



SPANISH COMPANIES PAYMENT BEHAVIOUR. THIRD QUARTER 2016

October 2016

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EXECUTIVE SUMMARY

The Average Payment Period registers again a record during the third quarter, with 90.56 days, it is the best figure since the end of 2011.

The Average Payment Period decreases by 0.92 days with respect to the previous quarter and by 5.65 days compared with the same period last year. These decreases are a product of the joint reduction of both components of the indicator: The Average Payment Delay and the Average Agreed Period.

During the third quarter, the Average Payment Delay reaches again a record with 12.88 days: it is the first time it is below 13 days. The reduction of the Average Payment Delay is especially tangible in Private Companies since the third quarter of 2014; between the second and the third quarter, the Average Payment Delay diminished 0.59 days and 3.53 days since last year. The Average Payment Delay of the administrations was 0.51 days better than the previous

quarter, while it increased 1.96 with respect to the third quarter of 2015.

The Average Agreed Period is improving in the Private Sector (-0.34 days with respect to the previous quarter and -2.20 days with respect to last year) and to a lesser extent in the Administration (-0.04 days with respect to the previous quarter and -0.18 days with respect to last year). The detailed analysis of the Spanish companies' Average Payment Delay shows that:

- Since the second quarter of 2015, the proportion of punctual payment is constantly increasing, reaching 48,96% of the payments this quarter. The proportion this quarter has been 55% for companies with less than 10 employees.
- It is the third quarter in a row without any community paying with more than 20 average delay days, however, there

are still important differences between them, of even almost 10 days.

- Dividing by sectors: the sector that registers the most significant payment delays is the Administrations one, followed by Hotels and Other Services, while the Industry, Communications and Commerce sectors register the shortest payment periods. The importance in the economy of the Construction and Real Estate Activities sector makes it important to remark its decrease by 7.01 days of the Average Payment Delay in the last year.

- It is also worth mentioning the important decrease of the Average Payment Delay of the Micro businesses during the last year (-4.16 days).

EVOLUTION OF AVERAGE DELAYS

During the third quarter of 2016, the Average Payment Period reaches 90.56 days, the lowest registered value since the end of 2011. This improvement represents 0.92 days decrease with respect to the second quarter and a decrease of 5.65 days with respect to the previous year. It is

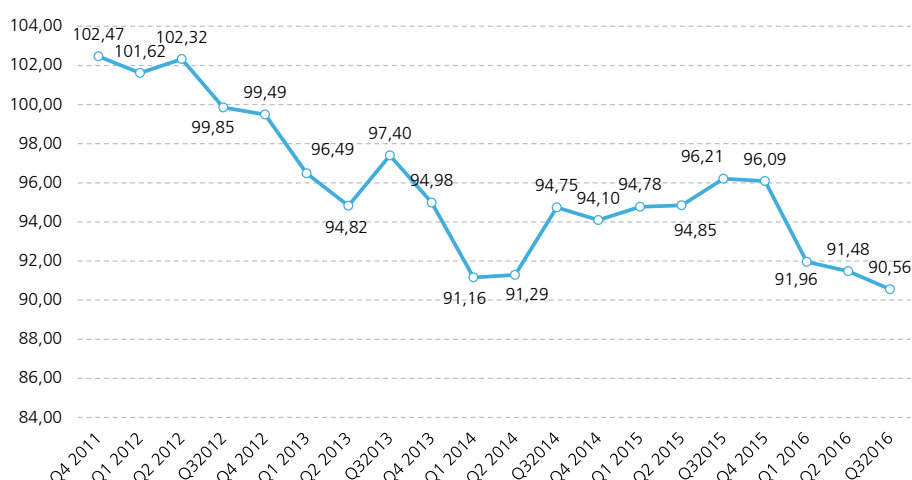
the fourth consecutive quarter of decrease for this indicator.

The decrease in the Average Payment Period is explained by the improvement of the Average Payment Delay, -0.59 days with respect to the second quarter, while

the Average Agreed Period decreases 0.33 days during this period. The Average Payment Delay of the third quarter, 12.88 days, is the best figure ever registered since this study was first conducted and is below 13 days for the first time.

	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Average payment delay period	16,35	16,08	14,10	13,47	12,88
Average agreed period	79,85	80,01	77,87	78,01	77,68
Payment Average Period	96,21	96,09	91,96	91,48	90,56

PAYMENT AVERAGE EVOLUTION



LEGISLATION

The Member states had had to translate, up to March 16, 2013, the 2011/7/UE Directive that established the measures to combat late payment in commercial transactions. The EU directive 2011/7/UE establishes, as a general norm, a 30 days limit to pay invoices.

The adaptation of the Directive in

Spain has been done through the Royal Decree-Law 4/2013 dated 22 February that included measures to support entrepreneurship and to stimulate growth and job creation.

A standard delay of 30 days is established for Administrations and 60 for companies; a late payment type is established (8 points above the reference value of the ECB) and the possibility of being charged with a penalty of 40 euros.

Administration:

