Business - statistics on profits and investment

Statistics Explained

Data extracted in November 2024.
Planned article update: November 2025.

Highlights

" In 2023, non-financial corporations in the EU had a profit share of 41.3% and an investment rate of 22.8%. "

" In 2023, profit shares of non-financial corporations varied among the EU countries from 32.7% in France to 74.0% in Ireland. "

" In 2023, the investment rate of non-financial corporations varied among the EU countries from 15.1% in Luxembourg to 29.8% in Hungary. "

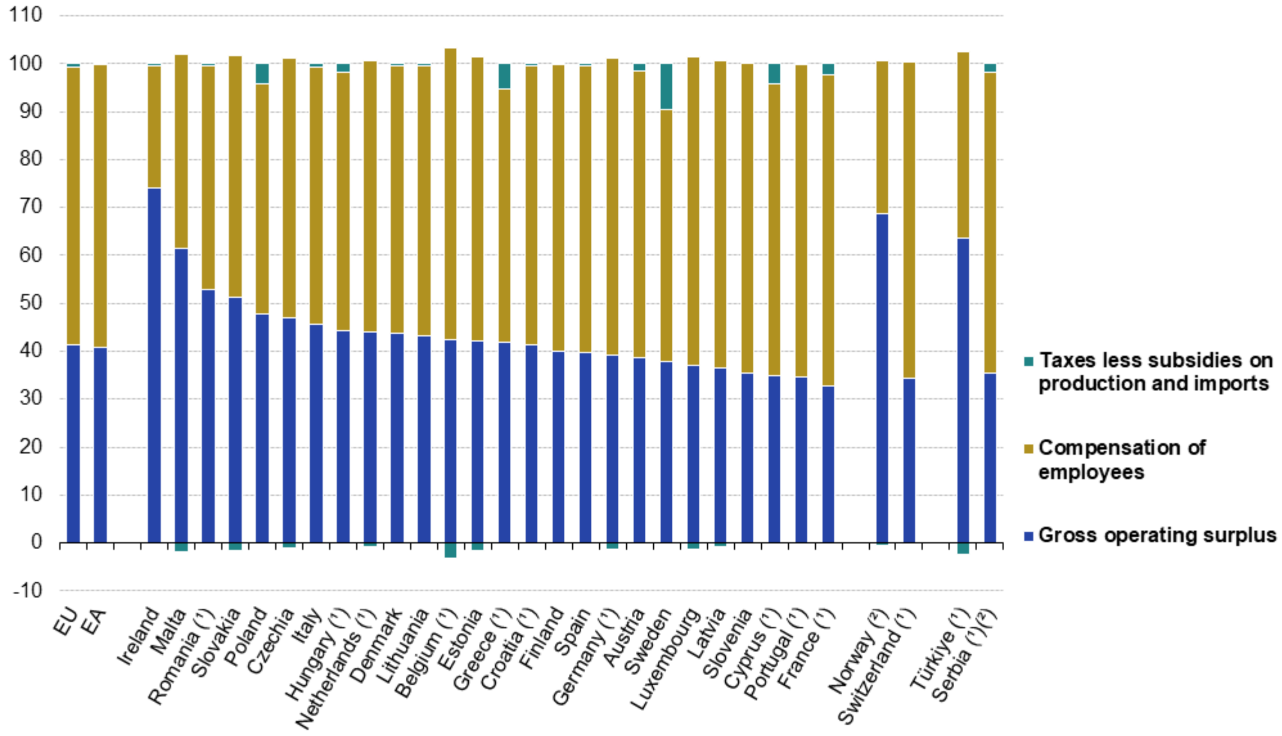
Economic developments in production, income generation and (re)distribution, consumption and investment may be better understood when analysed by institutional sector . In particular, the European Union's (EU) sector accounts provide several key indicators for non-financial corporations (also referred to as businesses) , like the business profit share . This article focuses on the distribution of profit and investment for non-financial corporations in the EU and the euro area (EA) . Note that there are complementary articles that provide information on financial assets and liabilities for non-financial corporations and for income, saving and investment for households. The non-financial corporations sector comprises all private and public corporate enterprises that produce goods or provide non-financial services to the market. This article presents Eurostat statistics derived from European sector accounts , which form part of the European system of national and regional accounts (ESA 2010) . Data are provided for the EU and the euro area, as well as for EU, EFTA and enlargement countries for the latest reference year available and for developments over the previous 10 years. The time period covered by the analyses in this article is 2013 to 2023. The starting point for the time series (2013) was during the recovery from the global financial and economic crisis: economic activity, in real terms, was 5.0% above the 2010 low point. The time series ends in 2023, the year in which the COVID-19 pandemic ended. The final year in the period under consideration was also during a period of relatively high price increases (the cost-of-living crisis). The annual inflation rate in the EU was 6.4% in 2023, down from 9.2% in 2022, but still higher than in any other year since the time series began in 2001; the next highest rate was 3.7% in 2008. Within this article, most indicators are presented in relation to gross value added . This standardisation is beneficial for making spatial comparisons, especially between EU countries or non-EU countries of different sizes.

Profit shares: distribution of value added

Value added is the value generated by the production process . Figure 1 shows that most of the value added of non-financial corporations is used to reward the supply of labour and capital, referred to in national accounts terms as the compensation of employees and gross operating surplus . Gross operating surplus is a measure of profit (before taxes on income and wealth) and may include the remuneration of self-employed people in countries where the self-employed are included in the non-financial corporations sector (rather than the household sector). A small part of value added is used to pay taxes on production (less subsidies).

The profit share of non-financial corporations is defined as gross operating surplus divided by gross value added. As such, this profitability indicator shows the proportion of the value added by non-financial corporations during the production process which remunerates the supply of capital (or pays income and wealth taxes). Different profit shares in different economies can be explained by a number of factors, such as the relative importance of labour or capital-intensive industries, labour productivity and the level of labour costs.

