



In 2020, the support measures cushioned the impact of the drop in activity for SMEs

In 2020, small and medium-sized enterprises (SMEs) posted a 3.7% decline in turnover. Their value added fell more sharply (by 4.2%) due to the slowdown in output, contrasting with 2009 when the 5.4% drop in SME turnover led only to a 3.7% fall in value added. Thanks to an adjustment in their spending and the unprecedented scale of the support measures, SMEs' profit margin rate contracted by just 0.3 percentage point.

The public health restrictions affected SMEs to differing extents, even within the same sector. Equipment goods retailers even saw their turnover rise in 2020. SMEs' economic and financial profitability declined markedly, and their financial structure deteriorated due to a rise in gross debt. The provision of state-guaranteed loans helped to make up for the loss of operating cash flow, and allowed firms to build up some precautionary savings.

Maïté Graignon, Abel Mérébier
Companies Directorate
Companies Observatory

JEL codes
E22, E23,
G30,
G33, L25

The authors would like to thank Franck Lemaire for his help.

-3.7%

decline in SME turnover in 2020

+9%

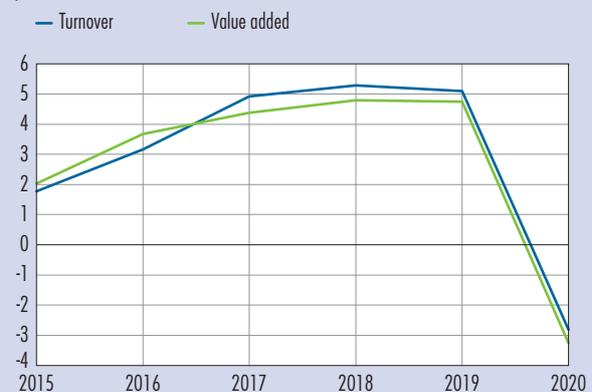
increase in gross debt ratio

+4.4%

increase in net cash position

Change in SME turnover and value added

(%)



Source: Banque de France, FIBEN database (June 2021).



This article analyses the economic and financial position of small and medium-sized enterprises (SMEs) in 2020, using data from the Banque de France's FIBEN database of company accounts. The study was carried out using a sample of 185,956 SME balance sheets.¹

1 SME activity contracted in 2020, but to a lesser extent than in 2009

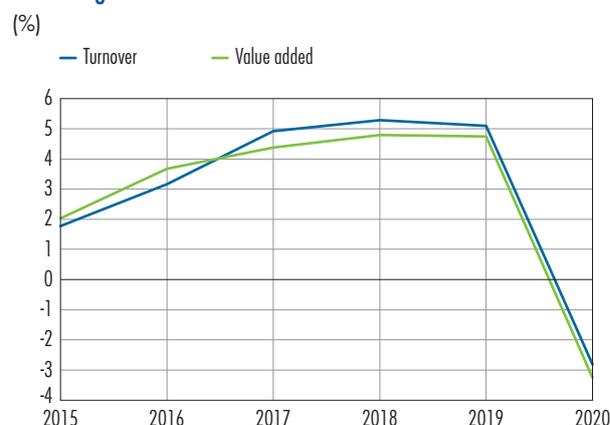
Turnover and value added fell in the majority of sectors

The Covid-19 epidemic that broke out in 2019 only had a direct impact on the French economy in 2020. SME turnover fell by 3.7% and value added by 4.2% in 2020,² after growing respectively by 5.1% and 4.7% in 2019 (see Chart 1).

The slowdown in 2020 was nonetheless more moderate than in 2009 when, following the 2008 subprime crisis, SME turnover contracted by 5.4% and value added by 3.7% (see Box 1). This greater resilience in the face of a major shock can be explained by the unprecedented levels of government support, and by the fact that SMEs went into this crisis with a solid financial structure.³

The decline in turnover was particularly marked in consultancy and business service activities, as well as in manufacturing (respective falls of 7.3% and 5.9%) [see Table 1]. The construction sector saw a 4.9% fall in turnover in 2020, compared with a rise of 8.3% in 2019, while its value added fell by 5.1% in 2020, after growth of 7.3% in 2019.

C1 Change in SME turnover and value added



Source: Banque de France, FIBEN database (June 2021).
Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

T1 Change in SME turnover and value added, by sector

Breakdown	Turnover						Value added					
	Growth rate						Growth rate					
	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	
All SMEs	100.0	3.2	4.9	5.3	5.1	-3.7	3.7	4.4	4.8	4.7	-4.2	
o/w main sectors												
Manufacturing	16.8	2.8	4.8	4.5	3.1	-5.9	3.5	3.7	3.7	2.8	-6.0	
Construction	11.5	2.6	5.6	6.0	8.3	-4.9	2.1	4.3	4.9	7.3	-5.1	
Wholesale and retail trade	48.5	2.9	4.2	4.6	4.3	-1.0	3.5	3.6	4.0	3.5	0.9	
Transportation and storage	4.0	2.1	6.1	7.1	4.7	-4.9	3.7	3.7	4.7	4.6	-5.5	
Consultancy and business service activities	8.3	6.1	6.9	7.5	8.0	-7.3	5.4	6.2	7.1	6.5	-4.9	

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

Note: The changes are calculated for a sample of companies whose balance sheets are recorded in the FIBEN database for two consecutive years (balanced sample). As a result, entries into and exits from the scope due to absorptions, business failures or business creations are not taken into account. The company sizes and sectors taken into account are those in year Y-1, regardless of the company's situation in year Y.

