Entreprises' earnings

In Q4 2024, the margin rate of non-financial corporations (NFC) edged down slightly, by 0.2 points compared to the previous quarter, settling at 32.2% of their value added (► **Figure 1**). This decline partly offsets the growth profile in H2 2024, as a result of the Olympic and Paralympic Games in the summer. The revenue of the Organising Committee of the Olympic and Paralympic Games, considered as an NFC in national accounting, generated accounting gains in productivity in the summer, before an automatic downturn in the autumn. Once again, the real labour cost increased in a context of disinflation, hampering company margins (► **Figure 2**). Nevertheless, this effect is offset by the continuing improvement in the terms of trade, due to the fall in the price of imported crude oil and the rise in the price of electricity for export. Thus at the end of 2024, the margin rate of NFCs was more than one point above its pre-health crisis average (30.9% in 2019), but this increase comes mainly from the energy and transport services branches (► **Focus** on fluctuations in corporate margin rates). In the manufacturing industry and market services excluding transport, it is scarcely higher than its 2019 level.

All in all, across the whole of 2024, corporate margin rates stood at 32.1% of value added, down 0.8 points compared to its average in 2023. In 2024, consumer prices increased more strongly than corporate value added due to the reintroduction of taxes on energy, whereas the increase in the real cost of labour was greater than gains in productivity: employer contributions increased faster than payroll, as the wage scale decompressed with disinflation, leading to a deflation of the reductions in social security contributions. At sectoral level, the margin rate in manufacturing declined in 2024, due to a sluggish value added price and a decline in output by volume, whereas it picked up in market services as they gradually passed on earlier wage increases to their selling prices (► **Focus** on the resistance of the margin rate when faced with the rise in import prices, in *Economic outlook*, July 2024).

In addition, corporate financing costs continued to increase as a result of the earlier rise in interest rates (► **Focus** on the transmission of base interest rate cuts to corporate lending rates). Thus corporate savings (which take into account corporate tax and financial earnings) stood at 19.4% of their value added in 2024, more than one point less than the average observed between 2015 and 2019 (► **Figure 3**).

In H1 2025, the margin rate of NFCs is expected to fall (-0.4 points in Q1 then -0.2 points in Q2), reaching 31.6% of value added in the spring. Despite the drop in the price of oil, the ratio of value added prices to consumer prices is expected to decline over the half-year, due to the drop in freight prices, which is affecting the margins of French maritime transport

► 1. Decomposition of margin rate of non-financial corporations (NFC)

(margin rate in %, variation and contributions in points)

	2023				2024				2025		2023	2024	2025 ovgh
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Margin rate	**31.8**	**33.2**	**33.1**	**33.4**	**32.2**	**31.4**	**32.4**	**32.2**	**31.8**	**31.6**	**32.9**	**32.1**	**31.6**
Variation in margin rate	**0.8**	**1.4**	**-0.2**	**0.3**	**-1.1**	**-0.9**	**1.0**	**-0.2**	**-0.4**	**-0.2**	**1.9**	**-0.8**	**-0.4**
Productivity (+)	-0.1	1.0	0.1	0.5	-0.2	-0.1	0.4	-0.2	0.2	0.3	0.9	0.5	0.4
Real per capita labour cost* (-)	0.1	0.0	0.2	0.0	-0.4	-0.2	-0.3	-0.3	-0.3	-0.4	0.4	-0.7	-1.0
Of which real wages per head(-)	*0.2*	*0.1*	*0.3*	*-0.1*	*-0.2*	*-0.2*	*0.0*	*-0.3*	*-0.2*	*-0.1*	*0.4*	*-0.3*	*-0.5*
Of which Employer's contribution rate(-)	*-0.1*	*-0.1*	*-0.1*	*0.1*	*-0.2*	*-0.1*	*-0.2*	*-0.1*	*-0.1*	*-0.3*	*0.0*	*-0.4*	*-0.5*
VA price/consumer price ratio* (+)	0.5	0.0	-0.4	0.0	-0.7	-0.5	0.7	0.4	-0.2	-0.1	0.3	-0.8	0.2
Other items	0.4	0.5	0.0	-0.2	0.2	0.0	0.2	0.0	-0.1	0.0	0.2	0.2	0.0

Forecast.

***** in the sense of the consumption price index (CPI).

Note: the margin rate (*MR*) measures the share of value added that remunerates the capital.
This variation can be broken down additionally into:
- changes in productivity (*Y/L*), where *Y* is value added and *L* is employment, and in the ratio of the price of value added to consumer prices, or terms of trade *(Pva/IPC)*, which have a positive effect;
- changes in the real cost of labour (*W/IPC,* where *W* represents the cost of labour per capita), which have a negative effect on the margin rate;
- other factors: these are mainly taxes on production net of subsidies.