Components of value added of non-financial corporations, 2023
(% share of gross value added)



Note: Bulgaria, not available.
(¹) Provisional.
(²) 2022.
Source: Eurostat (online data code: nasa_10_nf_tr)

Figure 1: Components of value added of non-financial corporations, 2023 (% share of gross value added) Source: Eurostat (nasa_10_nf_tr)

In 2023, profit shares were slightly higher in the EU (41.3%) than in the euro area (40.7%). Among the 4 largest EU economies, Italy (45.6%) had the highest profit share for non-financial corporations in 2023, the only 1 above the EU average. The profit shares of Spain (39.7%), Germany (39.1%) and France (32.7%) were all relatively low. In fact, the profit share in France was the lowest recorded among all EU countries. In 4 EU countries, the gross operating surplus of non-financial corporations represented more than half of the gross value added during the production process: 74.0% in Ireland, 61.4% in Malta, 52.8% in Romania and 51.3% in Slovakia. The high share in Ireland is mainly due to large foreign-owned multinational companies that pay a relatively small proportion of their labour costs in Ireland.

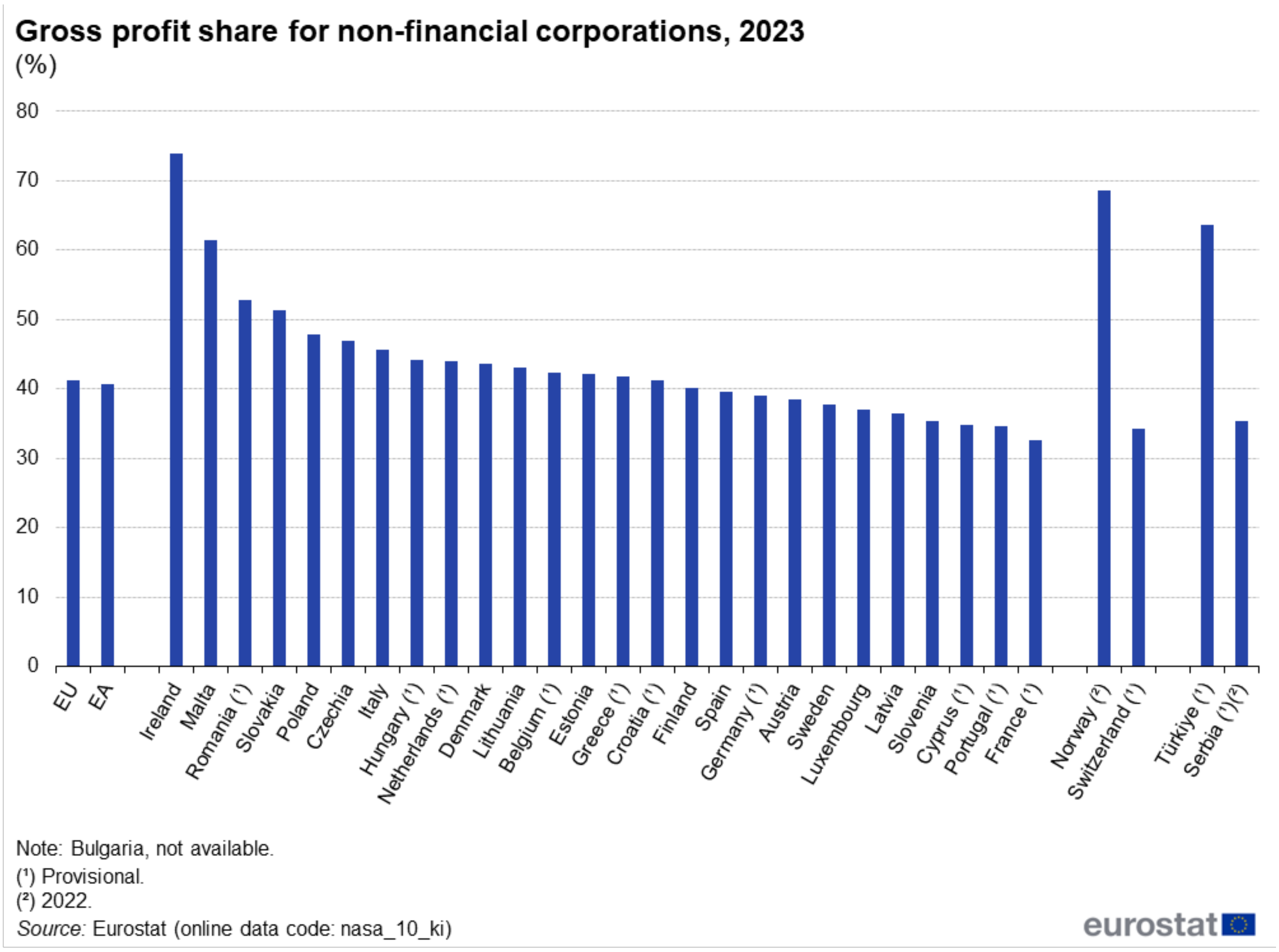


Figure 2: Gross profit share for non-financial corporations, 2023 (%) Source: Eurostat (nasa_10_ki)

Profit shares between 2013 and 2023

Figure 3 shows the absolute change between 2013 and 2023 in profit shares for non-financial corporations. This time span starts during the recovery after the global financial and economic crisis and runs into the final year of the COVID-19 pandemic as well as a period of relatively high price increases (the cost-of-living crisis).