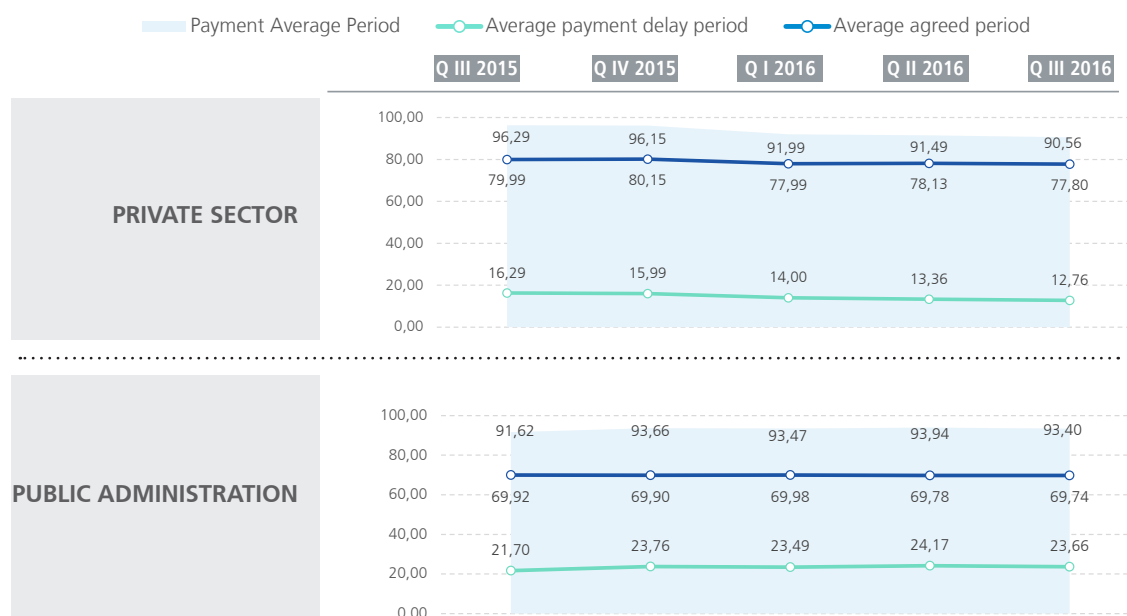
The Average Payment Period of the Administration during the third quarter of 2016 is 93.40 days, 0.55 days less than during the previous quarter. However, this number is 1.78 days above last year's.

This decrease is caused by the inferior Average Payment Delay, -0.51 days with respect to the last quarter, while the Average Agreed Period slightly diminished (-0.04 days) during the same period.

Private Companies:

The Private Companies Average Payment Delay is still decreasing and reaches the lowest number registered: 12.76 days, 0.59 days decrease with respect to the previous quarter and 3.53 days decrease with respect to the previous year.

The Average Agreed Period also decreased by 0.34 days with respect to the second quarter of 2016 and by -2.20 days with respect to the previous year.

PAYMENT DELAYS EVOLUTION

	QIII 2015		QVI 2015		QI 2016		QII 2016		QIII 2016	
	Private sector	Public Admin.	Private sector	Public Admin.	Private sector	Public Admin.	Private sector	Public Admin.	Private sector	Public Admin.
Average payment delay period	16,29	21,70	15,99	23,76	14,00	23,49	13,36	24,17	12,76	23,66
Average agreed period	79,99	69,92	80,15	69,90	77,99	69,98	78,13	69,78	77,80	69,74
Payment Average Period	96,29	91,62	96,15	93,66	91,99	93,47	91,49	93,94	90,56	93,40

METHOD

INFORMA D&B, through its DUN TRADE Program has formed a unique database formed by more than 1,600,000 payment experiences that correspond to more than 400,000 companies in Spain.

The DUN TRADE Program is unique in the world; for 45 years in USA and 25 in Europe, it has been using accounting

data from thousands of companies and analyses payment delays in comparison with negotiated conditions.

DUN TRADE is a completely free and confidential program that consists in an information interchange between INFORMA D&B's DUN-TRADE database and the participant company on the clients' payment behaviour of the latter.

These payment experiences are constituted by the identification data of the clients and for the transactions carried out each month that include information on pending invoices from the clients: Expired, not collected and pending expiry date.

AVERAGE PAYMENT DELAY

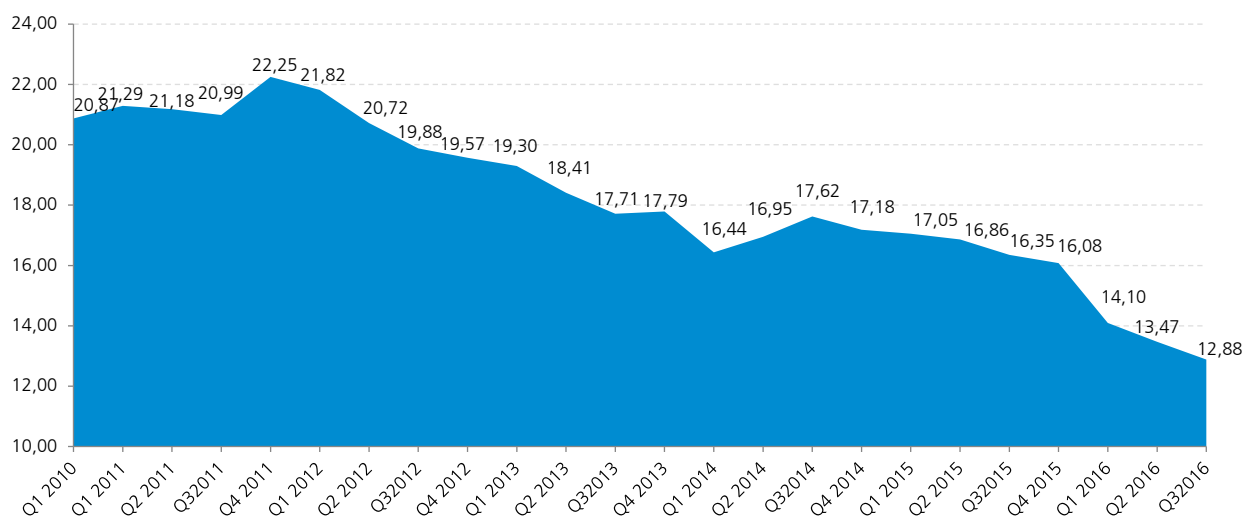
The Average Payment Delay on the third quarter is 12.88 days, under 13 for the first time. The Average Payment Delay is consecutively decreasing since the third quarter of 2014, but the downward trend started at the end of 2011.

Payment delays cost.

So as to estimate the direct cost that delays of payment mean for all the business network, we have extrapolated the main conclusions of this study to the entire Spanish economy, this would return a default cost of 1,463 million euros.

