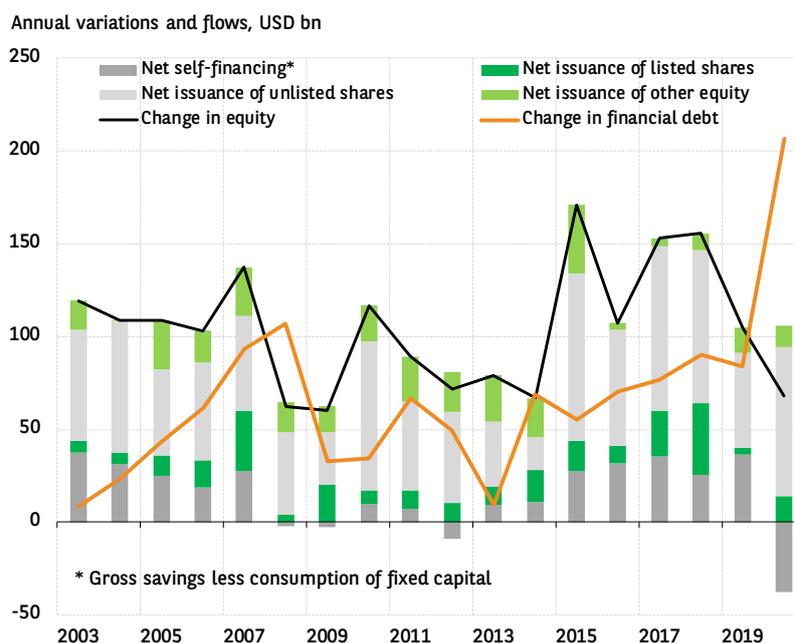


28 April 2021

FRENCH COMPANIES WENT INTO THE PANDEMIC IN A STRENGTHENED FINANCIAL POSITION

Laurent Quignon

Change in equity and debt of non-financial corporations



Source: Insee, ECB, BNP Paribas calculation

Given the way outstanding amounts of equity and debt are valued¹ in national financial accounts², debt ratios calculated using these figures can give a distorted picture of the financial structure of non-financial companies. In contrast, capital increases and self-financing give a reliable approximation of changes in company capital.

Our calculations suggest that French companies went into the pandemic in a strengthened financial position. Thus, the unprecedented increase in financial debt in 2020 (EUR 206 billion, with nearly EUR 130 billion in the form of government-guaranteed loans) was preceded, between 2015 and 2018, by a marked rise in capital, as the result of a significant increase in equity issues. However, these aggregate trends hide different pictures when individual companies, differing company sizes and different sectors are considered.

¹ The value of unlisted shares and other equity is estimated on the basis of the listed shares multiple. Regarding debt components, only debt securities are at market value.

² The national financial accounts elaborated by the Banque de France describe the financial assets acquisitions and the financing behaviours of the different institutional sectors, according to their respective financing capacity or their financing requirement.

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