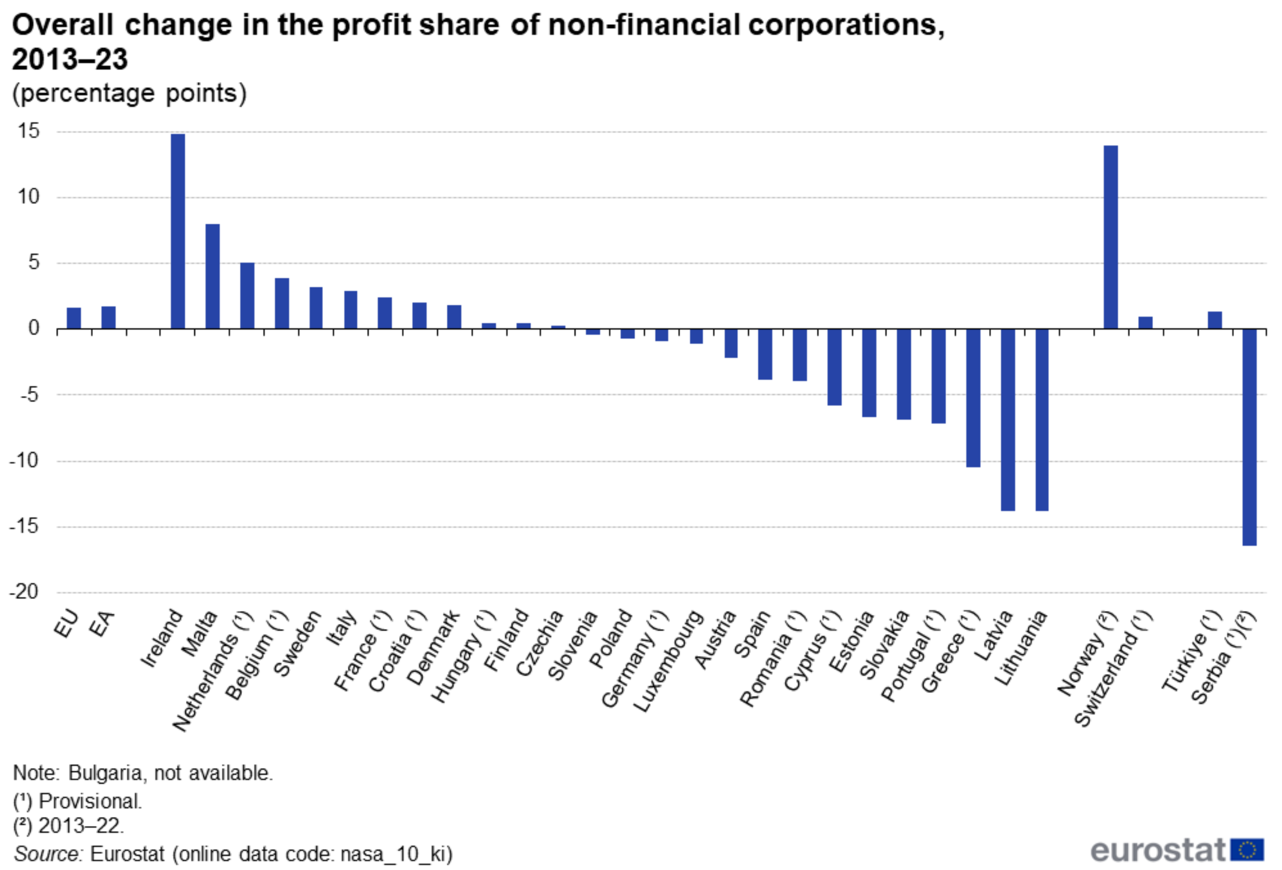


Figure 3: Overall change in the profit share of non-financial corporations, 2013–23 (percentage points)
Source: Eurostat (nasa_10_ki)

In the EU and the euro area, profit shares of non-financial corporations were, respectively, 1.6 percentage points (points) and 1.8 points higher in 2023 than they had been in 2013.

Among the 4 largest economies of the EU, the profit share for non-financial corporations increased between 2013 and 2023 in Italy (up 2.9 points) and France (up 2.5 points), while it fell in Germany (down 0.9 points) and Spain (down 3.8 points). Across all EU countries, the largest rise by far in the profit share was observed in Ireland (up 14.8 points), while the next largest rise was 8.0 points in Malta. The largest falls were reported for Lithuania, Latvia (both down 13.8 points) and Greece (down 10.4 points).

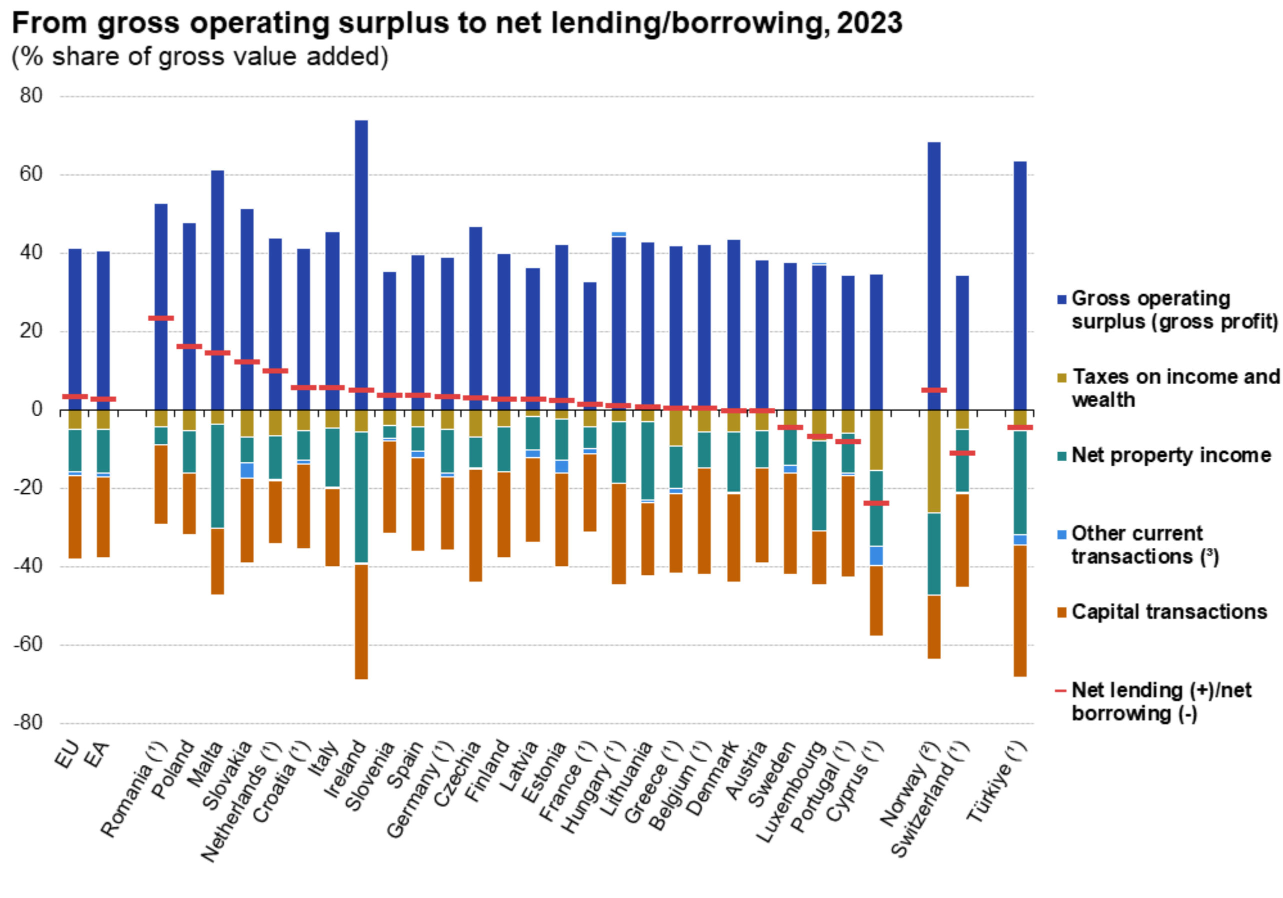
A time series of profit shares between 2013 and 2023 is provided in Table 1 of the annex; see the link later in this article.

