



PRESS RELEASE

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2017 SME REPORT

Growth in France in 2017 founded on confirmation of the recovery in SME and ISE business activity in 2016

The 13th annual edition of the SME Trends Report gives a multifaceted and comprehensive overview of the sources of growth of French SMEs and intermediate-sized enterprises (ISEs) in 2016. It looks back over the past five to ten years, to show the effects of the crisis being swept aside.

In 2016, for the second year in a row, the economic and financial position of SMEs and ISEs improved. The year saw an upturn in business start-ups and SME capital expenditure, together with a further fall in failures in businesses of all sizes (micro-enterprises, SMEs and ISEs), to below the symbolic threshold. These French SMEs, with micro-enterprises out in front, are increasing their exports, patent filing and R&D and innovation involvement to a greater extent than other categories of business.

Indicators across the board suggest that the recovery in SME and ISE business activity has spread to almost all French regions and business sectors. As a result, 2016 ended at a level as good as the pre-crisis situation if not better. Highlights of the year included some turning points in trends and behaviour, while others give assurance that these companies are on course to forge ahead.

2016 highlights

With over 554,000 companies set up in France in 2016, the entrepreneurship trend was up by 6%, marking a six-year high. Once again, the most popular form of company was limited companies and traditional sole trader businesses, rather than registrations under the micro-entrepreneur regime.

For the first time since the beginning of 2009, business failures fell below 59,000. This applied to all businesses, in particular the very smallest. In most sectors and in many regions, the higher SME and ISE business failure rate attributable to the crisis is a thing of the past. The trends remain favourable for 2017.

After six years of continuing decline, SME capital expenditure kicked off again in 2016 (+2.7%), particularly in the construction and transport sectors. This happened against a background of not only renewed growth in their turnover (+3%), in their generated value added (+3.7%), and in their economic return, but also a continuous strengthening in their equity, which now represents 42% of the capital employed.

In a context of slowing world trade, exports by micro-enterprises (+3.1%) and SMEs that are not micro-enterprises (+2.5%) rose significantly, giving growth in French exports a boost. In 2016, around 26,000 companies started to export for the first time. Most of them were not part of a group and were heavily dependent on one product or one destination.



Other notable figures and trends for 2016

- Almost all ISEs and large companies belong to a group, as does almost 1 SME out of 2*.
- Each year, 76,000 SMEs and ISEs are sold or passed on, affecting 8% of salaried jobs in France.
- The SME share of public procurement contracts has remained steady at around 60% of initial contracts.
- For the fourth year in a row, French private equity activity has increased, with almost €9 billion invested in 1,600 businesses.
- The 533 French SMEs and ISEs listed on Euronext account for 2 Pan-European SMEs or ISEs out of every 3.
- A still very accommodating monetary policy is easing SME access to finance. In France, fewer than one loan in every three to SMEs is backed by security*.
- There are over 8,600 companies in competitiveness clusters, 30% of them are less than 5 years old*.
- ISEs are largely to thank for the increase in the number of patents published, while the SME share remains much the same.
- The *Jeune Entreprise Innovante* (JEI), young innovative business scheme, cuts R&D and innovation labour costs by 12% for recipient businesses.

**Most recent available data: 2015.*

The 2017 SME Report, including even more analyses, graphs and data, can be found and downloaded free of charge from 6 June at: <https://library.bpifrance-lelab.fr/SME17>

To keep up-to-date with the analyses produced by the French SME Observatory:

- Sign up for the distribution list: observatoiredespme@bpifrance.fr
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About the SME Observatory

The SME Observatory is a hub for accumulating knowledge on the profiles of French SMEs and ISEs. For 13 years:

- it has compiled available data and put them into perspective, making it comparable over time;
- it has clarified the concepts used;
- it has compared the situation in France with that in other countries.

To disseminate structured information and comments to the greatest number of people, the SME Observatory publishes an SME Trends Report each year. The online version of this also gives access to additional resources arranged by subject.

Bpifrance manages the SME Observatory through a steering committee made up of long-standing partners, some of which have been present since 2001. Ever closer cooperation with other observatories and the involvement of new contributors, particularly international contributors, are enabling it to broaden and diversify the range of subjects tackled.

About BPIFRANCE LE LAB

Bpifrance Le Lab is a think tank set up in March 2014 to “bridge the gap” between the world of research and the world of business. It brainstorms ideas for Bpifrance and business leaders, from the start-up stage through to mid-cap. Bpifrance Le Lab disentangles the factors that determine growth and gives business leaders an insight into a world marked by dramatic economic, societal and environmental shifts, with two main aims:

- to help improve Bpifrance’s performance in providing funding and support;
- to encourage business leaders to think strategically to promote growth in their company.

Bpifrance Le Lab has its own governance, with a steering committee made up of prominent individuals from a variety of disciplines, chaired by Nicolas Dufourcq, Chief Executive Officer of Bpifrance. All Bpifrance Le Lab publications, as well as the calls for proposals to the academic world for carrying out research work on entrepreneurial practices, are available at www.bpifrance-lelab.fr - www.bpifrance.fr - Follow us on Twitter: @BpifrancePresse

About Bpifrance

Bpifrance is the French national investment bank: it finances businesses – at every stage of their development – through loans, guarantees, equity investments and export insurances. Bpifrance also provides extrafinancial services (training, consultancy..). to help entrepreneurs meet their challenges (innovation, export...). For more information, please visit: www.bpifrance.fr and presse.bpifrance.fr - Follow us on Twitter: @Bpifrance - @BpifrancePresse