This breakdown can be synthesised in the equation:

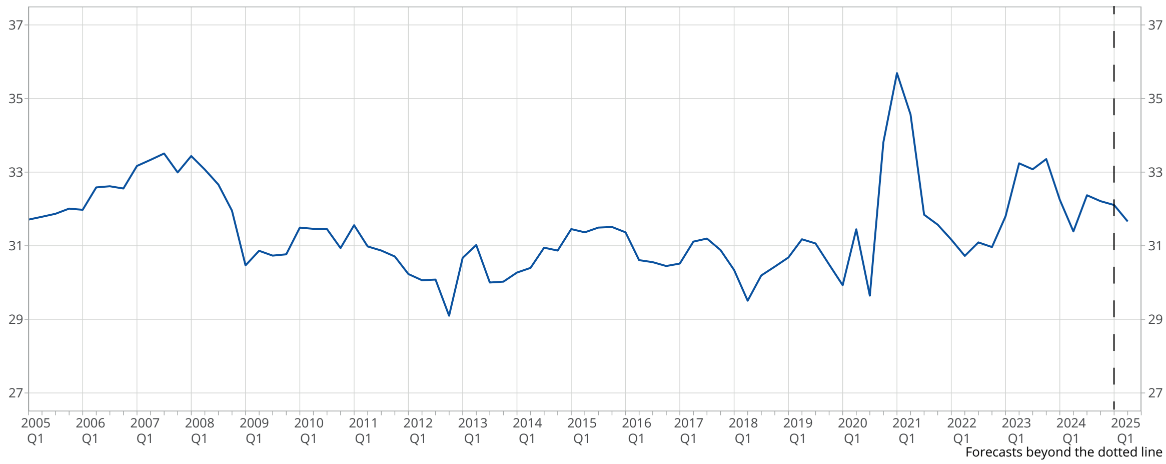
$$TM=\frac{GOS}{VA}\approx 1-\frac{WL}{Y\,P_{VA}}+other\ factors=1-\frac{L}{Y}\,\frac{W}{IPC}\,\frac{IPC}{P_{VA}}+other\ factors$$

How to read it: in Q4 2024, the productivity contributed -0.2 point to the change in the NFC margin rate (-0,2 points).
Source: INSEE.

companies, and the expected drop in the selling price of electricity. The export price of electricity should certainly continue to benefit from the increase in wholesale prices on the European markets, but its selling price on the domestic market looks set to collapse in the wake of the decline in regulated tariffs from February; this drop would also be more marked than that in household consumer prices, given the increase in excise duty (▶**Sheet Consumer prices**). Furthermore, the real cost of labour is expected to increase over the half-year, due, on the one hand, to real wage gains and, on the other hand, to the increase in the average employer contribution rate in the spring, linked to the decline in general reductions in social security contributions (▶**Focus** on the effects of fiscal consolidation 2025 on growth). This increase in the real cost of labour is expected to be partially offset, over the half-year, by productivity gains: employment looks set to decline, while activity should hold up. Finally, taxes net of subsidies on production are expected to make virtually no contribution to the change in margin rate. Ultimately, the 2025 mid-year overhang for the margin rate of NFCs is expected to fall by 0.4 points, to 31.6% of their value added.

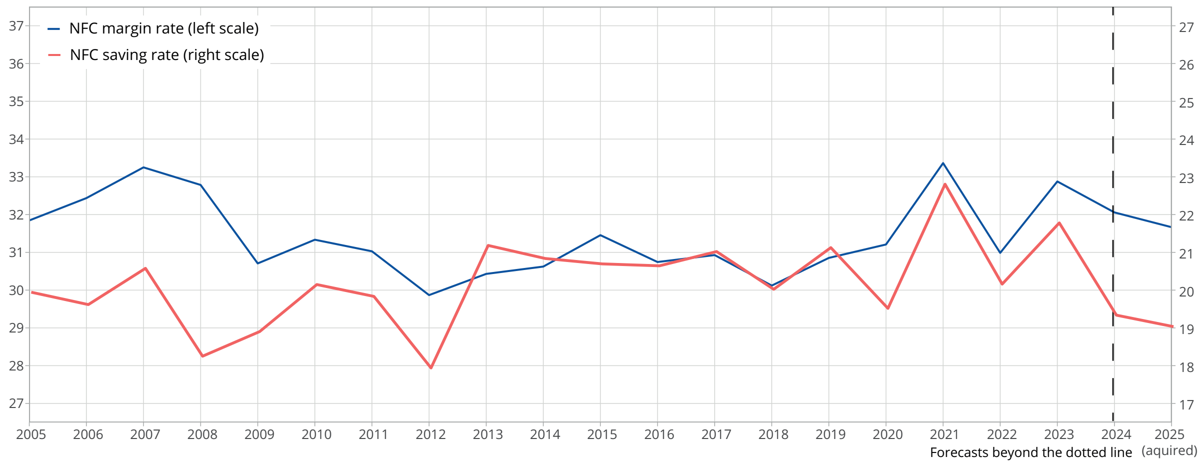
The savings ratio is expected to fall again, to 19.0% of value added carried over by mid-2025, in the wake of the margin rate. The different measures adopted in the finance laws that relate to companies are likely to affect their financial situation by 0.9 points of value added over the whole of 2025, however, most of these effects, especially those relating to corporate tax, are likely to be recorded in the accounts for H2 (▶**Focus** on the effects of fiscal consolidation 2025 on growth). The decline in investment is expected to be a little less pronounced than the drop in savings, thus the self-financing ratio should continue to edge down and settle at around 86% carried over by mid-2025, its lowest since 2008. ●

▶2. Margin rate of non-financial corporations (NFC)
(in % of value added)



How to read it: in Q4 2024, the margin rate for NFCs fell by 0.2 points, to 32.2% of their value added.
Source: INSEE.

▶3. Quarterly margin rate of non-financial corporations (NFC)
(in % of value added)



How to read it: in 2024, the NFC margin rate will be 32.1% and the savings rate 19.4% of value added.
Source: INSEE.