Distribution of gross operating surplus

The gross operating surplus of non-financial corporations is mainly used to pay taxes on income and wealth and to remunerate capital, for example in the form of interest or dividends paid to shareholders. In addition, non-financial corporations also receive interest and other property income from their financial investments, for example in the form of dividends or reinvested earnings. After accounting for these payments and income as well as other miscellaneous current transfers, the remainder of the gross operating surplus is available as the saving of non-financial corporations. This may be used for example for investment, for other capital transactions, or to be lent; if the investment and other capital transactions exceed savings, then borrowing occurs.

Figure 4 shows non-financial corporations' gross operating surplus, how it is distributed and the resulting net lending (if positive) or net borrowing (if negative). Total net distributions (taxes, interest, other property income/expenditure, other current transactions and capital transactions) generally correspond to the full bar below the horizontal axis. In 2023, total net distributions in the EU represented -37.9% of value added.

In 2023, there were 6 EU countries with a positive net balance for some types of distributions, all for other current transactions: Hungary, Luxembourg, Finland, Malta, Poland and Austria.



Note: Bulgaria, not available.
(¹) Provisional.
(²) 2022.
(³) Comprising: i) net benefits paid less social contributions received ii) net other current transfers and iii) adjustments paid for the change in pension entitlements.
Source: Eurostat (online data code: nasa_10_nf_tr)

Figure 4: From gross operating surplus to net lending/borrowing, 2023 (% share of gross value added) Source: Eurostat (nasa_10_nf_tr)

Among the EU countries, total net distributions by non-financial corporations in 2023 were largest in Ireland (-68.9% of value added). In all other EU countries, total net distributions were smaller than -60.0% of value added. The lowest total net distributions relative to value added were reported for Romania (-29.3%). Among the non-EU countries shown in Figure 4, relatively high ratios of total net distributions to value added were observed in Norway (-63.4%; 2022 data) and Türkiye (-68.2%).

Leaving aside capital transactions (see below) and looking at the individual types of current distributions, the largest share for non-financial corporations in 2023 was generally for net property income. In the EU, net property income was equivalent to -10.8% of value added, thereby accounting for nearly two thirds of all net current distributions (taxes on income and wealth, net property income and other current transactions). Table 4 in the annex provides more detailed information; see the link later in this article.

In the EU, the vast majority of net property income other than interest in 2023 was distributed income of corporations: this heading accounted for 96.5% of the payments and 82.4% of the receipts of all property income other than interest. By contrast, reinvested earnings on direct foreign investment made up 2.2% of payments and 14.1% of the receipts, while property income attributed to insurance policy holders and rents each made up at most 1.2% of payments and at most 3.3% of receipts of property income other than interest.

An analysis of property income of non-financial corporations in the EU is provided in Table 5 of the annex; see the link later in this article.

The ratio of net property income other than interest to value added was particularly large in Ireland (-29.9%), Malta (-26.4%), Lithuania (-19.7%) and Luxembourg (-19.0%) among the EU countries.

The remaining component of net property income is net interest. In 2023, net interest was equivalent to -1.2% of value added of non-financial corporations in the EU. Among the EU countries, Latvia, Romania, Portugal, Slovenia, Greece, Poland and Estonia recorded positive values for net interest (at most 1.9% of value added), meaning that their non-financial corporations received more interest income than interest paid. In Germany, payments and receipts of interest were approximately equal. Elsewhere in the EU, this ratio was generally less than -4.0% of value added. Larger negative ratios of net interest relative to value added were observed in Finland (-4.5%), Denmark (-4.9%), Sweden (-5.2%) and Cyprus (-6.1%). A notably larger negative ratio was observed in Türkiye, -9.1%.

Taxes on income and wealth were equivalent to -5.0% of non-financial corporations' value added in the EU; see Figure 4. Such taxes were therefore the 2nd largest component of net current distributions, behind net property income other than interest.

Taxes on income and wealth accounted for a larger (negative) share of net current distributions than property income other than interest in 4 EU countries – Cyprus, France, Sweden and Slovakia. Cyprus recorded the largest ratio of taxes on income and wealth to value added among all of the EU countries, at -15.3%, followed by Greece (-9.2%). The ratio of taxes on income and wealth to value added was smaller than -3.5% of value added in the 3 Baltic countries and Hungary.

Investment rates

Investment is the largest part of capital transactions. The investment rate for non-financial corporations presented in Figures 5 to 7 shows investments in fixed assets (mainly machinery and buildings) as a percentage of value added in the production process. In 2023, the investment rate was marginally higher in the EU (22.8%) than in the euro area (22.3%); see Figure 5.

