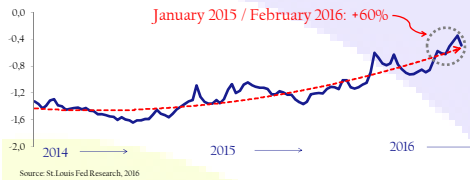


Source: Círculo de Empresarios based on The Ministry of Employment, 2016

Financial markets

Doubts about world economic growth are causing turbulence in these markets. Indicators of financial stress are at levels close to those of the recent sovereign debt crisis in Europe.

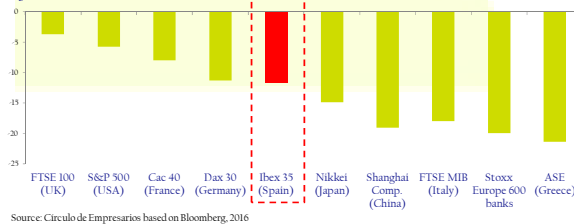
Cleveland Financial Stress



Stock Markets

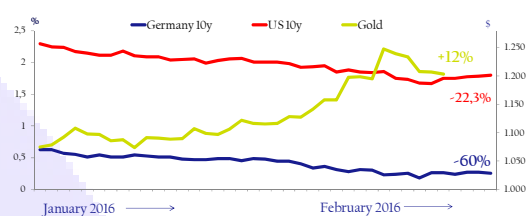
The slowdown in China, raw material prices, the policies of central banks (23% of the world's GDP is negative) and symptoms of fatigue in the US economy are causing sharp changes in the markets, especially in the financial sector.

Stock Markets
+ Jan-17 Feb



This uncertainty is also reflected in an increase in the demand for 'safe' investments (sovereign bonds in Germany and the USA, among others) and in the risk premiums in other peripheral countries.

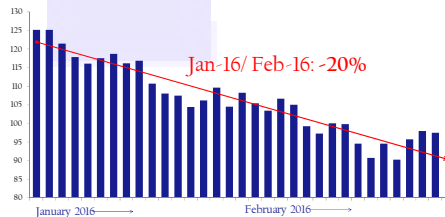
Safe assets evolution



Banks capitalization

Doubts about the creation of a 'bad bank' in Italy (non-performing loans of 200 billion euros), the increase in the price of (CDS) and the volatility of contingent convertible bonds (CoCos) have caused since the beginning of 2016 a loss of capitalization of 22% in the European banking sector.

Euro Stoxx Banks

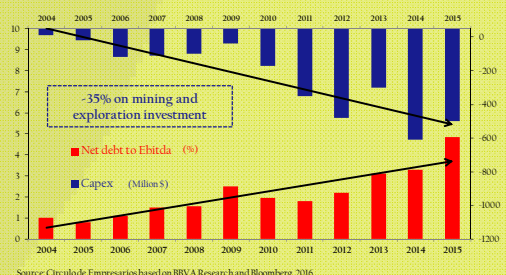


Petroleum

Pressures on profitability in the petroleum sector (because its price has dropped more than 70% since 2014) reduced capital expenditure (Capex) in the USA during 2015.

In addition, greater volatility, as measured by the *Oil Volatility Index* (up by 44% in 2016) contributed to financial instability.

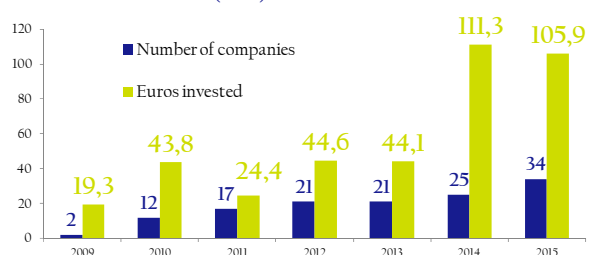
Capex and net debt to Ebitda
Million and percentage



Alternative Stock Market

During 2015, Spain's Alternative Stock Market (**MAB**) incorporated nine companies (eight of them classified as 'SOCIMIS', or Real Estate Investment Trusts). Last year ended with 34 quoted companies on this market and 105 million euros invested (400 million since 2009), for a total capitalization 1,390 million euros

Alternative Stock Market (MAB)



'Así está...The company', a publication of the Círculo de Empresarios produced by its Department of the Economy, contains information and opinion from reliable sources. However the Círculo de Empresarios does not guarantee its accuracy and does not take responsibility for any errors or omissions. This document is merely informative. As a result, the Círculo de Empresarios is not responsible for any uses that may be made of the publication. The opinions and estimates of the Department can be modified without any warning.