UK plc Debt Monitor

LINK GROUP

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LINK GROUP

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Introduction

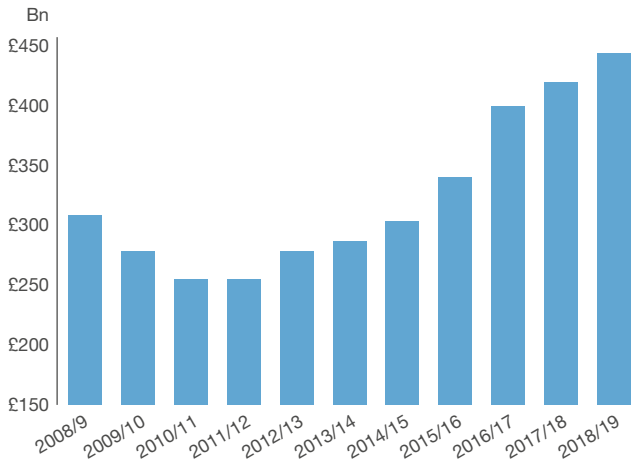
Renewed weakness in the global economy has put interest rate increases on hold in many parts of the world, and bond markets are signalling that cuts, or even further monetary stimulus, may be on the cards. Lower interest rates are good for indebted companies, but these companies also depend on robust demand to ensure their borrowings can be serviced and repaid. The Link Group UK plc Debt Monitor is an annual report that runs the slide rule over the balance sheets, borrowings, and bank accounts of UK plc. Its aim is to measure the level of debt taken on by the UK's listed companies, and to assess how sustainable it is. We exclude financials from the analysis, because debt works very differently for them.

Overview:

UK company debts rise to record levels in 2019

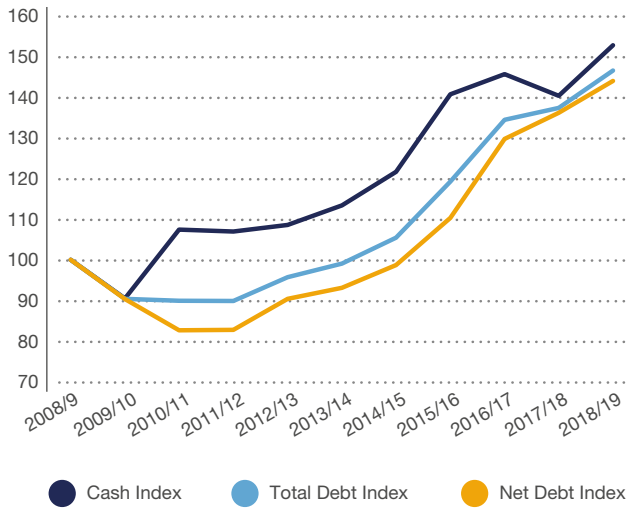
UK plc borrowing rose for the eighth consecutive year in 2018/19, jumping 5.8% to a new record of £443.2bn, even allowing for higher cash balances. Net debt has now risen by three quarters since the low point reached in 2010/11, when companies were still adjusting to the disruption caused by the financial crisis and subsequent recession. The £24.2bn increase in 2018/19 comes at a time when UK plc profitability is under pressure: operating profits[1] were flat year-on-year after growing strongly over the previous two years.

UK plc – Net Debt (total debt less cash)



Total debts, which do not take into account any cash or liquid investments companies hold, rose 6.7% to a record £638.3bn. Cash balances, meanwhile, grew rapidly, up 8.9% to a comfortable record of £195.1bn, bigger than an entire year's operating profits from UK plc, and enough to pay two years' dividends from the companies in the study.