The DunTrade Database is formed by 1.6 million positive and negative payment experiences, for a total amount superior to 14,000 million €, in which the behaviour of more than 400,000 different companies may be appreciated, this means a unique analysis frame in Spain and a valid reference for the determination of real payment habits

PAYMENTS AVERAGE EXCEEDED DELAYS EVOLUTION



PAYMENTS DELAYS COST CALCULATION

It is obtained from the amount that represents the business credit in Spain (Recent Evolution of the Business Credit of the non Financial Companies in Spain. Economic Bulletin January 2015).

Thanks to the statistics of the DUN TRADE Program, we could get to know the percentage distribution of payment delays, spreading these percentages to business credit we could know the

amounts of each section and calculate the cost, applying an annual 8.05% interest rate as cost according to the Official State Gazette (BOE) dated 29 December 2015.

PAYMENT BEHAVIOUR DISTRIBUTION

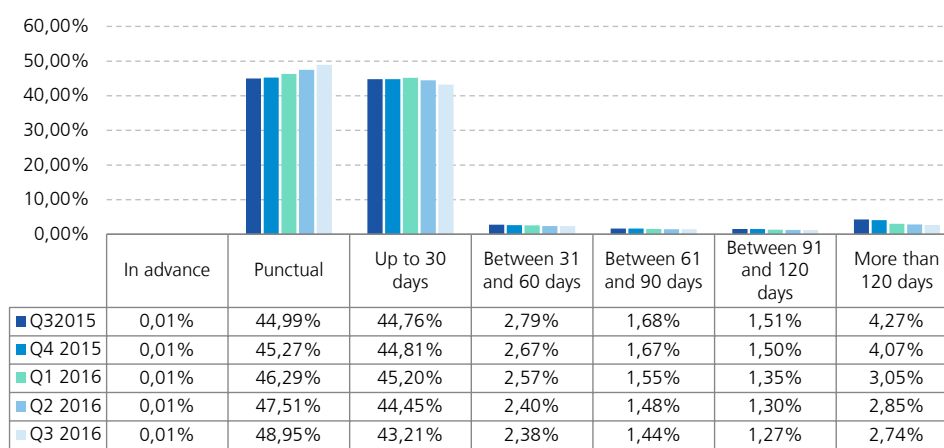
In the third quarter of 2016, prompt payments¹ represent 48.96% of the total, which represents an increase of 1.44 points with respect to the previous quarter and an increase of 3.96 points with regard to last year. The proportion of punctual payments has been constantly increasing since the third quarter of 2015.

On the other hand, the proportion of invoices paid up to 30 days late decreased by 1.24 points between the second and third quarter of this year and by 1.55 points with respect to the previous year.

Payments more than 30 days late decrease in the last quarter (-0.20 points) and with respect to last year (-2.41 points).

48.96% of the companies pay on time

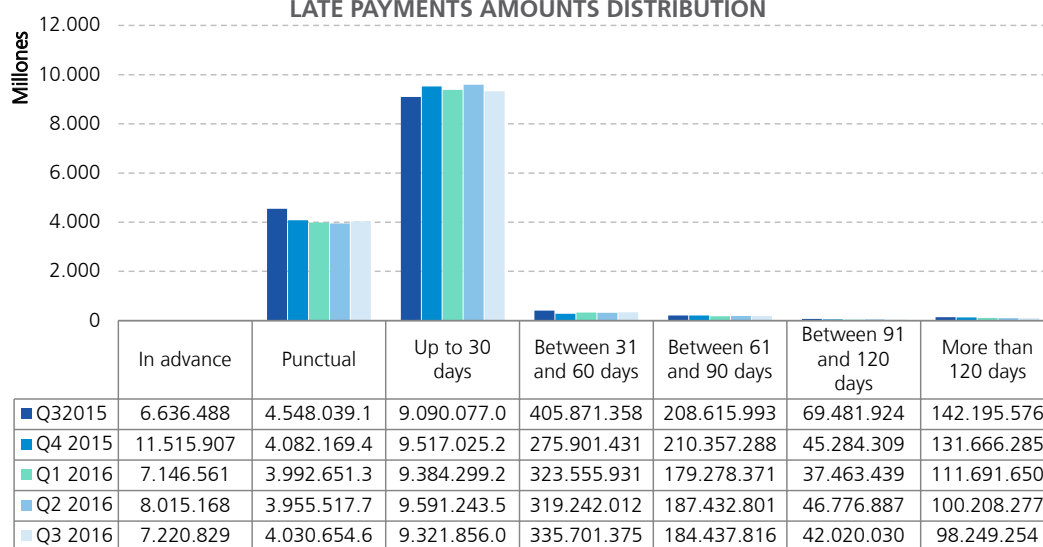
SPANISH COMPANIES PAYMENT BEHAVIOUR



The total analysed invoices amount reaches 14,020,139,947 euros: 28.80% corresponds to prompt payments,

66.49% to payments up to 30 delay days and 4.71% to payments more than 30 days late.

LATE PAYMENTS AMOUNTS DISTRIBUTION



¹ Including payments in advance.

GEOGRAPHICAL ANALYSIS

During the third quarter of the year, all autonomous regions register an Average Payment Delay below 20 days. The Average Payment Delay in three of them, Aragón, Navarra and the Basque Country, is below ten days, very close to the best payments observed in Europe. According to our European Payment Behaviour Study, the Average Payment Delays in Germany and the Netherlands are 6.23 and 7.70 days respectively.