1 SMEs are companies with up to 250 employees, with an annual turnover not exceeding EUR 50 million or a balance sheet total not exceeding EUR 43 million.

2 The sharper decline in value added than in turnover can be explained by the fall in output in 2020 (see Box 1). Turnover only takes into account production that is sold, while value added includes capitalised production and production transferred to inventories.

3 See Maité Graignon (2020).



BOX 1

The fall in output in 2020 (-5.9%) was slightly smaller than in 2009 (-6.2%)

After rising steadily since 2013, output for all SMEs combined fell by 5.9% in 2020, compared with a drop of 6.2% in 2009 (see chart).

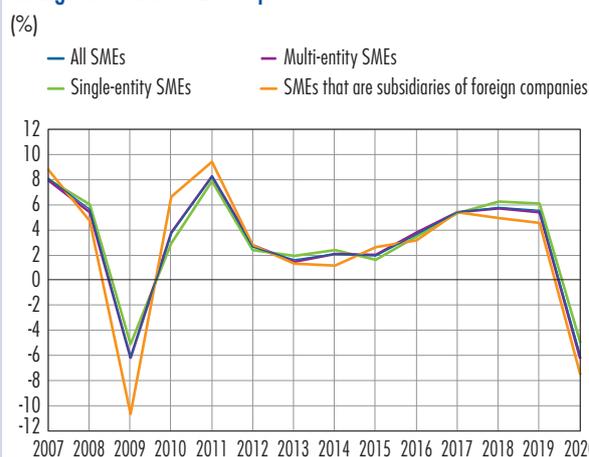
For SMEs that are subsidiaries of foreign companies, output fell by just 7.5% in 2020, compared with a much bigger drop of 10.7% in 2009. For single-entity SMEs the fall was slightly smaller in 2020 than in 2009, at 4.9% compared with 5.1%. Multi-entity SMEs saw a similar drop in output in both years (falls of 6.2%).

Regardless of firm size or structure, however, the sector of activity was a major factor in determining the size of the output drop. Moreover, within sectors, the public health restrictions did not affect all firms equally (as in the case of certain sub-segments of wholesale and retail trade).

After the 2008 crisis and the slump in output in 2009, it took two years to return to pre-crisis levels of output. And after the subsequent slowdown, from 2011 to 2013, six years of continuous recovery were still insufficient to bring the economy back to 2011's level of output.

Given that the current crisis relates to public health, it is not really comparable to standard economic crises. The strength of the recovery appears to confirm this view. In the short term, at least, and after the adjustment of inventories in 2020, firms seem to be struggling to meet demand, leading to pressures on delivery times and prices. Some of these pressures are likely to prove temporary. However, the new public health context could have some longer term effects, for example in the aeronautics industry.

Change in French SMEs' output



Source: Banque de France, FIBEN database (June 2021).

Wholesale and retail trade fared much better, with turnover declining by just 1.0% and value added growing by 0.9%. This was because the contraction in certain segments (repair of motor vehicles and motorcycles, for example) was offset by rises in other activities, such as retail sales in certain specialised stores (see Chart 2 below).

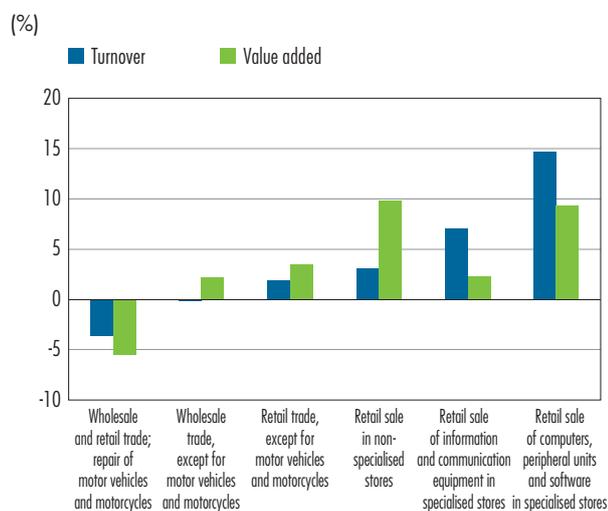
The share of exports fell slightly

The timing of the different waves of the pandemic across the world raises questions as to French SMEs' export performances. The share of turnover derived from exports fell from 9.6% in 2019 to 9.2% in 2020 for all SMEs combined, from 7.5% to 7.2% for multi-entity SMEs,⁴ and from 7.2% to 6.7% for single-entity SMEs.

4 Multi-entity SMEs are made up of several legal entities which all report to either a French or a foreign parent company. When an SME is made up of several legal entities, i.e. a multi-entity SME, the company accounts of the constituting legal entities are aggregated to define the "company" (see Appendix 2), so that it makes up an informal group. Informal groups can be defined as a set of companies that have economic or financial links, but are not required to compile consolidated accounts.



C2 Change in SME turnover and value added in certain wholesale and retail trade sectors



Source: Banque de France, FIBEN database (June 2021).

SMEs that are subsidiaries of foreign companies are inherently more internationally exposed, and generate over a quarter of their turnover from exports. Their export rate remained almost stable in 2020 at 25.9%, compared with 26.1% in 2019.

Working capital requirements fell sharply

A firm's working capital requirement (WCR) is the amount of money it needs to finance its operating cycle and cover its day-to-day costs. It stems from timing differences

between inflows and outflows of cash linked to the firm's operating activities.