UK plc – Cash, Total Debt, Net Debt, Indexed



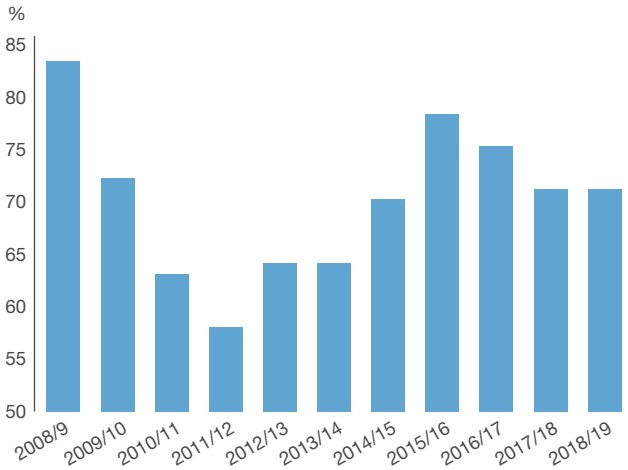
[1] UK main market companies, excluding financials – see methodology

Top 100 companies saw their borrowings rise faster than mid- and small-caps, though the increase in net debt was mitigated by rising cash balances, which jumped by one eighth. Outside the top 100, total debts were almost unchanged. This group saw operating profits fall year-on-year. As a result, they ran through 6.8% of their cash, so their net debts rose too.

Healthcare and utilities made the biggest contribution to the annual increase in debts, though for very different reasons. Oil, telecoms and mining were the only sectors to see lower debts year-on-year. Two fifths of companies increased their borrowing, with those outside the top 100 more likely to do so as they faced slowing demand.

Despite the value of UK plc's debts reaching new records, the measures of debt burden and debt sustainability are not showing signs of strain. The core debt/equity, liabilities/assets, and short-term/long-term debt ratios all improved slightly year-on-year. Meanwhile, though interest payments rose slightly as a percentage of operating profits (mainly owing to the lack of profit growth), they remained below the average for the last decade, thanks to the very low cost of finance at present. The value of debt compared to operating profit rose to 2.6x, however: the third highest reading since 2008/9. This is nevertheless well below 4x, where a rule of thumb suggests companies would likely face difficulty repaying debts if they were called. The figures further show that there were no big outliers that distorted the picture – in other words the majority of companies followed the trend for each of these measures.

UK plc Debt/Equity Ratio



Even though borrowing rose to record levels in 2018/19, the increase was in truth relatively modest, especially if we adjust for the impact of big transactions like the GlaxoSmithKline debt-financed buyout of a joint venture with Novartis. What's more, mid-cap and smaller companies are clearly showing greater caution than their larger counterparts as they are more reliant on the slowing and uncertain UK economy.

Over the next year we expect companies to maintain a cautious stance as long as uncertainties abound in the UK, and while the risks to the global economy rise. The trajectory of interest rates should provide some comfort, however, as central banks have sounded increasingly dovish of late.

UK plc

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£127,528	£115,364	£137,023	£136,422	£138,498	£144,661	£155,237	£179,597	£185,990	£179,126	£195,070
Equity	£521,258	£544,732	£620,016	£669,161	£654,677	£671,699	£652,398	£665,481	£775,656	£837,114	£895,614
Total assets	£1,568,701	£1,515,300	£1,636,304	£1,704,645	£1,719,887	£1,743,911	£1,788,484	£1,868,360	£2,194,858	£2,243,358	£2,374,725
Short-term debt	£95,505	£64,255	£66,512	£66,156	£77,208	£76,906	£75,869	£85,045	£91,643	£91,761	£87,776
Long-term debt	£339,583	£328,882	£324,555	£324,749	£339,116	£354,002	£382,809	£433,792	£493,501	£506,352	£550,475
Total debt	£434,938	£392,987	£390,917	£390,755	£416,324	£430,907	£458,679	£518,837	£585,144	£598,114	£638,251
Net debt	£307,410	£277,623	£253,894	£254,333	£277,825	£286,246	£303,441	£339,240	£399,153	£418,988	£443,181
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EBIT	£141,149	£119,008	£151,656	£173,414	£148,166	£148,567	£122,565	£92,733	£110,296	£169,398	£169,023
Interest expense	£20,045	£18,583	£18,281	£17,885	£17,571	£17,891	£17,238	£16,619	£19,618	£21,309	£22,862
Interest / EBIT	14.2%	15.6%	12.1%	10.3%	11.9%	12.0%	14.1%	17.9%	17.8%	12.6%	13.5%
Net debt / EBIT	218%	233%	167%	147%	188%	193%	248%	366%	362%	247%	262%
Debt / Equity	83%	72%	63%	58%	64%	64%	70%	78%	75%	71%	71%
Liabilities / Assets	66%	63%	60%	60%	61%	60%	62%	63%	63%	62%	61%
Total liabilities / Equity	197%	174%	159%	152%	159%	156%	171%	177%	179%	165%	162%
Short-term / Long-term debt	28%	20%	20%	20%	23%	22%	20%	20%	19%	18%	16%
Cash index	100	90.5	107.4	107.0	108.6	113.4	121.7	140.8	145.8	140.5	153.0
Total debt index	100	90.4	89.9	89.8	95.7	99.1	105.5	119.3	134.5	137.5	146.7
Net debt index	100	90.3	82.6	82.7	90.4	93.1	98.7	110.4	129.8	136.3	144.2