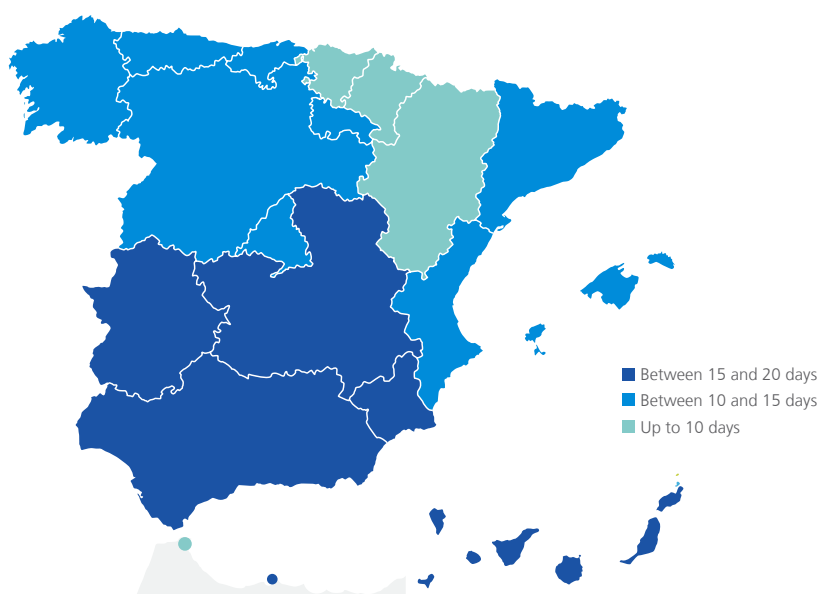
The autonomous regions with the most significant payment delays are: The Canary Islands, with an average delay of 18.08 days; Extremadura, with 16.15 days and Castilla la Mancha, with 16.11 days. On the other hand, the autonomous regions with the lowest payment delays are: Basque Country, with 8.60 days; Navarra, with 8.83 days and Aragón, with 9.34 days.

The companies of the Community of Madrid pay with an average delay of 14.99

days, that is to say 2.11 days above the national average, whereas the companies of Catalonia pay with a delay of 11.57 days, that is to say 1.32 days under the Spanish average.

The gap between the Autonomous Region with the highest payment delay and the one with the lowest payment delay shrinks: it represents 9.48 days this quarter, while it represented 10.16 days in the second quarter.

PAYMENT DAYS DISTRIBUTION BY AUTONOMOUS COMMUNITIES



EVOLUTION SINCE THE THIRD QUARTER OF 2015

The Average Payment Delay decreases in most regions with respect to both the second and the third quarter of last year.

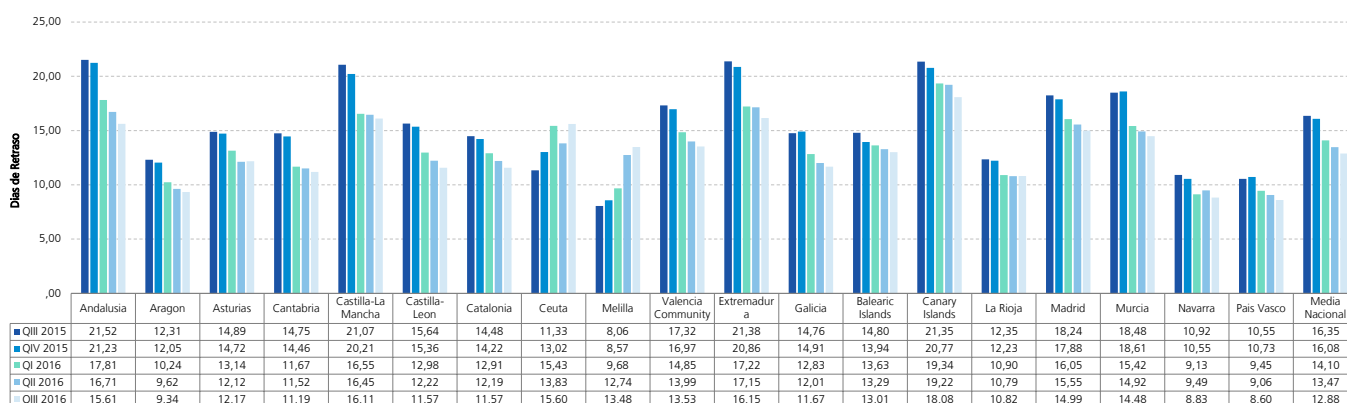
Last quarter, only Ceuta, Melilla, Asturias and La Rioja worsened their Average Payment Delays. On the other hand, the regions reducing their average delays the

most are the Canary Islands (-1.14 days) and Andalusia (-1.10 days).

The reduction of delays has been observed in most communities since last year, except in Ceuta and Melilla. The most significant decreases registered between the third quarter of 2015 and the third quarter

of 2016 can be observed in: Andalusia (-5,90 days), Extremadura (-5,23 days) and Castilla La Mancha (-4,96 days).