Any restrictions imposed on activity – especially a lockdown – will cause an instant drop in turnover and create a need for financing. In 2020, French SMEs' WCR, and especially its principal component, the operating working capital requirement (OWCR), fell significantly, and to a greater extent than turnover (falls of 8.4% and 4.7% respectively in WCR and OWCR, compared with a drop of 3.7% for turnover – see Table 2).

Nearly all sectors were affected by this trend. However, the decline was less marked in the biggest sectors in the sample, such as wholesale and retail trade, and manufacturing, which account for 45.5% and 34.8% respectively of total SME WCR.

All components of WCR (i.e. intercompany loans, inventory financing and the balance of social security and tax assets and liabilities) contributed to the reduction in OWCR. Supplier payment times increased during the first lockdown in 2020, leading to a rise in trade payables. A survey by the *Confédération des petites et moyennes entreprises* (CPME – Confederation of Small and Medium-Sized Enterprises) showed that during the first lockdown in April, 36% of SMEs postponed payment of a portion of their invoices, while 16% postponed payment of all their invoices.⁵

T2 Change in SME working capital requirements

(e%)

	Breakdown of OWCR		Change in OWCR				Change in WCR			
	2020	2017	2018	2019	2020	2017	2018	2019	2020	
All SMEs	100.0	5.1	11.8	4.2	-4.7	7.2	12.4	-0.2	-8.4	
o/w main sectors										
Manufacturing	34.8	4.9	10.5	1.2	-3.2	5.8	10.3	-1.9	-3.7	
Construction	45.5	5.9	10.2	5.7	-2.1	5.8	11.0	1.9	-4.1	
Wholesale and retail trade	11.1	6.2	11.5	8.1	-4.1	7.2	12.2	1.4	-7.7	
Transportation and storage	0.7	9.7	20.6	-5.5	-46.5	8.2	0.1	-16.0	-44.8	
Consultancy and business service activities	4.0	6.3	28.2	6.7	-24.6	11.2	27.0	-12.3	-123.0	

Source: Banque de France, FIBEN database (June 2021).

Scope and note: See Table 1.

OWCR: operating working capital requirement;

WCR: working capital requirement.

⁵ See Banque de France (2021), *Rapport annuel 2020 de l'Observatoire des délais de paiement*, p. 40.



In parallel, SMEs adjusted their inventories in order to reduce their financing needs. They were also helped by the support measures allowing them to defer the payment of taxes and social security charges.

2 The support measures limited the falls in margin rates and profitability compared with 2009

Outcomes for margin rates varied depending on the sector and firm type

The short-time work schemes allowed firms to cut personnel costs in response to the drop in activity, avoiding the major adjustment in employment that is usually observed in economic crises. However, SMEs sharply reduced their use of external staff (see Table 3).

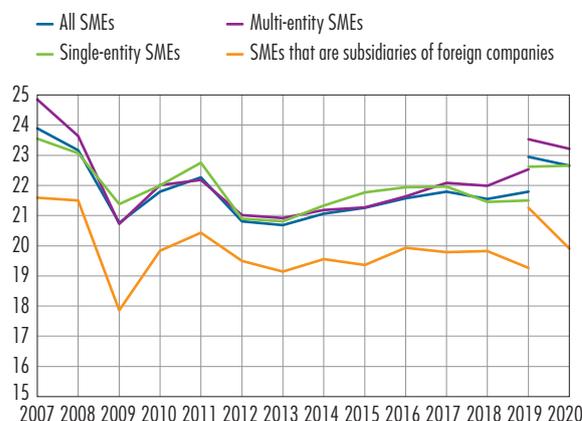
Despite the measures, and the support for turnover (such as the solidarity fund), SMEs' gross operating surplus fell by 5.5%, outstripping the 4.2% decline in value added.

As a result, their margin rate (ratio of gross operating surplus to value added) edged down by 0.3 percentage point. Margin rates fell more sharply in some sectors, such as consultancy and business service activities, as well as in construction (see Charts 3a and 3b). By contrast, the aggregate margin rate for retail and wholesale trade rose by 1.7 percentage points as activity remained almost stable in the sector and the support measures helped to lower personnel costs.

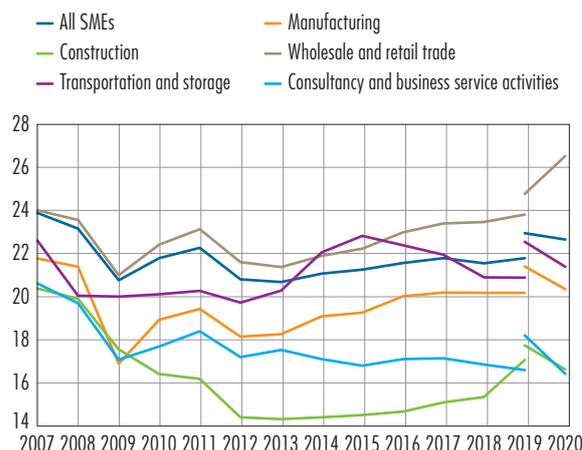
C3 Change in margin rates

(%)

a) By SME category



b) By sector



Source: Banque de France, FIBEN database (June 2021).

Scope and note: See Table 1

The margin rate is defined as the ratio of gross operating surplus to value added.

T3 Change in personnel costs

(% change)

	All SMEs			
	2017	2018	2019	2020
Value added	4.4	4.8	4.7	-4.2
Personnel costs	4.4	5.4	4.5	-3.6
of which external personnel costs	10.5	8.9	8.2	-8.7
Taxes on production	3.9	7.0	-0.6	-0.8
Gross operating profit	4.5	2.3	6.2	-5.5

Source: Banque de France, FIBEN database (June 2021).