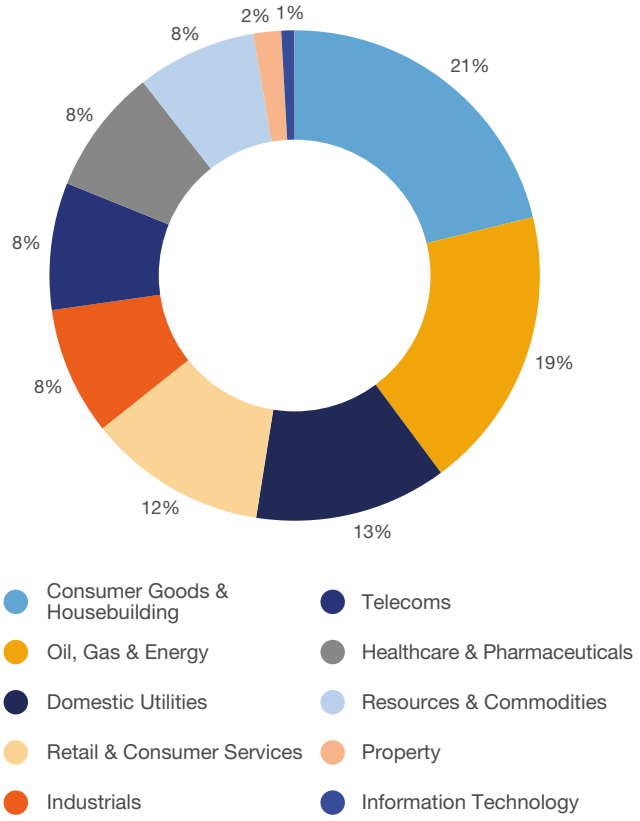
Why companies borrow

Shareholders provide equity capital to companies and hope to receive a return via dividends and capital gains. But the higher potential returns for shareholders come at a higher risk, because they depend on companies growing profitably over time, and because shareholders can lose everything if a company goes bust. Equity capital is expensive to compensate for this higher risk. This is why companies also like to use debt to finance themselves. Debt is usually cheaper, and as long as things are running smoothly and the debt capital is employed profitably, it enhances shareholder returns – so-called gearing or leverage. Debt finance is cheaper than equity because debts are often secured against assets, and because lenders rank well before shareholders in the event of a company winding up. And debt interest can be offset against tax.

So why don't companies borrow as much as they can and have as little equity finance as they can get away with? Low interest rates are especially tempting at present after all. But since companies have no discretion over paying interest and repaying principal, too much debt can leave them vulnerable if business turns down, or rates rise. Dividends can be raised or cut at will, but servicing a loan is a contractual requirement.

Setting the right balance of debt v equity is a crucial task for every company. A lot boils down to the industry – stable, mature companies with lots of assets can exploit the relative safety of their business model to have high levels of gearing. Service companies with few assets in cyclical industries, such as advertising or estate agency, dare not take on any debt at all.