EVOLUTION OF PAYMENT BEHAVIOUR BY AUTONOMOUS COMMUNITIES



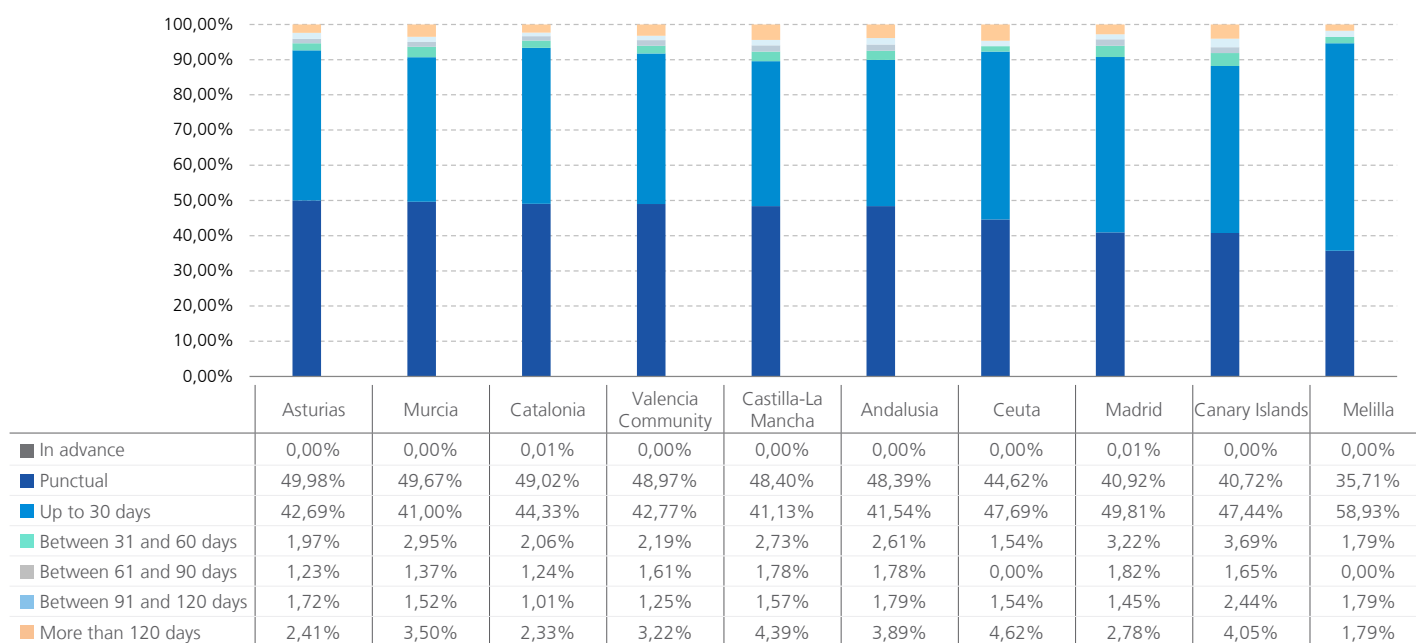
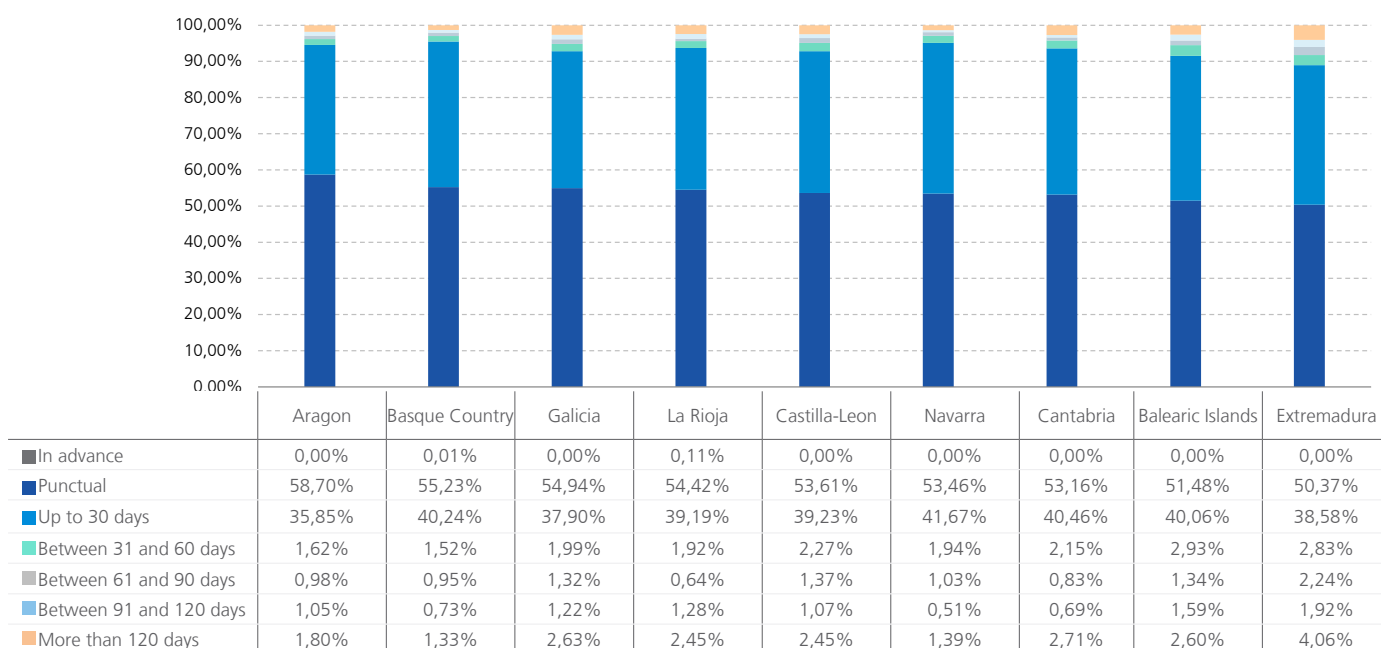
Nine autonomous regions pay more than 50% of the payments promptly: Aragón with 58,70%, the Basque Country with 55,24%, Galicia with 54,94%, La Rioja with 54,53%, Castilla-León with 53,61%, Navarra with 53,46%, Cantabria with

53,16%, the Balearic Islands 51,48% and Extremadura with 50,37%.

and Castilla la Mancha with 7.74%, being the national average 5.45% this quarter.