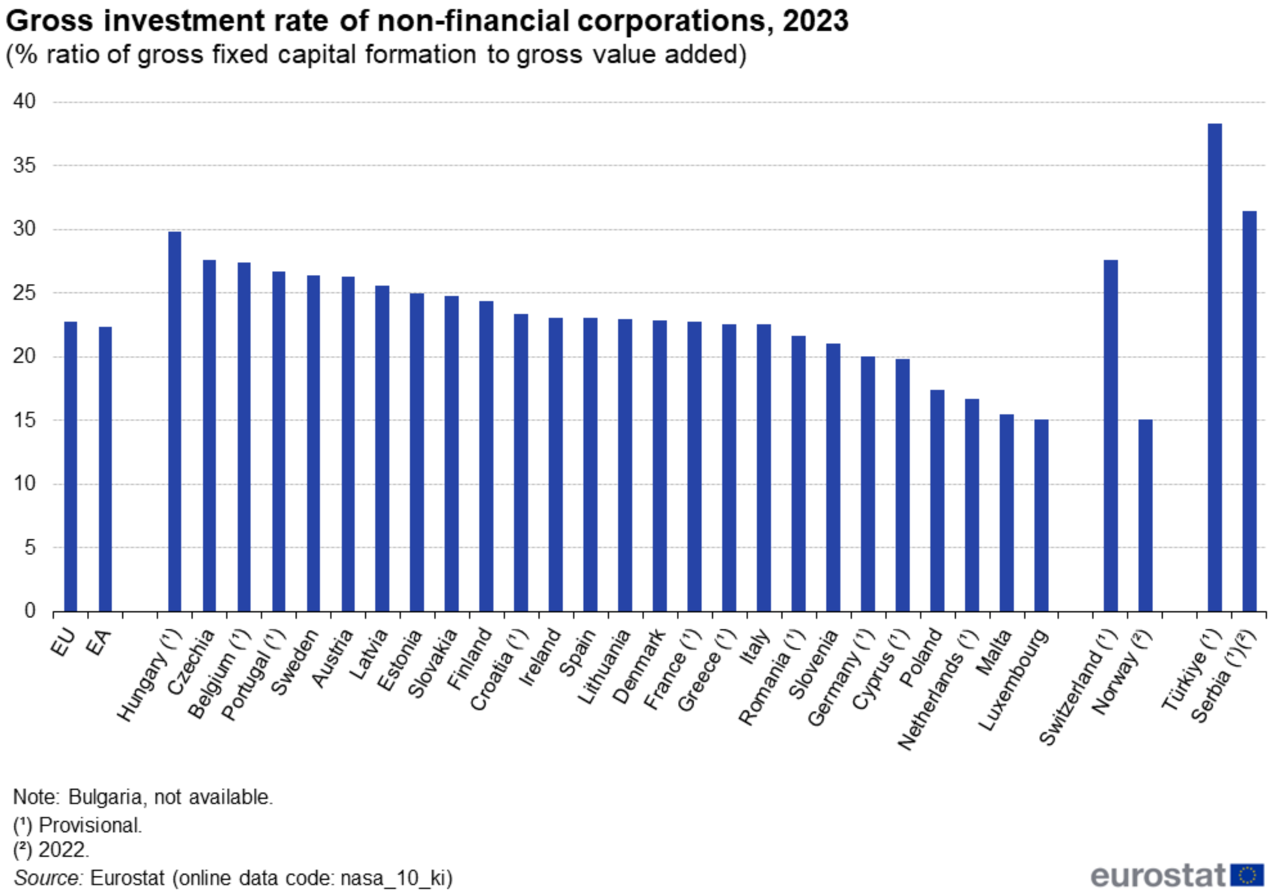


Figure 5: Gross investment rate of non-financial corporations, 2023 (% ratio of gross fixed capital formation to gross value added) Source: Eurostat (nasa_10_ki)

The disparity of investment rates between different economies can be partly explained by structural differences, for example the relative importance of capital-intensive activities. Among the 4 largest EU economies, the investment rate for non-financial corporations in 2023 was above the EU average in Spain (23.0%), equal to the EU average in France (22.8%) and below the EU average in Italy (22.5%) and Germany (20.0%). Hungary reported the highest rate (29.8%) among all EU countries. Rates below 20.0% were reported in 5 EU countries, with the lowest rate in Luxembourg (15.1%). Among the non-EU countries for which data are presented in Figure 5, Norway recorded the lowest rate (15.1%, the same as in Luxembourg), while Serbia (31.4%; 2022 data) and Türkiye (38.4%) recorded rates higher than in any EU country.

Investment rates between 2013 and 2023

Although annual investments may be volatile for individual enterprises, cyclical trends can be observed nationally. Figure 6 shows investment rates for the 4 largest EU economies as well as the EU and euro area averages.