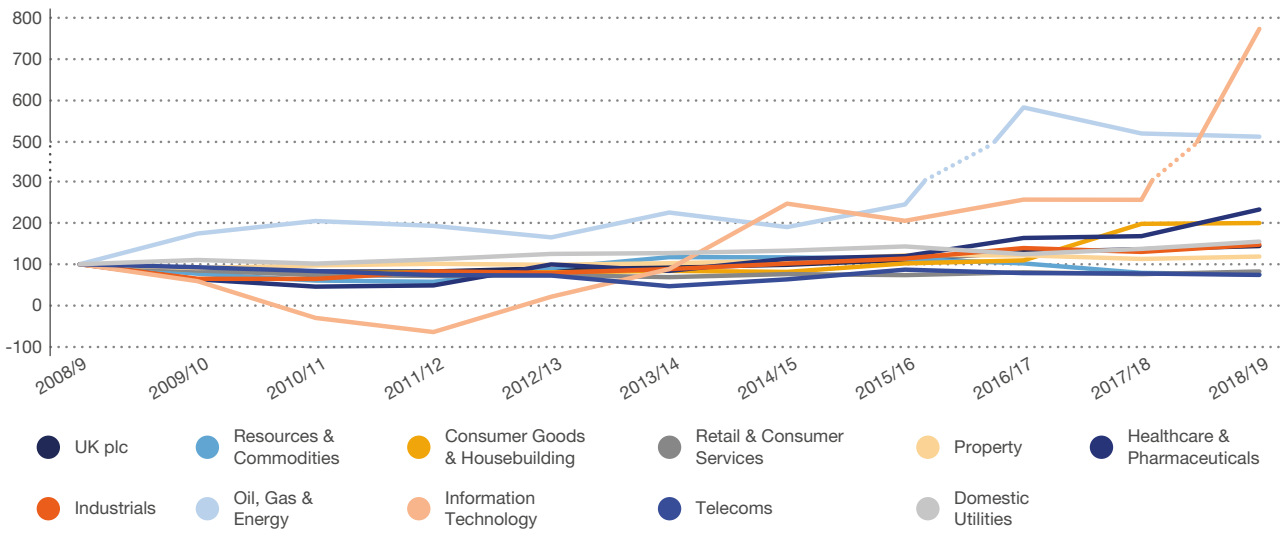
Net Debt 2018/19



UK sectors and company trends in 2018/19

The consumer goods sector is still the UK's biggest borrower, accounting for a fifth of debt. Along with BAT, which makes up half this total, the other four big beasts are Unilever, Imperial Brands, Reckitt Benckiser, and Diageo. These five owe £84bn between them, taking advantage of relatively reliable cash flows from their range of consumer brands. Oil majors make up another fifth, though higher oil prices, healthy cash flows, and cost cutting mean they have been able to reduce a debt pile that more than doubled three years ago as they maintained big dividend payments in the face of rock-bottom oil prices. Utilities account for one seventh of UK plc net debts, and consumer services companies another eighth.

Net Debt – indexed



The biggest contribution to the annual rise in net debts came from the healthcare sector, thanks mainly to GlaxoSmithKline, which took on additional loans to buy out Novartis's stake in their consumer healthcare joint venture. Utilities made the next largest contribution to growth. National Grid and SSE between them invested £6bn in critical infrastructure, funded principally by new loans. Net debts rose fastest in the UK's very small IT sector this year, but only because Micro Focus borrowed money to acquire HPE. The sector's debts make up a negligible 0.9% of the UK total.