On the contrary, the regions with a higher percentage of payments with a delay exceeding 60 days are: Extremadura with 8.22%, the Canary Islands with 8.14%

STRETCHES OF PAYMENT BEHAVIOUR BY AUTONOMOUS COMMUNITIES



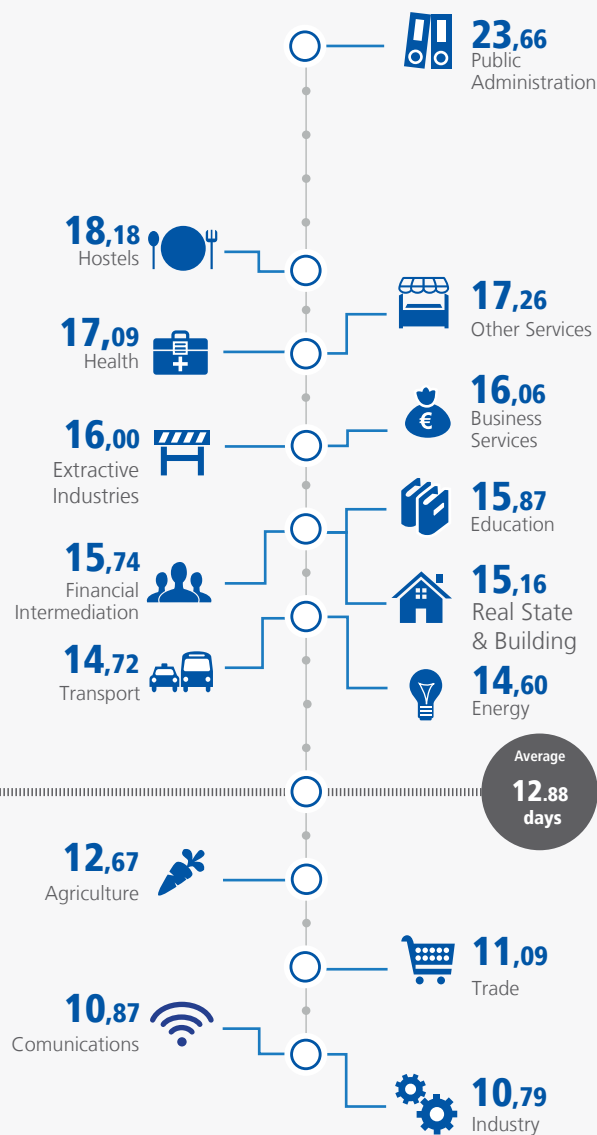
SECTORIAL ANALYSIS

The Administration sector registers the most significant Average Payment Delay during the third quarter, with an average of 23.66 delay days, followed by Hotels and Other Services, with 18.18 days and 17.26 days respectively.

The sectors which shortened their payments the most during this quarter are: Industry (10.79 days), Communications (10.87 days) and Commerce (11.09 days)

Depending on whether an Industry or Administrations business is contracted, the payment delay varies in 12.87 days. Last quarter, this gap represented 12.97 days.

PAYMENT BEHAVIOUR BY SECTOR. THIRD QUARTER OF 2016



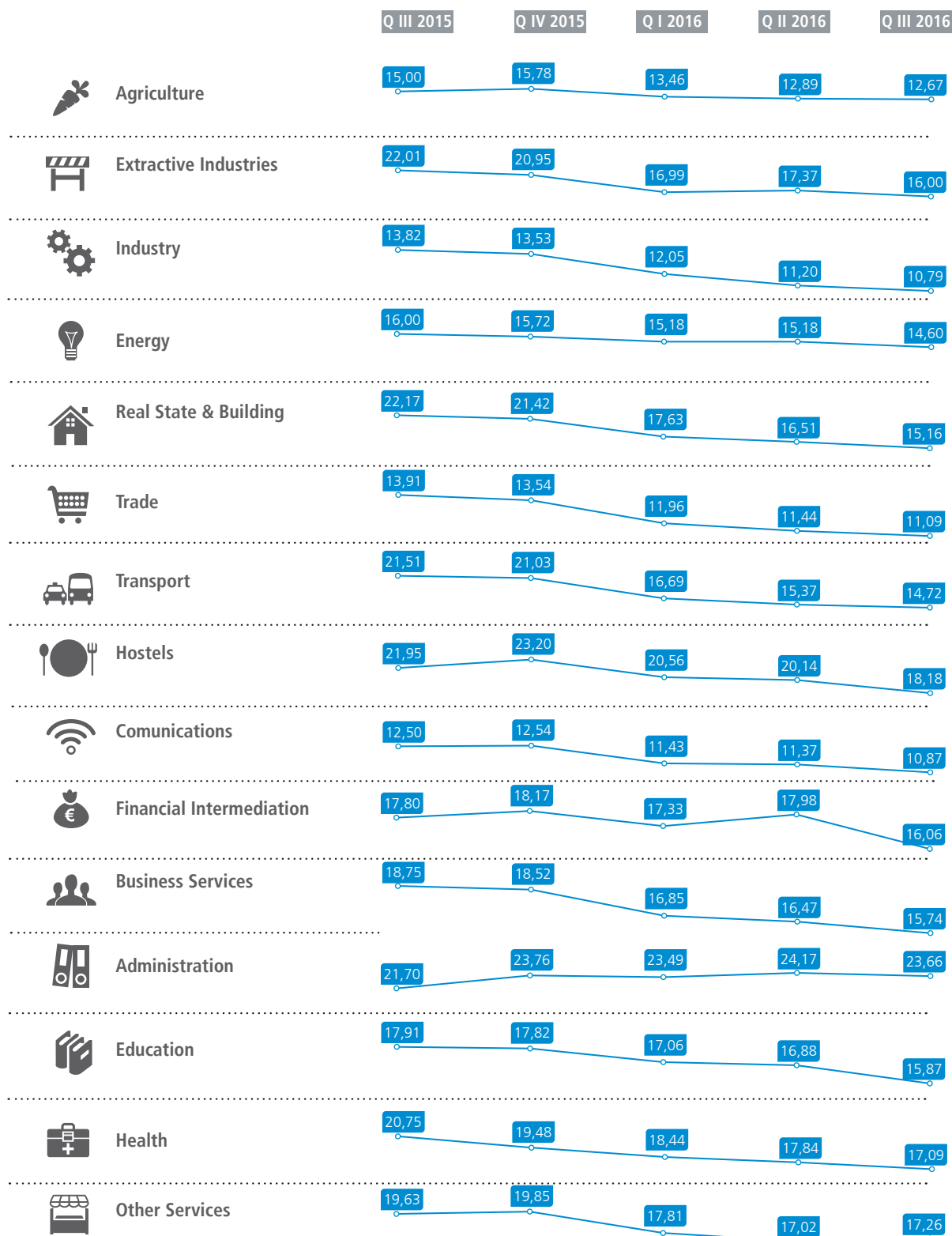
EVOLUTION SINCE THE THIRD QUARTER OF 2015

We can observe that most sectors of the economy decreased their Average Payment Delay with respect to the last quarter in almost every sector, except for Other Services. The most significant decreases concern the following sectors: Hotels (-1.96 days); Financial

intermediation (-1.92 days) and Extractive Industries (1.38 days).