Scope and note: See Table 1.

SMEs' economic and financial profitability deteriorated significantly

Economic profitability measures the efficiency of a firm's productive apparatus by dividing net operating profit by operating capital (return on assets). In 2020, it declined for all SME categories (see Chart 4a below). At the aggregate level, economic profitability fell by 0.8 percentage point.

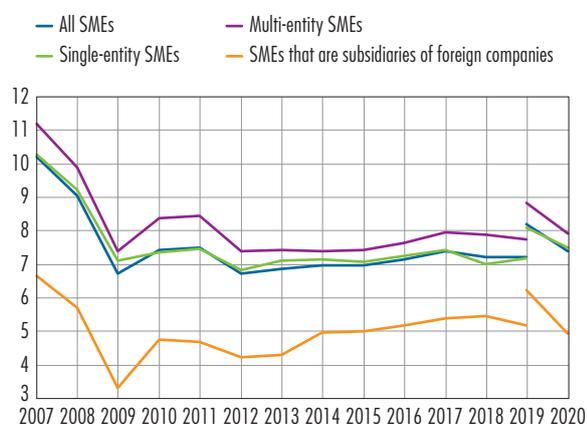


Despite the low cost of bank debt – and especially the “cost price” rates on state-guaranteed loans – the erosion of economic profitability and high weight of debt led to a decline in financial profitability (which measures the profitability of the capital invested by shareholders or return on equity). Financial profitability fell by 1.7 percentage points for all SMEs combined (see Chart 4b).

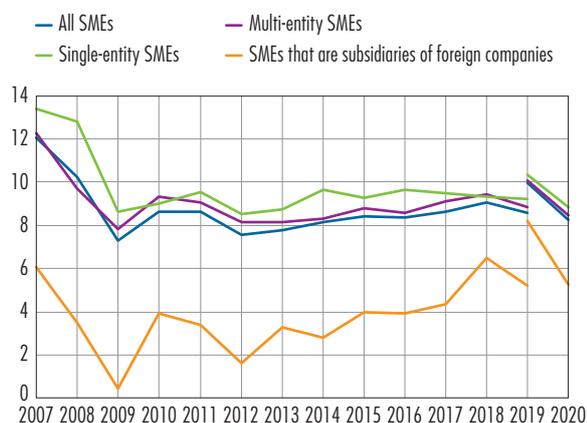
C4 SME economic and financial profitability

(%)

a) Economic profitability (return on assets)



b) Financial profitability (return on equity)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

3 Distributions of overall income were lower in 2020 than in 2019, but self-financing and investment still declined

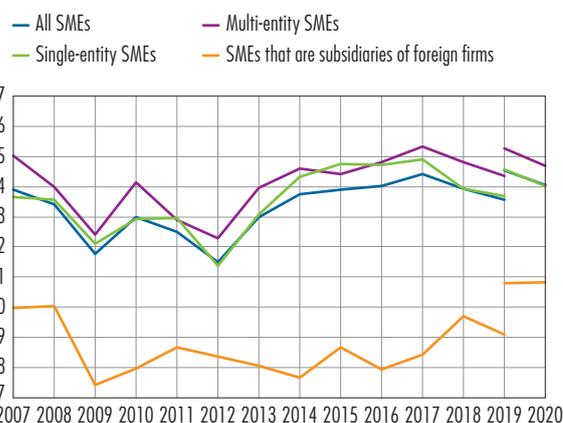
In 2020, the contraction in overall income led to a decline in self-financing. The reduction in the cost of debt and the support measures aimed at lowering personnel costs and taxes all helped to reduce outflows of earnings. Added to this, dividend payouts were lower than in previous years, especially as this was a condition for qualifying for some of the aid measures (see Table 4).

However, despite all this, SMEs were unable to maintain their previous levels of self-financing, leading to a decline of 6.7%.

Overall, the saving ratio, measured as the ratio of self-financing capacity to overall income (see Chart 5) inched down by 0.5 percentage point for all SME categories combined, except for SMEs that are subsidiaries of foreign companies, for which it remained stable.

C5 SME saving ratio, by firm structure

(%)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

T4 Change in overall income and distribution by beneficiary

(% change)

	Overall income	State	Lenders	Dividends	Personnel costs	Participating interests	Self-financing
2018/2017	5.4	5.3	2.4	20.9	5.4	8.6	-1.1
2019/2018	4.3	5.9	-2.9	9.9	4.5	21.3	0.9
2020/2019	-3.5	-0.7	-5.8	1.4	-3.6	1.2	-6.7

Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.



The decline in self-financing forced SMEs to scale back their investments

Investment by French SMEs fell by 14.8% in 2020 (see Table 5). Investment cycles are generally long, spanning more than one year, and this decline is not in itself a sign of weakness as SMEs had to cut investment in 2020 due to the activity shock and the uncertainty over the recovery.

In wholesale and retail trade, which accounts for over 20% of total SME investment, investment fell by 12.7% in 2020.

In manufacturing, which accounts for over 19% of total investment, it also fell sharply, by 9%. In transportation and storage it dropped by 12.9%, and in consultancy and business service activities by 7.4%. The fall was less marked in construction, however, at just 2.8%.