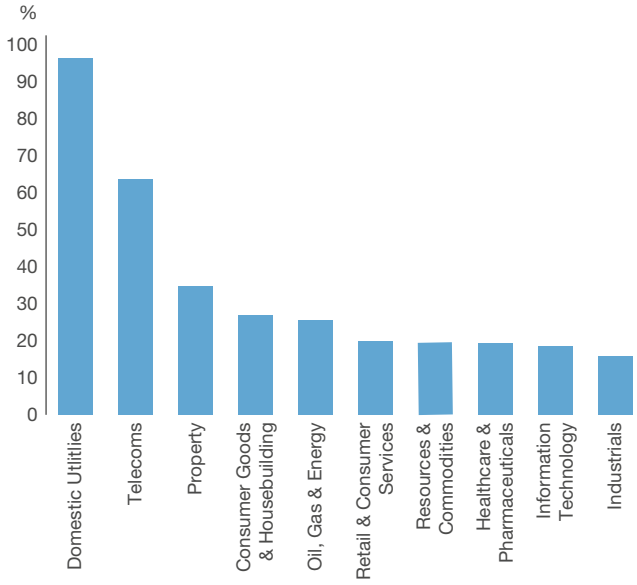
Oil, telecoms and mining were the only sectors to see lower debts year-on-year. Like the oil companies, mining firms are benefiting from cost cutting, but in the telecom sector, the reduction in borrowings reflected asset disposals at Vodafone. In truth, Vodafone's underlying financial position worsened during the year, evidenced by an increase in its debt/equity ratio to 85% from 64%. The company has made a deep cut in its dividend in response.

Over the course of the year, two fifths of companies increased their borrowing, with those outside the top 100 more likely to do so as they faced slowing demand.

BAT held on to the top spot as the UK's biggest borrower. It owes one tenth of UK plc debts, following its Reynolds American acquisition two years ago. The most cash-rich company is Whitbread, which boasted net-cash of £2.6bn, following the sale of Costa Coffee to CocaCola. Whitbread is returning almost all of this cash to shareholders via a tender offer. All in all, one quarter of the UK's listed companies have no borrowing at all at present.

A glance at how borrowing compares to market value reveals dramatically different patterns from sector to sector. The net debts of utilities companies are almost equal to the market capitalization of their shares, a proportion that has increased sharply as share prices have fallen owing to increased political risks for the sector. Telecom debts are worth two thirds of the sector's market value, up from half this time last year, again mainly thanks to lower share prices that have followed structural difficulties for the sector. Elsewhere, with the exception of property, the relationship between borrowing and market value for the other sectors is much more consistent at between one fifth and one quarter.

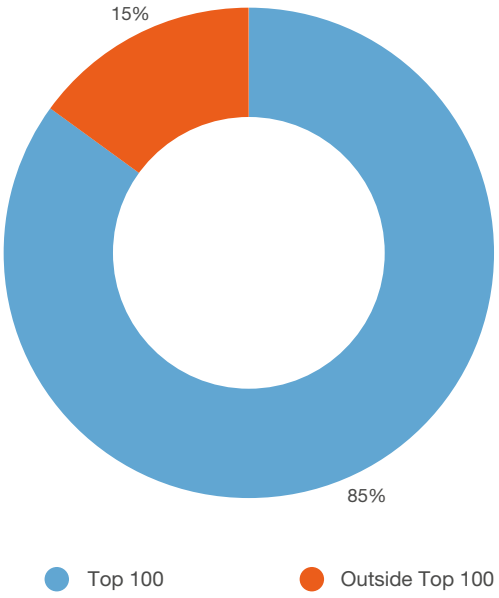
Net Debt as % of market capitalization 2018/19



Top 100 v Mid- and Small Caps

Naturally, bigger companies owe much more than smaller ones. The top 100 accounts for 85% of UK plc's net borrowings, owing £376bn. Between them, however, they have total assets of £2 trillion, which shows that this level of borrowing is well backed.

Net Debt 2018/19



In 2018/19 total debts rose much more for top 100 companies (by almost £40bn or +7.9%), though the increase in net debts (+6.0%) was mitigated by the £18.3bn jump in cash holdings. Companies outside the top 100 saw total debts barely rise. But, with profits under pressure (down 8.5%), they consumed over £2bn of cash during the year, so their net debts rose 4.5% to £66.4bn. Even though overall borrowing rose faster for bigger companies, this was driven by fewer of them than among the mid- and small caps; the latter firms were individually more likely to have taken on more debt over the last year. This is consistent with the profit squeeze they are experiencing.