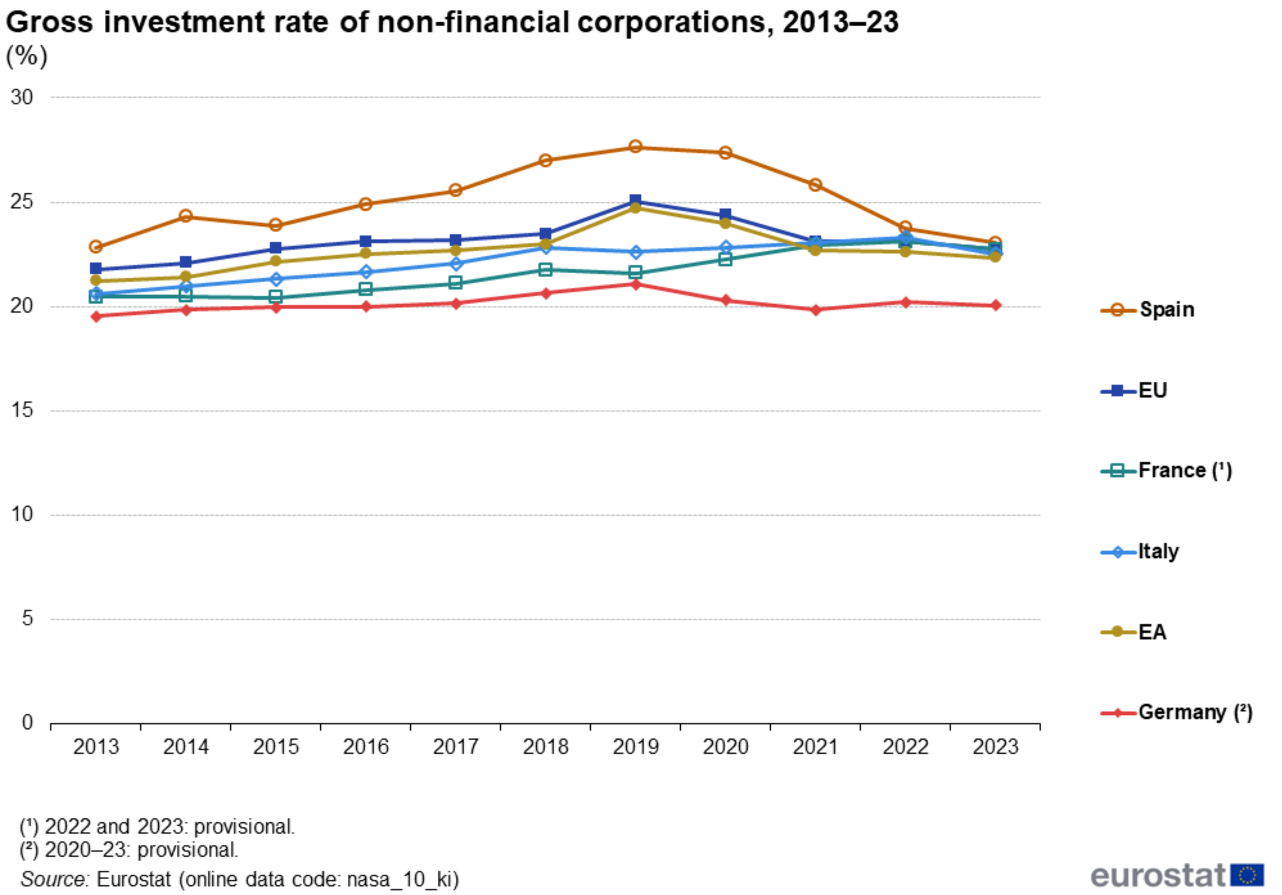


Figure 6: Gross investment rate of non-financial corporations, 2013–23 (%) Source: Eurostat (nasa_10_ki)

In the 5 years from 2014 to 2018, all 4 of the largest EU economies recorded annual increases in their respective investment rates, with the exception of falls in 2015 in Spain and France. In 2019, the investment rate increased in Spain and Germany, while there were relatively modest falls in France and Italy. As the COVID-19 crisis started, the reverse situation was observed, with France and Italy recording increases in their investment rates in 2020 and 2021. In 2022, France and Italy recorded their 3rd consecutive increases and Spain its 3rd consecutive decrease, while Germany recorded an increase for the 1st time since 2019. In 2023, all 4 of the EU's largest economies recorded a decrease in their investment rates, most notably in Italy and Spain.

Overall between 2013 and 2023, the largest increase (among the 4 largest EU economies) in the investment rate of non-financial corporations was recorded in France, up 2.3 points. During the same period, the investment rate increased 1.9 points in Italy. The overall increase in the euro area was 1.1 points and in the EU it was 1.0 points. Smaller increases were observed in Germany (up 0.5 points) and Spain (up 0.2 points).

A time series of investment rates between 2013 and 2023 is provided in Table 2 of the annex; see the link later in this article.

Figure 7 shows the overall change in the investment rate of non-financial corporations between 2013 and 2023, calculated in percentage point terms. Among the EU countries (no data for Bulgaria), Greece recorded the most substantial increase in its investment rate (up 9.1 points from 13.5% in 2013 to 22.6% in 2023). Portugal (up 7.1 points) and Lithuania (up 5.8 points) reported the next highest increases. Increases were recorded in 12 other EU countries. Luxembourg reported a fall of 9.5 points, from 24.6% in 2013 to 15.1% in 2023 and Romania a fall of 7.1 points. The next largest fall between 2013 and 2023 was 4.1 points in Poland.