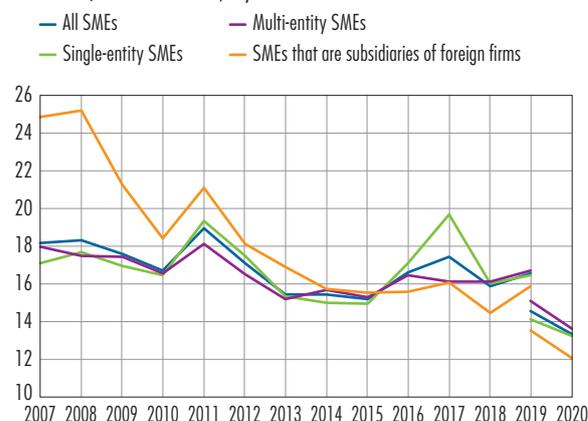
The investment ratio fell sharply in 2020

The investment ratio is calculated by dividing the amount of operating investment made over a financial year by the value added generated by the firm's activities over the same period. It shows the share of wealth that is dedicated to investment.

In 2020 the investment ratio declined for all SME categories, reflecting a sharper fall in investment than in value added (see Chart 6).

C6 Share of value added used for investment

(investment/value added, %)



Source: Banque de France, FIBEN database (June 2021).

4 Financing flows were mainly driven by borrowing

SMEs' equity continued to increase, despite the crisis

French SMEs' equity balance rose again in 2020, by 4.9%, despite the 0.8% decline in profits over the year. The increase was attributable to profits from the previous year that were set aside as reserves or retained earnings (see Chart 7 below). The reduction in dividend payouts compared with 2019 meant that a large share of these funds were kept within the company.

However, the rate of growth in equity eased slightly compared with 2019, reflecting the fall in profits for the year and lower growth in capital, issue premiums and subsidies.

T5 Change in SME investment, by sector (2013-20)

(%)

	Breakdown				Investment					
	2020	2013	2014	2015	2016	2017	2018	2019	2020	
All SMEs	100.0	-10.3	-3.4	-4.1	7.1	5.7	-9.3	1.1	-14.8	
of which: Manufacturing	19.6	-7.1	8.9	-0.2	4.8	6.0	-1.6	3.4	-9.0	
Construction	9.7	-16.2	-4.2	-6.6	11.2	4.2	4.4	6.3	-2.8	
Wholesale and retail trade	20.0	-14.7	-4.5	-6.1	1.1	-6.9	-2.7	-1.3	-12.7	
Transportation and storage	9.1	-6.9	0.9	4.8	10.2	8.7	3.9	-2.5	-12.9	
Consultancy and business service activities	11.0	3.8	-8.4	-2.7	11.3	8.2	7.9	-0.7	-7.4	

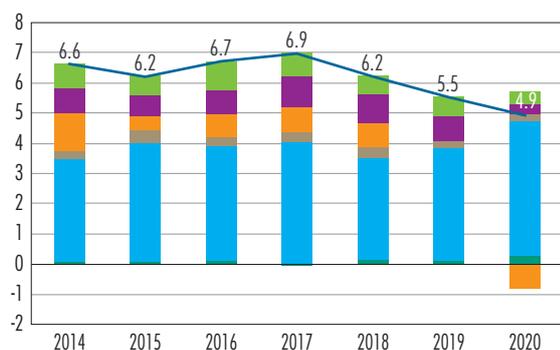
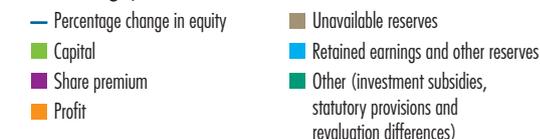
Source: Banque de France, FIBEN database (June 2021).

Scope and note: See Table 1.



C7 Breakdown of the change in equity

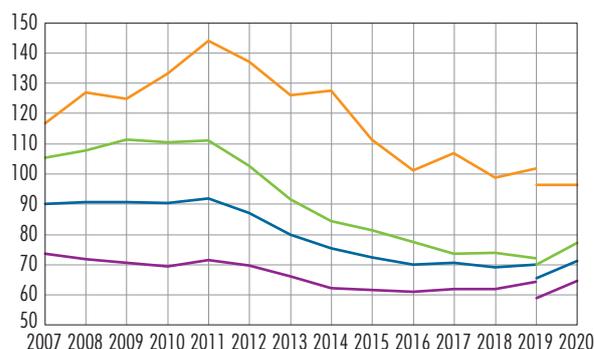
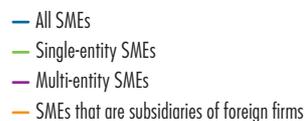
(% of the change)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

C8 SME financial leverage

(%)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

SME bank debt rose sharply

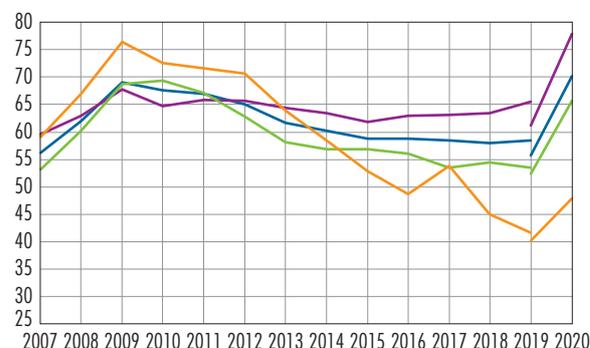
After falling steadily since 2011, SME financial leverage, measured as the ratio of financial debt to equity, increased markedly in 2020, except in the case of SMEs that are part of a foreign company. It rose by 5.6 percentage points for all SMEs combined, by 7.3 percentage points for single-entity SMEs, and by 5.8 percentage points for multi-entity SMEs (see Chart 8).

