

Inflation and the money market

Zofia Bolkowska, Marek Misiak

2008-07-01

In the 1st quarter of 2008 corporate profitability was still very high

In the 1st quarter of 2008 corporate profitability was still very high, though some indicators slightly worsened. According to expects, this deterioration was temporary because the 1st quarter of a year is always weaker.

In the 1st quarter of 2008 financial results in the commercial sector were better than in the corresponding period of the previous year. But basic economic and financial indicators worsened, despite the better results. In the 1st quarter the financial condition of enterprises was characterised by the following trends:

- Revenues from overall business operations were by 13.5% higher than in the 1st quarter last year; business expenditures were higher by 13.9%. As a result the cost index worsened from 93.9% to 94.2%;
- The commercial sector generated a gross profit of PLN25.7 billion, compared to PLN23.7 billion in the corresponding period of the previous year. The net profit reached PLN20.4 billion compared to PLN19.0 billion. A total of 67% of enterprises showed a net profit, which means that one in three businesses was still loss-making. The share of profit-making companies in revenues from overall operations amounted to 81% ;
- Net return on sales amounted to 4.6% versus 4.9% in the 1st quarter of 2007;
- Of the surveyed companies, 46.4% reported exporting activity. The share of exports in total revenues was 20.6%. The financial situation of exporters was better than that of the surveyed companies as a whole, with 72% of exporters reporting a net profit;
- All major sectors of the economy were profitable, but profitability differed greatly from sector to sector;
- Financial liquidity index was 33%.