The level of gearing and asset backing (see page 9 for more detail) is similar across the larger and small companies, but measures of debt affordability deteriorated much more rapidly for those outside the top 100. The value of net loans compared to operating profit increased 2.3 to 2.7x (driven by an increase in debt and a fall in profits), overtaking the top 100, and the portion of operating profit consumed by interest payments rose almost three percentage points. Big companies in the top 100, many of which have direct access to lower cost wholesale funding, enjoy average finance costs one third lower than those outside the top 100.

How to measure debt

Investors need a range of measures to make a sound assessment of a company's finances. Appropriate levels of borrowing vary widely from sector to sector, so it is important to use comparisons to industry averages.

It's also necessary to make a distinction between the value of debt and the burden of debt. For example, if a manufacturer borrows £100m to invest in capital equipment, the balance sheet will record an increase in assets equal to the increase in debts. Debt has gone up, and the level of gearing (measured by debt/equity) has gone up too, but it is backed by tangible assets, so the liabilities/assets ratio has not risen. It should also make more profit in time too. If that company instead borrows money and pays it out as a dividend, then all its ratios deteriorate. The total value of debt has gone up the same amount for both companies, but the burden of debt has risen much more for the second one.

Debt/equity ratio: The core measure of gearing. It assesses the value of borrowings compared to the value of equity capital.

Liabilities/assets: Another measure of gearing that shows how much of a company's assets are financed by debt and other liabilities. A high ratio means a company's access to new debt finance may be limited.

Short-term/long-term debt: A company heavily reliant on short-term debt must constantly roll over its loans. This is much riskier than having stable long-term debt finance in place.

Interest expense/operating profit (EBIT): This is an affordability measure. It assesses how much of a company's core profit is consumed by interest payments. When interest rates are low, this measure on its own may provide a false sense of security.

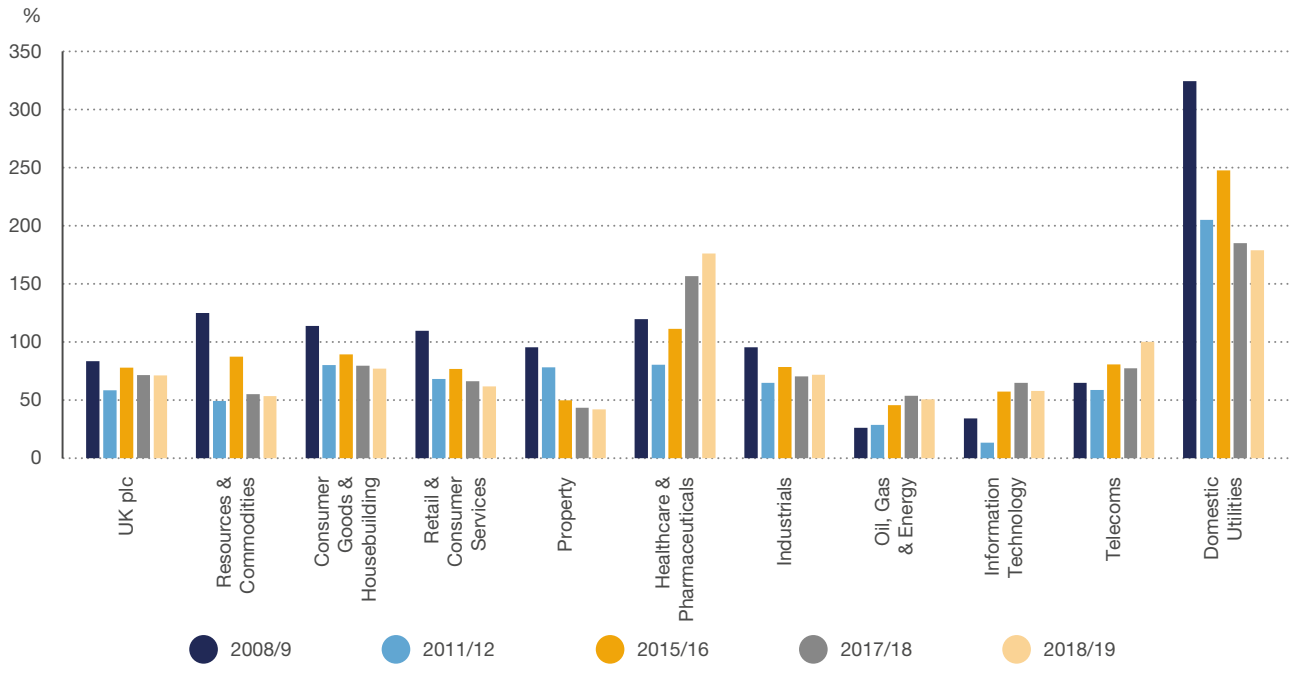
Net Debt/EBIT: This helps determine whether a company can pay its debts. Loan agreements sometimes stipulate that this ratio remain below a certain level, or the loan immediately becomes repayable.