The share of value added devoted to repaying bank and bond debt rose sharply in 2020 for all SME categories, reflecting both an increase in the amount of bank and bond debt, and the decline in value added. It increased by 15 percentage points for all SMEs combined, by 13 percentage points for single-entity SMEs, by 17 percentage points for multi-entity SMEs, and by 8 percentage points for SMEs that are subsidiaries of a foreign company (see Chart 9).

As a share of total financial debt, SME bank and bond borrowing had been declining since the 2008 financial crisis. However, as anticipated last year, the widespread use by SMEs of the state-guaranteed loan scheme put an end to this downward trend.

C9 Share of value added used to repay bank and bond debt

(%)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

The share of bank debt increased sharply, expanding by 6.5 percentage points compared with 2019 (see Chart 10 below),

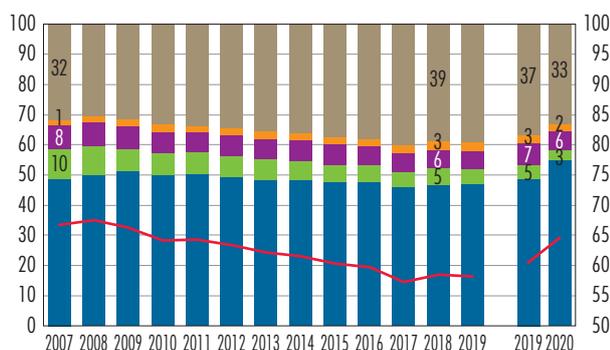
The rise came mainly at the expense of other forms of borrowing.⁶ The share of bond debt remained low, while lease financing remained stable at around 6% of total outstanding debt.

⁶ Other debt includes conditional advances and miscellaneous financial borrowings and debt, including advances from associates or other firms in the same group.



C10 Components of SME financial debt

(% of total outstanding amount)



Source: Banque de France, FIBEN database (June 2021).
Scope and note: See Table 1.

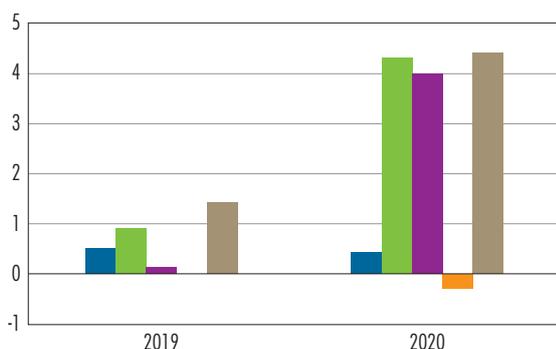
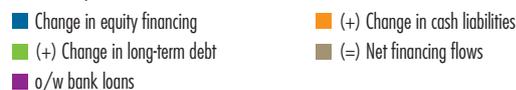
5 SMEs have built up precautionary savings

Cash flow from operating activities, cost savings, the rise in equity and increased borrowing all led to a sharp jump in net cash flow from financing (see Chart 11).

The biggest contributor was bank borrowing under the state-guaranteed loan scheme, which was put in place by the government to support firms during the Covid-19 crisis.

C11 SME financing flows

(% of turnover)



Source: Banque de France, FIBEN database (June 2021).

BOX 2

Cash, liquidity and solvency

A firm's operating cash surplus shows the amount of cash generated by its operating activities (activities linked to its operating cycle over the financial period). It protects the firm from the risk of bankruptcy.

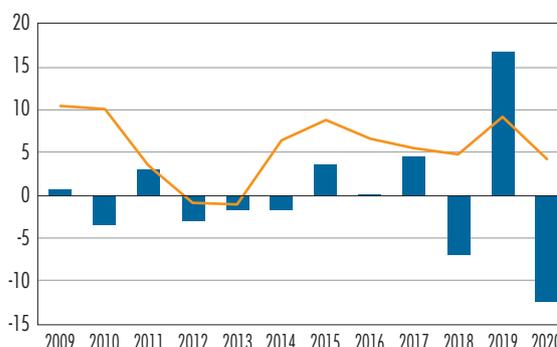
An operating cash deficit means the firm is in a critical position and is not profitable enough, as the net cash flow generated by its operating activities is insufficient to cover its working capital requirement (WCR).

The operating cash surplus is calculated as the gross operating surplus for year Y minus the change in the operating working capital requirement (OCWR in year Y minus OWCR in year Y-1). For the sample of firms in the database in June 2021, we found that the overall operating cash surplus declined markedly in 2020 (see chart).

However, the overall net cash position, i.e. net working capital minus WCR, rose by 4.4% thanks to the provision of state-guaranteed loans (SGLs). The SGLs therefore helped to offset the deterioration in operating cash surpluses.

Change in operating cash surplus and net cash position

(%)



Source: Banque de France, FIBEN database (June 2021).



This borrowing helped to make up for firms' operating cash deficit, but also allowed them to build up a significant cash reserve (rise of 4.4% in SMEs' net cash position versus 2019 – see Box 2 above).

The trend in debt needs to be put into perspective. Given the uncertain environment, SMEs scaled back their spending while maintaining or significantly increasing their cash levels, a phenomenon already highlighted for a sub-sample of SMEs during the public health crisis (see Lemaire et al., 2021). While the gross leverage ratio increased by 6.3 percentage points between 2019

and 2020, in net terms it fell at the aggregate level, by 5.1 percentage points.

