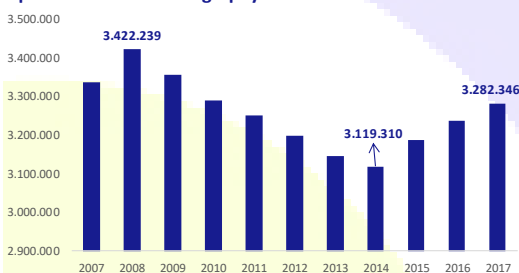


## Business demography

### Structural business statistics

According to the Central Business Directory (DIRCE) in 2016 and for the third consecutive year, the number of active companies increased by 1.4%, reaching 3,282,346.

#### Spanish business demography



Source: Círculo de Empresarios based on INE, 2017

### Reduced business size

By number of employees, 55.5% of all Spanish companies had no employees and 27.2% had just one or two employees. Altogether, in Spain 82.7% of companies have two or fewer employees.

Number of companies with 2 or less employees (thousands of companies)



By sectors, services account for 81%, construction 12.3% and industry 6.1%.

## Business activity

The Business Turnover Index (BTI), which records 50% of the activities of Spanish GDP, rose in June by 6.6% year-on-year in seasonally adjusted terms.

It lost 2 points from its May figure, but remains around the average for the first half of the year (6.85%).

#### Spanish corporate turnover index



Source: Círculo de Empresarios based on INE, 2017

## Private investment (ASCRI)

During the first half of 2017 the volume of investment (Venture Capital and Private Equity) reached €3,046.5m, three times more than that recorded in the same period of 2016.

Likewise, 2017 is expected to close with an investment level that is higher than the peak figures of 2005 (€4,076M).

#### Reasons for the positive performance of private investment 1st semester 2017

- 1 Several large transactions (> 100M€ in equity)
- 2 Significant activity of international funds
- 3 Mid market dynamism
- 4 Positive macroeconomic projections

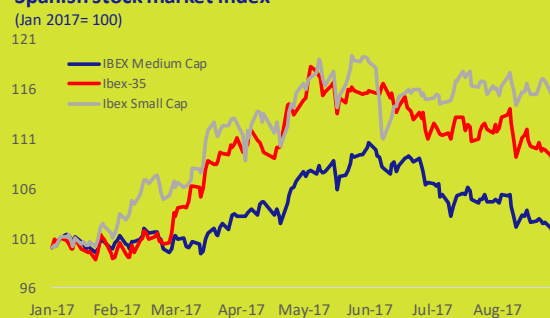
Source: Círculo de Empresarios based on Ascric, 2017

## Equities Spain

Between January and August 2017, the benchmark index that groups the 35 companies with the greatest liquidity listed on the Spanish market grew by 9.3% (12.9% with dividends). Specifically, the biggest increase was recorded in the banking sector (+14.6%).

By size, the rates of small and mid-cap securities increased by 15.9% and 2.82% respectively.

#### Spanish stock market index



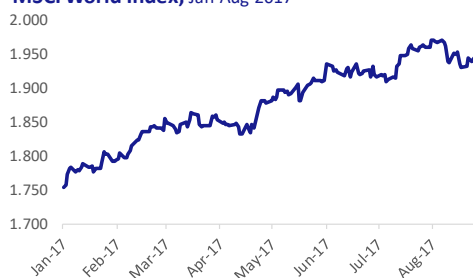
Source: Círculo de Empresarios based on Investing, 2017

## Financial markets

Despite the geopolitical noise from North Korea and the appreciation of the euro (+6% from June to August) global equities have risen by 2.5%.

The positive tone of the stock markets has been supported by the macroeconomic environment and better business results than expected globally.

MSCI World Index, Jan-Aug 2017



Source: Círculo de Empresarios based on Investing, 2017

## "Hurricane Harvey"

The devastating storm in the Gulf Coast has affected oil production and refining in the state of Texas, leading to a standstill in 10 refineries which account for 43% of total capacity in the region and the equivalent of 2.2 mbd (million barrels per day). Although

activity has been gradually recovering, it is estimated that 5.5% of the daily supply of oil in the Gulf and 8.43% of natural gas production have still not been restored. Goldman Sachs estimates that the impact on GDP in the third quarter will be -0.2 points.

## Fortune 500

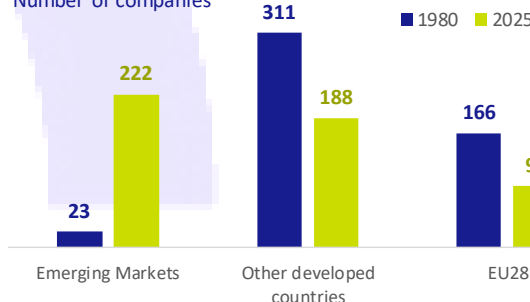
In 2025, the number of European companies included in the *Fortune 500* list, which groups the 500 largest companies in the world in terms of revenue, will be 90, compared with 166 in 1980. In other words, there has been a drop of more than 15 points.

The main causes for this are:

1. Low investment in R&D compared to the US.
2. Emergence and growth of new emerging companies, especially in China.

Fortune 500 composition

Number of companies



Source: Círculo de Empresarios based on McKinsey, 2017

## Private debt

The debt of non-financial corporations in Spain fell in July by 1.4% year-on-year, to €905,249m (78% of GDP).

From the peak figures in April 2009, liabilities dropped by 30% (368.388 billion euro).

Spanish non-financial corporations debt

	Million €	% GDP
April 2009	1.273.637	118%
July 2017	905.249	78%

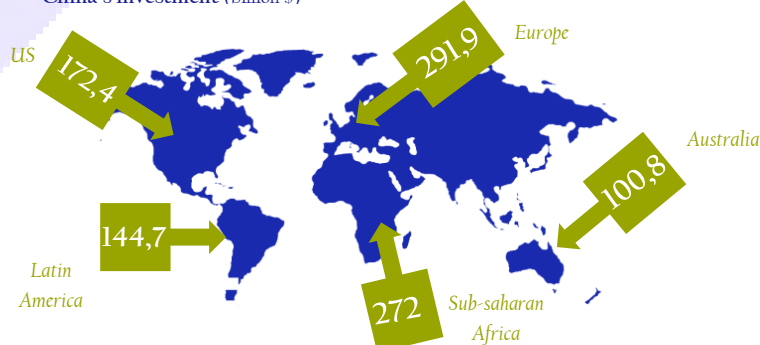
Source: Círculo de Empresarios based on Bank of Spain, 2017

## China's investment

Between 2005 and 2017 China's investment in the rest of the world was \$1.65 trillion, equivalent to Canada's GDP.

China mainly focused its investments in developed economies like the US and Australia, the latter two representing 16.5% of the total invested.

China's investment (billion \$)



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