Despite record borrowing, measures of debt burden improved in 2019

Debt / Equity ratio falls

As UK plc entered the credit crunch a decade ago, the debt burden was high. The overall debt/equity ratio was 83%, but for small- and mid-caps (who subsequently found credit harder to come by than their larger counterparts) it was even higher at 100%. Credit constraints meant gearing fell rapidly to a low point of 58% in 2011/12 as companies focused on paying down borrowings, and in some cases issued new shares (equity) to do so. As credit conditions and the economy improved, companies began to borrow again and gearing levels rose across every sector except property, peaking in 2015/16. The oil sector made most use of new credit: facing a sharp squeeze caused by low oil prices, it borrowed almost £60bn between 2014/15 and 2016/17, accounting for three fifths of the total increase by UK companies.

Debt / Equity ratio (selected years)



Despite higher debt levels in 2018/19, gearing of 71.3% was fractionally lower than a year before. It was flat or down for every sector except telecoms and healthcare (thanks mainly to Glaxo). A number of companies raised equity to make acquisitions, and some, like Whitbread, made profits on asset disposals. Retained profits also played a role in boosting equity. UK plc's gearing is currently in line with the average of the last decade.

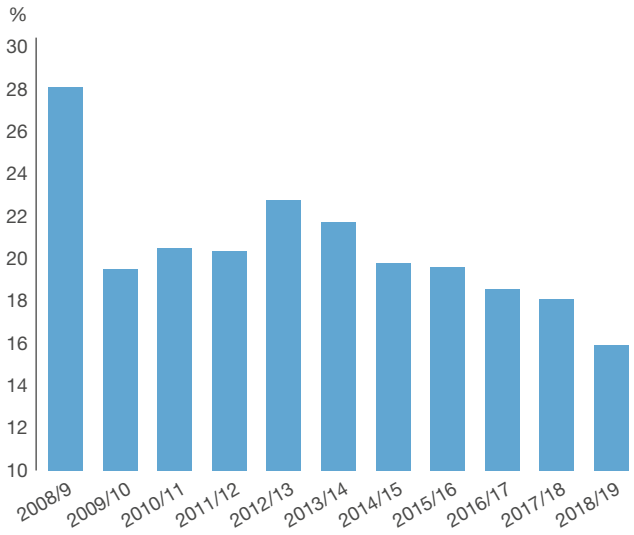
Liabilities / Assets falls

The total liabilities-to-assets ratio improved a little more than the debt/equity ratio over the year as other liabilities, which are not interest bearing, and which include trade creditors and provisions, rose more slowly than company asset bases.

Reliance on short-term borrowing shrinks

As the UK entered the credit crunch, companies had a very different mix of short- and long-term debt to today. In 2008/9, 28% of all company borrowings were due for repayment within twelve months, an uncomfortable position to be in with credit suddenly unavailable, and profits heading into freefall.