In the last year, all sectors decreased their average payment delay except for Administration, which increases it by 1.96 days. The sectors that registered the most significant declines were: Construction

and Real Estate Activities (-7.01 days), Transports (-6.79 days) and Extractive Industries (-6.01 days).

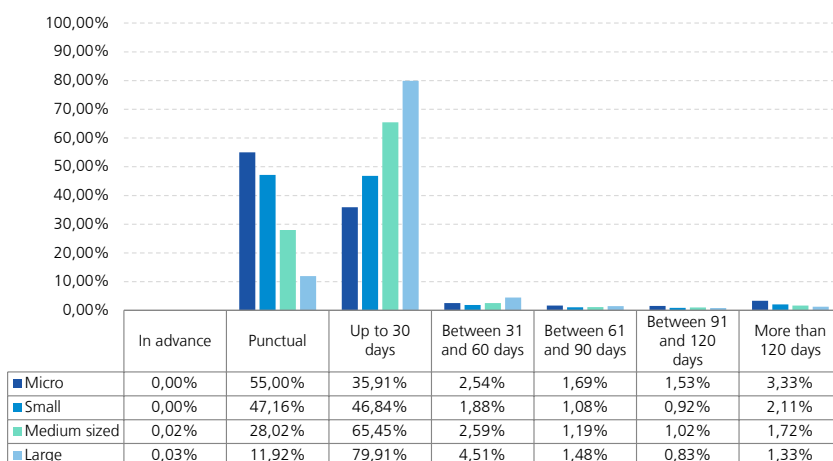


ANALYSIS PER COMPANY SIZES²

In the first quarter of the year we can see that Micro and Small businesses pay better by far: they pay 55% and 47.16% of their payments promptly, while Medium ones do so on 28.04% of the payments

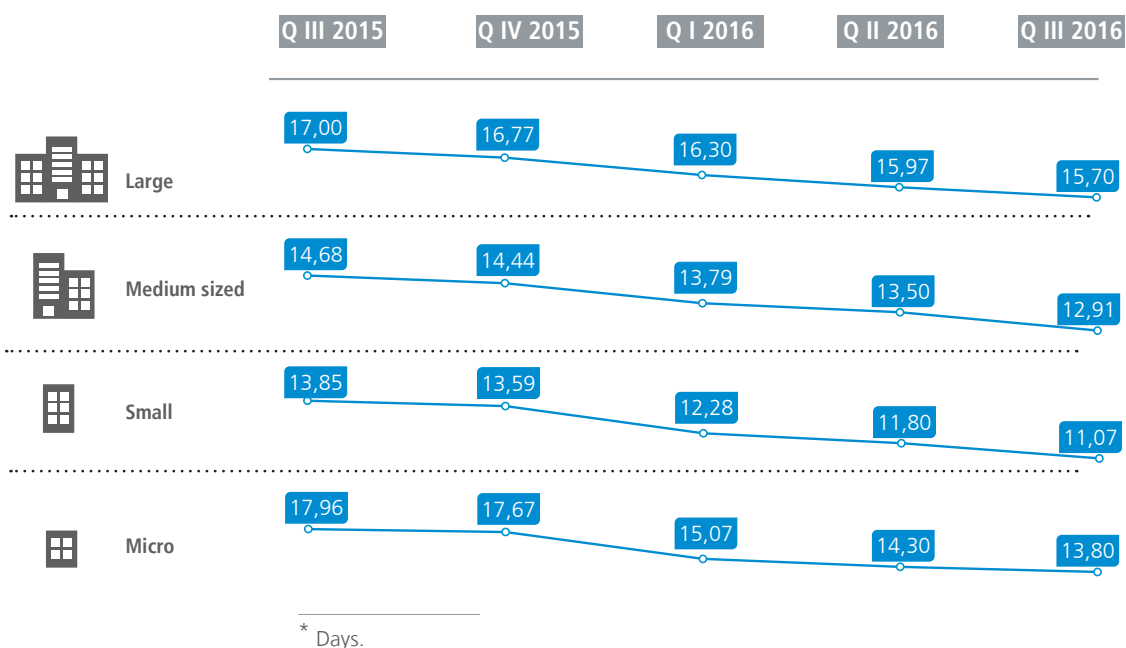
and Large companies pay promptly only 11.95% of the times.

PAYMENT BEHAVIOUR DEPENDING ON THE SIZE OF THE COMPANY



² So as to define the sizes of the businesses we do continue the recommendation 2003/361 of the European Community taking only into account the employees number: Micro: <10 employees; Small: <50 employees, Medium: <250; Large:> = 250 employees.

EVOLUTION SINCE THE THIRD QUARTER OF 2015



The downward trend concerns companies of all sizes. The average payment period of Micro businesses has decreased by 4.16 days since the third quarter of 2015. Small businesses decreased it by 2.79 days, Medium companies by 1.78 days and Large companies by 1.31 days. During the third quarter of 2016, Large companies registered the most significant

Average Payment Delay (15.70 days), followed by Micro companies (13.80 days), Medium businesses (12.91 days) and Small companies (11.07 days).