More generally, this study covers a variety of contrasting situations for individual firms, even within the same sector. While, on the whole, SMEs appear to have weathered the crisis well, some individual firms will have to be monitored closely during the crisis exit period (Doucinet et al., 2021), especially given the uncertainties over how the epidemic will evolve. This is the objective of the national scheme for assisting firms with the emergence from the crisis, to which the Banque de France is a signatory.

References

Banque de France (2021)

Rapport annuel 2020 de l'Observatoire des délais de paiement.

[Download the document](#)

Doucinet (V.), Ly (D.) and Torre (G.) (2021)

"The differentiated impact of the crisis on companies' financial situation", *Eco Notepad*, No. 219, Banque de France, June.

[View blog post](#)

Graignon (M.) (2020)

"Les PME ont abordé la crise de la Covid-19 avec une structure financière renforcée", *Banque de France Bulletin*, No. 232/1, November-December.

[Download the document](#)

Lemaire (F.), Py (L.), Villetelle (J.-P.) and Vinas (F.) (2021)

"Health crisis: what impact on SME debt?", *Eco Notepad*, No. 224, Banque de France, July.

[View blog post](#)



Appendix 1

FIBEN data

Database of company accounts

Company accounts are collected by the Banque de France's branch network. The accounts collected represent one third of companies taxed under the *bénéfice industriel et commercial* (BIC – industrial and commercial profits) and *bénéfice réel normal* (BRN – real and normal profits) regimes. Data are collected for all firms doing business in France with a turnover exceeding EUR 750,000. The data cover over 75% of companies in most sectors and 80% in wholesale and retail trade, and in industry.

Scope of company accounts analysed

All business activities are included except sectors KZ (financial activities, excluding holding companies) and O (public administration).

Main ratios used

An explanation of the financial analysis methodology and definitions of the ratios used can be found at the following address:

<https://www.banque-france.fr/statistiques/acces-aux-series/methodologies>

Financial links

The Banque de France identifies financial links and analyses the size of equity stakes held by other companies, classifying shareholders as non-financial companies (including holdings), financial institutions (banks, mutual funds or insurance companies), natural persons (individuals or employees), the government or foreign companies. A distinction is made between independent companies and companies belonging to large or small groups.

The Central Credit Register

The Central Credit Register makes monthly records of loans granted by credit institutions to their customers above a specific threshold (EUR 25,000 since January 2006). The loans recorded are classified as "drawn loans" and "undrawn loans". Drawn loans include short, medium and long-term loans, leasing contracts and securitised loans.



Appendix 2

Definition of SMEs in FIBEN

Attribution of size and activity sectors for the analysis of SME company accounts: the decree implementing the *Loi de modernisation de l'économie* (LME – Economic Modernisation Act) of December 2008 provides a statistical definition of the term “company”.¹ It specifies company size categories, in line with European Commission definitions, and the criteria that define them. There are four thresholds: number of employees, turnover, total assets of legal units and the financial links between them. The first three criteria are assessed for each company, understood as the smallest combination of legal units that make up an organisational unit producing goods or services, which has some autonomy in decision-making (defined on the basis of financial links). A financial link corresponds to a holding of at least 50% of the capital of a legal entity.

SMEs are companies with up to 250 employees, with an annual turnover not exceeding EUR 50 million or a balance sheet total not exceeding EUR 43 million. SMEs may be either single-entity companies or multi-entities reporting to either a French or foreign parent company. When an SME is made up of several legal entities, i.e. a “multi-entity SME”, the company accounts of the constituting legal entities are aggregated to define the “company”.

The activity sector is based on the 2008 aggregate nomenclature, itself based on INSEE’s NAF (French nomenclature of activities) Rév. 2. In the case of a multi-entity company, its sector is determined by grouping each of its entities into their corresponding sectors. The “grouping” that generates the highest annual turnover defines the company’s sector, provided the turnover of that grouping exceeds 50% of total turnover. If it does not exceed 50%, the sector is determined based on the staff headcount criterion, again provided that the staff of the largest grouping of legal entities represents more than 50% of the multi-entity’s total staff. In cases where no entity (or group of entities) accounts for over 50% of turnover or staff, the sector of the entity (or group of entities) with the highest turnover is assigned to the group as a whole.

Double counting is not corrected in this study. The aggregation of the accounts of the individual legal entities leads to a double counting bias, which should be adjusted at the level of each company. For double counting to be properly neutralised, all 2020 balance sheets must be available, which was not the case when the SME study was conducted.² Double counting mostly affects equity, financial debt and intra-group financial income and expenses. Their share is, however, relatively small for SMEs, due to the limited number of legal entities that on average make up the company.

¹ Decree No. 2008-1354 of 18 December 2008 setting out the criteria for determining the category to which a business belongs for statistical and economic analysis purposes, available at: <http://www.legifrance.gouv.fr>

² Readers can refer to the annual study carried out at the end of 2021 which will cover all firms.