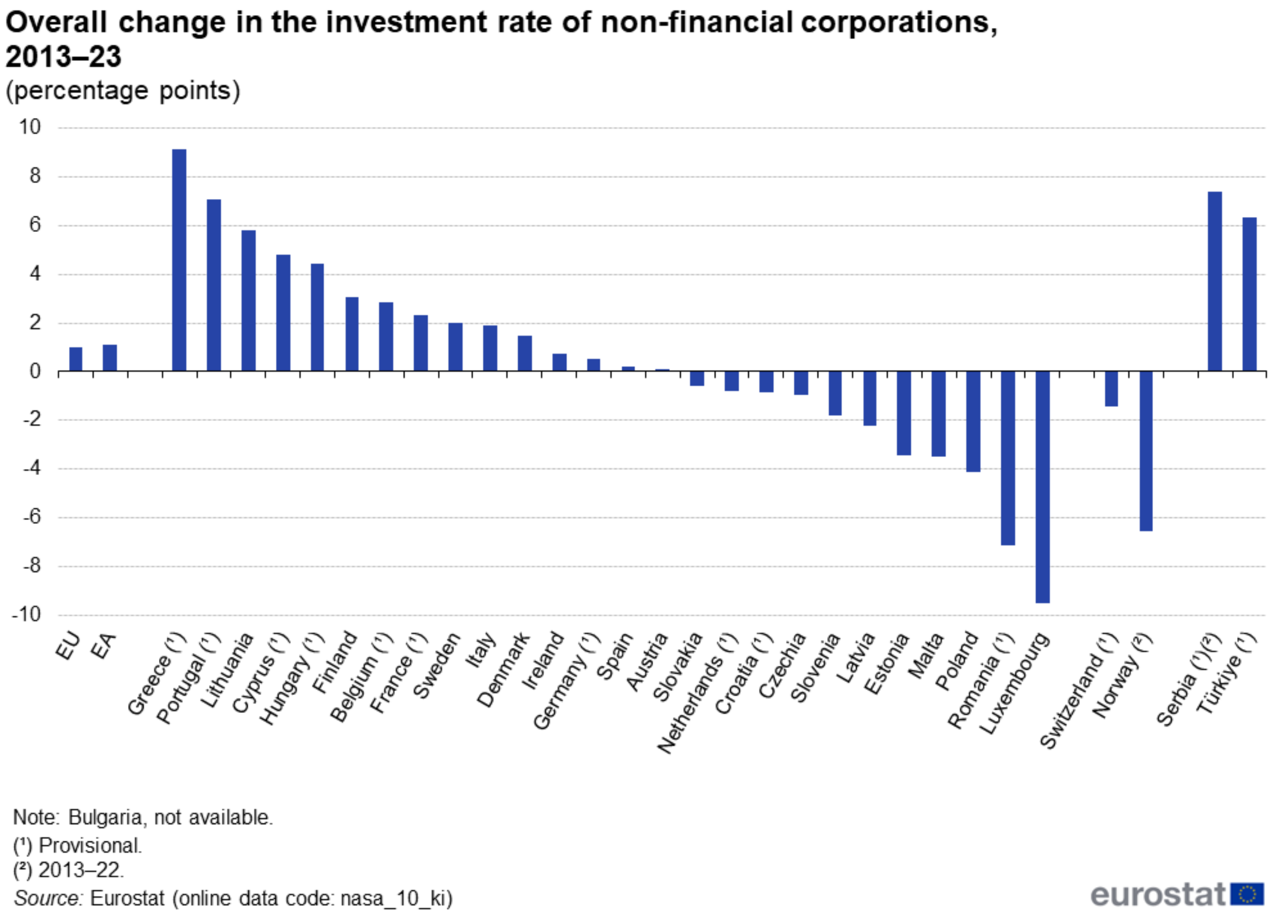


Figure 7: Overall change in the investment rate of non-financial corporations, 2013–23 (percentage points)
Source: Eurostat (nasa_10_ki)

Financing investment: net lending and borrowing

Non-financial corporations' savings and net borrowing (or lending) are used to finance gross capital formation, other capital transfers and acquisitions less disposals of non-financial non-produced assets. Gross capital formation includes gross fixed capital formation (referred to elsewhere in this article as investment), changes in inventories, and acquisitions less disposals of valuables. Non-financial non-produced assets concern, for example, land, mineral reserves or radio spectra.

The difference between savings and all capital transactions is called net lending or net borrowing , depending on whether it is positive or negative. If non-financial corporations are net lenders, it means that they have an excess of savings over investment and other capital transactions that they can lend to other sectors of the national economy or to non-residents . Conversely, they are net borrowers when they need to borrow money from other sectors to supplement their savings in order to finance their investment and other capital transactions.

In 2023, non-financial corporations in the EU and the euro area were net lenders, with their net lending valued at 3.3% and 2.9% of value added, respectively; see Figure 8.

Non-financial corporations in all 4 of the largest EU economies were also net lenders in 2023. The ratio of net lending to value added was highest in Italy (5.7%) and also above the EU average in Spain (3.8%) and Germany (3.5%). It was below the EU average in France (1.6%).

A time series between 2013 and 2023 of the ratio of net lending/borrowing relative to gross value added of non-financial corporations is provided in Table 6 of the annex; see the link later in this article.

In 2023, the highest ratios of non-financial corporations' net lending to value added among all of the EU countries (no recent data for Bulgaria) were recorded in Romania (23.6%), Poland (16.3%), Malta (14.6%), Slovakia (12.4%)

and the Netherlands (9.9%). In 6 EU countries, non-financial corporations were net borrowers, with the largest negative ratio in Cyprus (-23.8%).

Non-financial corporations in the EU were net lenders every year from 2013 to 2017 but moved to being net borrowers in 2018 and 2019. They then reverted to being net lenders and remained so from 2020 to 2023. For the euro area, the situation was similar.

The developments for non-financial corporations' net lending/borrowing between 2013 and 2023 were diverse among the 4 largest economies of the EU.

- In Italy, net borrowing was recorded most years from 2013 to 2018 (2016 was an exception), while net lending has been recorded since 2019.
- In Germany and Spain, net lending was recorded every year from 2013 to 2023.
- In France, non-financial corporations were net lenders in most years, but were net borrowers in 2018, 2020 and 2022.