CNAE (ECONOMIC ACTIVITIES NATIONAL CLASSIFICATION) ACTIVITIES TABLE

AGRICULTURE	01	• Agriculture, farming, hunting and related service activities
	02	• Farming of animals
	03	• Fishing, fish hatcheries and fish farms
EXTRACTIVE INDUSTRIES	05	• Mining of hard coal
	06	• Extraction of crude petroleum and natural gas
	07	• Mining of metal ores
	08	• Other mining and quarrying
	09	• Support activities to mining and quarrying activities
INDUSTRY	Food industry	10 • Food industry
		11 • Manufacture of beverages
	Textile industry	13 • Textile industry
		14 • Clothes manufacturing
		15 • Leather and shoes industry
	Chemical industry	20 • Chemical industry
		21 • Manufacture of pharmaceutical products
		22 • Manufacture of rubber and plastic products
	transport	29 • Manufacturing of motor vehicles, trailers and semi-trailers
		30 • Manufacturing of other transport equipment
	Other manufacturing industries	23 • Manufacture of other non-metallic mineral products
		24 • Manufacture of basic iron and steel and ferro-alloys products
		25 • Manufacture of fabricated metal products, except machinery and equipment
		26 • Manufacture of computer, electronic and optical products
		27 • Manufacture of electrical material and equipment
		28 • Manufacture of electrical material and machinery n.e.c
		12 • Tobacco industry
		16 • Lumber and wood industry
		17 • Paper industry
		18 • Publishing, printing and reproduction of recorded media
		19 • Coke and petroleum refining
		31 • Furniture manufacturing
		32 • Other manufacturing industries
		33 • Repair and installation of machinery and equipment
ENERGY	35	• Electric energy, gas vapour and air conditioning supply
	36	• Water collection, treatment and supply
	37	• Sewerage
	38	• Valuation
	39	• Decontamination
CONSTRUCTION AND REAL STATE	Real Estate Activities	68 • Real estate activities
		41 • Building
	Construction	42 • Civil engineering
		43 • Specialist construction activities
TRADE	Sale and repair of motor vehicles and motorcycles	45 • Sale and repair of motor vehicles and motorcycles
	Wholesale trade	46 • Wholesale trade and commission trade, except of motor vehicles and motorcycles
	Retail trade	47 • Comercio al por menor, excepto de vehículos de motor y motocicletas
TRANSPORT	49	• Land transport and pipelines transport
	50	• Sea and inland passenger water transport
	51	• Air transport
HOSTELS	Servicios de alojamiento	55 • Lodging services
	Servicios de comidas y bebidas	56 • Food and beverages services

COMUNICATIONS	58	• Publishing
	59	• Motion picture, video and television programme sound recording and music publishing activities
	60	• Television and radio programming and broadcasting activities
	61	• Telecommunications
	62	• Computer programming, consultancy and other computer related activities
	63	• Information Services
FINANCIAL INTERMEDIATION	64	• Financial intermediation, except insurance and pension funding
	65	• Insurance, reinsurance and pension funding, except compulsory Social Security
	66	• Activities auxiliary to financial and insurance services
SERVICIOS EMPRESARIALES	69	• Legal and accounting activities
	70	• Headquarters activities; business management consulting activities
	71	• Architectural and engineering technical services, tests and technical analysis
	72	• Research and development
	73	• Advertising and market research
	74	• Other professional, scientific and technical activities
	75	• Renting activities
	77	• Employment related activities
	78	• Travel agencies, tour operators, other reserves services and similar and related activities
	79	• Investigation and security activities
	80	• Services to buildings and gardening activities
	81	• Administrative office and auxiliary activities for companies
PUBLIC ADMINISTRATION	84	• Public administration
EDUCATION	85	• Education
HEALTH	86	• Human health activities
	87	• Residential care activities
	88	• Other social services without accommodation
OTHER SERVICES	90	• Creation activities, artistic and shows
	91	• Libraries, archives, museums and other cultural activities
	92	• Gambling and betting activities
	93	• Sports, amusement and recreation activities
	94	• Associations
	95	• Repair of other personal and household goods
	96	• Other personal services
	97	• Activities of households as employers of domestic personnel
	98	• Household activities as goods and services producers for internal use
	99	• Activities of extraterritorial organisations and bodies

This study has been carried out by the Studies Department of INFORMA D&B. The data come from INFORMA' D&Bs database.

ABOUT INFORMA.D&B

INFORMA is the leader company in Business, Financial and Marketing Information, with a consolidated sales volume of 91,8 millions € in 2015. It was the first financial and business information Spanish database in obtaining the AENOR Quality certificate, having currently this certification according to the ISO 9001 and 14001 regulation.

Since its inception in 1992, the database Informa has been fed from multiple public and private information sources, as the Borme (Official Gazette of the Mercantile Register), Official Filed Accounts, BOE (Official State Gazette), Provincial and autonomous regions Official Gazettes, National and Regional Press, ad hoc Investigations and Several Publications.

INFORMA's national database contains:

- 6.7 million national economic agents.
- 3.5 millions active companies and sole proprietorships with rating.
- More than 13.2 million companies' balance sheets.
- More than 14 million administration positions.
- More than 2.5 million companies with corporate links.
- More than 150,000 data updated on a daily basis

The leadership of INFORMA reinforces in 2004 after absorbing the business in Spain and Portugal of the multinational Dun&Bradstreet. Since that moment it forms part of the greatest business information network of the world: the Worldwide Network, and as such it offers on-line access to the information on 250 million companies all throughout the world.

Currently INFORMA has more than 130,000 clients and 3,000,000 users (between the brands Informa, elinforma and DBK), and with the confidence of more than 95% of the financial entities and 89% of the IBEX35 companies to take their risk decisions.

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INFORMA D&B, S.A

Avda. de la Industria, 32
28108 Alcobendas (Madrid)
www.informa.es

Servicio de Atención al Cliente
clientes@informa.es
902 176 076

INFORMA D&B

María Álvarez
malvarez@informa.es
Tel.: 91 661 71 19

SC Comunicación

María Asarta
maria@sc-comunicacion.es
Tel.: 91 575 45 05