Appendix 3

Main characteristics of the ample studied for 2020

TA1 Economic weight of SMEs in 2020, based on data available at the start of June 2021

(headcount in thousands; turnover, value added, financial debt, bank debt and equity in EUR billions)

	Number of firms	Number of legal entities ^{a)}	Permanent headcount	Turnover	Value added	Financial debt	Bank debt	Equity
Combined	140,160	265,760	2,824	659	201	211	136	296
Single-entity SMEs	82,733	82,733	1,075	240	74	62	48	80
Multi-entity SMEs	51,308	166,536	1,531	342	105	121	78	188
SMEs that are subsidiaries of foreign companies	6,119	16,491	218	76	22	28	10	29
<i>o/w main sectors</i>								
<i>Manufacturing</i>	20,149	42,266	573	111	39	34	21	63
<i>Construction</i>	22,946	40,718	430	76	29	15	11	27
<i>Wholesale and retail trade</i>	56,245	95,211	806	320	57	52	35	92
<i>Transportation and storage</i>	5,823	10,353	181	27	11	10	7	10
<i>Consultancy and business service activities</i>	14,931	31,341	377	55	28	21	13	29

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

a) The number of legal entities corresponds to the number of entities in the SME's consolidation scope as defined by the 2008 LME, irrespective of whether its balance sheet is in the FIBEN database.

TA2 Breakdown of SMEs in 2020

(%)

	Number of firms	Number of legal entities ^{a)}	Permanent headcount	Turnover	Value added	Financial debt	Bank debt	Equity
Single-entity SMEs	59	31	38	36	37	29	35	27
Multi-entity SMEs	37	63	54	52	52	58	57	63
SMEs that are subsidiaries of foreign companies	4	6	8	12	11	13	7	10
<i>o/w main sectors</i>								
<i>Manufacturing</i>	14	16	20	17	19	16	16	21
<i>Construction</i>	16	15	15	11	14	7	8	9
<i>Wholesale and retail trade</i>	40	36	29	49	28	25	26	31
<i>Transportation and storage</i>	4	4	6	4	5	5	5	3
<i>Consultancy and business service activities</i>	11	12	13	8	14	10	9	10

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

TA3 Average values for each SME category

(number and EUR thousands)

	Number of firms	Average number of legal entities ^{a)}	Average permanent headcount	Average turnover	Value added	Financial debt	Bank debt	Equity
Combined	140,160	1.9	20	4,703	1,433	1,504	971	2,114
Single-entity SMEs	82,733	1.0	13	2,904	894	744	581	963
Multi-entity SMEs	51,308	3.2	30	6,675	2,054	2,364	1,521	3,658
SMEs that are subsidiaries of foreign companies	6,119	2.7	36	12,482	3,522	4,550	1,627	4,722

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

a) The number of legal entities corresponds to the number of entities in the SME's consolidation scope as defined by the 2008 LME, irrespective of whether its balance sheet is in the FIBEN database.



Appendix 4

Aggregate accounting data for all SMEs in the sample (2019-20)

TA1 Aggregate profit and loss account for all SMEs

(% of turnover)

	2019	2020
Turnover	100.0	100.0
(+) Production transferred to inventories	0.1	0.0
(+) Capitalised production	0.3	0.3
Production and sale of goods	100.4	100.4
(-) Purchase cost of sold goods	35.3	36.0
(-) Cost of materials consumed	11.8	11.4
(-) External purchases and other expenses	22.7	22.4
BDF value added	30.6	30.5
(+) Operating subsidies	0.2	0.3
(-) Wages and salaries, social security contributions	20.9	21.0
(-) External staff costs	1.4	1.3
(-) Taxes and related payments	1.2	1.3
(+) Other operating income and expenses	-0.3	-0.3
Gross operating profit	7.0	6.9
Net operating profit	4.7	4.5
(+) Other non-operating transactions	2.3	2.5
Total gross profit	9.4	9.4
(-) Interest and related expenses	0.7	0.7
(-) Employee profit-sharing	0.1	0.1
(-) Corporation tax	1.2	1.2
Self-financing capacity	7.4	7.4
(-) Net allocations to depreciation and provisions	3.3	3.7
Net self-financing capacity	4.1	3.7
Reported net profit	4.6	4.4

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

Note: Balanced sample.



TA2 Functional balance sheet for all SMEs

(% of total balance sheet)

	Assets	2019	2020
(1) Intangible fixed assets		8.4	8.0
(2) Tangible fixed assets		39.3	37.9
(3) Leased goods		2.4	2.2
(4) Other fixed assets		20.6	20.0
(=) Assets		70.7	68.1
(1) Inventories		10.8	10.2
(2) Intercompany loans		3.4	3.0
(3) Other operating receivables and payables		-5.1	-5.1
(=) Operating working capital requirement		9.1	8.1
Non-operating working capital requirement		-0.3	-0.6
(1) Available cash		12.7	16.7
(2) Marketable securities		3.1	3.0
(3) Claims of up to one year on the group and partners		4.6	4.8
(=) Cash assets		20.5	24.4
	Liabilities	2019	2020
Equity		42.8	41.5
Depreciation and provisions		29.1	28.9
(1) Bonds and notes		0.7	0.7
(2) Bank loans		13.6	16.3
(3) Leasing agreements		1.9	1.8
(4) Other debt		9.8	9.3
(=) Long-term debt		26.1	28.1
(1) Ordinary bank loans		1.4	1.0
Claims of up to one year of group and partners		0.5	0.4
(=) Cash liabilities		1.9	1.5

Source: Banque de France, FIBEN database (June 2021).

Scope: Non-financial SMEs as defined in the 2008 *Loi de modernisation de l'économie* (LME – Economic Modernisation Act).

Note: Balanced sample.

Published by
Banque de France

Managing Editor
Gilles Vaysset

Editor-in-Chief
Claude Cornélis

Editor
Céline Mistretta-Belna

Translator/English Editor
Vicky Buffery

Technical production
Studio Creation
Press and Communication

ISSN 1952-4382

To subscribe to the Banque de France's publications

<https://publications.banque-france.fr/en>

"Subscription"