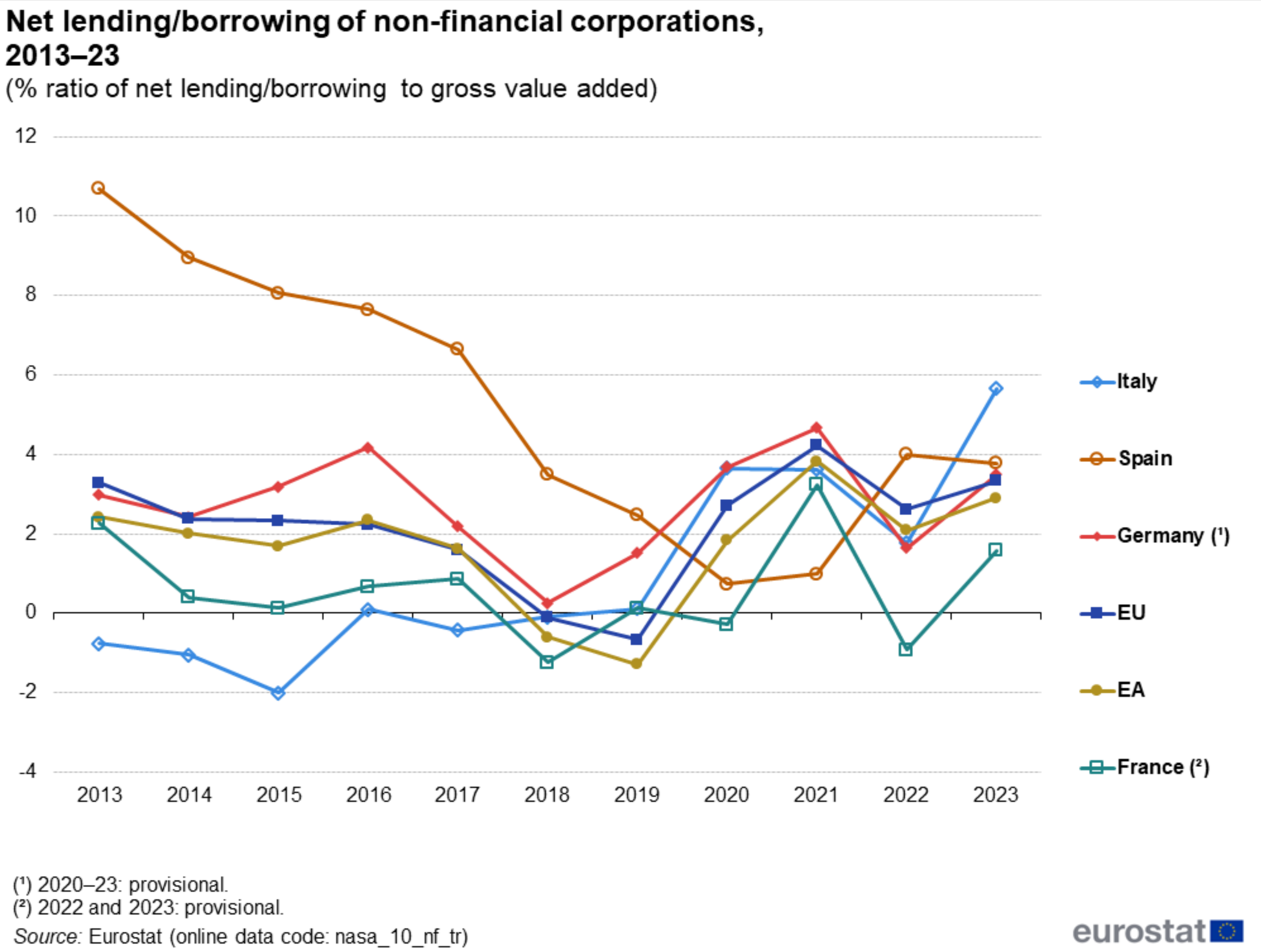


Figure 8: Net lending/borrowing of non-financial corporations, 2013–23 (% ratio of net lending/borrowing to gross value added) Source: Eurostat (nasa_10_nf_tr)

Source data for tables and graphs

* Business – statistics on profits and investment: figures

- Business – statistics on profits and investment: annex

Data sources

The compilation of sector accounts follows the European system of accounts (ESA 2010) . It provides the basis for all of the data for the EU, EFTA and enlargement countries, as collected by the European Central Bank (ECB) and Eurostat. Together, they publish integrated non-financial and financial accounts, including financial balance sheets, for the euro area. Eurostat also publishes the non-financial accounts of the EU.

The non-financial accounts

Non-financial accounts provide a systematic description of the different stages of the economic process: production, generation and distribution, use and accumulation of income. Each of the accounts ends with a balancing item: value added, operating surplus, primary income, disposable income, saving. In case of non-financial corporations some of these can be seen as profit measures.

The data presented in this article don't take account of profits/losses caused by changes in the price levels of assets or by extraordinary events (such as catastrophic losses). Profit measures may be calculated either gross or net of depreciation (called consumption of fixed capital in national accounts): in this article all indicators are presented gross of the consumption of fixed capital.

The non-financial corporations sector

Institutional sectors within national accounts bring together economic units with broadly similar characteristics and behaviour. The non-financial corporations sector is 1 of 5 sectors – along with financial corporations, general government, households and non-profit institutions serving households – that together make up the domestic economy.

The non-financial corporations sector consists of institutional units which are independent legal entities and market producers, and whose principal activity is the production of goods and non-financial services. It may be divided into 3 subsectors covering: public non-financial corporations, national private non-financial corporations and foreign controlled non-financial corporations.

In general, sole proprietorships and most partnerships that don't have an independent legal status are considered to be part of the household sector, rather than corporations (financial or non-financial). However, there are sometimes practical difficulties in delineating 'quasi-corporations' (unincorporated businesses with the characteristics of companies) between corporations and the household sector. This may influence the scope and comparability of the data presented as well as the internal consistency of the full set of accounts.

Indicator definitions

The profit share of non-financial corporations is defined as the gross operating surplus divided by gross value added. This profitability indicator shows the share of the value added created during the production process that is used to remunerate capital. It is the complement of the remuneration of labour (known in national accounts as compensation of employees) which accounts for most of the remainder of value added; the residual amount relates to taxes less subsidies on production and imports.

The gross investment rate of non-financial corporations is defined as gross fixed capital formation divided by gross value added. This ratio relates the investment in fixed assets (such as buildings, machinery, software and major improvements to fixed assets) to the value added created during the production process.

Context

Non-financial sector accounts form part of the national accounting framework and are compiled in the EU in accordance with the ESA 2010. They are an indispensable tool for analysing developments concerning production, the distribution of income, savings and investment by various institutional sectors, including non-financial corporations.

Issues relating to the non-financial corporations sector include measures of profit and investment as well as the overall level of net lending or borrowing.

Since the beginning of the economic and monetary union (EMU) in 1999, the ECB has been among the main users of national accounts. A large number of monetary and financial indicators are evaluated in relation to other relevant data that allow the combination of monetary, financial and economic analyses, for example, through key national accounts aggregates and sector accounts. In this way, monetary and financial indicators can be analysed within the context of the rest of the economy.

The investment rate for the total economy and for individual institutional sectors is a key indicator for economic analysis and EU policymaking, in particular in the context of monitoring EU countries' economies under the European Semester, for example, country specific recommendations / European Commission recommendations .

The investment rate is also part of the principal European economic indicators (PEEIs).

Financial institutions' interest in national accounts may range from a broad analysis of the economy to specific information concerning savings, investment or debt among households, non-financial corporations or other institutional sectors.

Like all sectors of the economy, non-financial corporations were directly and indirectly impacted by the COVID-19 pandemic and its related restrictions. The multiannual financial framework covering the period 2021–27 adopted in December 2020 is being supported by a supplementary budget called the European Recovery Instrument (also known as Next Generation EU). This mainly concerns the Recovery and Resilience Facility , a small majority of which will be disbursed as loans and the rest as grants. This facility provides support for reforms and investments undertaken by EU countries. Its aim is to mitigate the economic and social impact of the COVID-19 pandemic and make EU economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

Explore further

Other articles

- Households – statistics on income, saving and investment
- Households – statistics on financial assets and liabilities
- Non-financial corporations – statistics on financial assets and liabilities

Database

- Annual sector accounts (ESA 2010) (nasa_10) , see

Key indicators - annual data (nasa_10_ki)

Non-financial transactions - annual data (nasa_10_nf_tr)

Dedicated section

- Institutional sector accounts

Main tables

- Annual sector accounts (ESA 2010) (t_nasa_10)

Methodology

- European system of accounts – ESA 2010
- Non-financial transactions – annual data (nasa_10_nf_tr)
- Sector accounts in countries

External links

- European Central Bank (ECB) – Sector accounts

Legislation

- Key legal documents for institutional sector accounts