Short-term/long-term debt



In that year, companies dipped deep into cash reserves and cut their dividends, paying back £31bn of short-term debt to meet the demands of their creditors. By our calculations, one quarter of companies had short-term debts worth more than the combined value of their pre-tax profits and their cash balances, meaning that if all the loans had been called, they may have struggled to repay them – a hair-raising situation in the credit crunch.

The picture is very different today. The ratio of short- to long-term debt fell to just 16% in 2018/19, down two points year-on-year and well below the post-crisis average. Only one in seven companies has short-term loans worth more than its profits and cash, and credit is now freely available. This means that, overall, UK plc has a much healthier mix of maturities today, and should have relatively little trouble rolling over loans as they fall due.

Viewpoint

by Damian Watkin, Director at D.F. King Ltd:

"As companies have moved away from short-term debt, we have seen the type of debt they are taking on change, too. Bonds have risen in popularity, at the expense of shorter-term loans. In particular, the issuance of high-yield bonds – those issued by lower rated companies – has exploded in the last decade. This is not limited to the UK, but is a Europe-wide phenomenon.

This position may be manageable in the current low interest-rate environment, in which investors are still searching for yield and issuers are able to roll over maturities financed with new issues. Should rising interest rates close the high-yield market to lower quality borrowers, however, a significant rise in debt restructurings and defaults would be on the cards among highly indebted companies.

Historically, refinancing has been easier with a small number of lending banks, rather than large number of often unknown bondholders. Companies can take action ahead of time, and ahead of any interest rate rises, on upcoming maturities through liability management exercises, for example, repaying bonds early with cash, or with money raised via a new bond."

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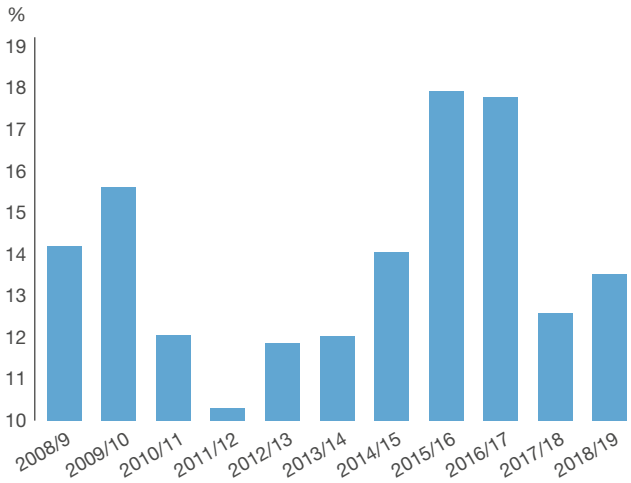
Debt sustainability deteriorated slightly but remained comfortable

Interest expense / operating profit (EBIT)

Higher borrowing came at a slightly higher effective interest rate in 2019. At the same time, operating profits were unchanged year-on-year, with weakness in retail, utilities, industrials and telecoms offset by a stronger showing from the oil, consumer goods, and resources sectors. The combination of these two factors meant interest payments rose to 13.5% of operating profit, almost a whole percentage point higher year-on-year. Even so, the total was still a touch below the average for the decade. For those outside the top 100, whose profits fell faster and who pay higher rates, interest consumed 19.0% of EBIT, up 2.5 percentage points year-on-year. The highly indebted utility sector saw interest take its biggest bite of operating profit since at least 2007, jumping four percentage points to 32.8%.

UK plc interest expense as % of operating profit



Net Debt / Ebit

Net debt/ebit rose from 2.5x to 2.6x, above average for the last decade and reflecting rising borrowing at a time of flat profits. Today's low interest rates explain how debt can be above average compared to profit, while interest costs are slightly below average.

Once again, the most indebted sector on this measure is utilities, whose loans were 8.4x the size of its operating profits in 2019. It benefits from below average interest rates, but it is increasingly vulnerable. Telecoms also score badly, especially since they face considerable structural challenges. Mining companies have the lowest debt/ebit at 1.3x. They pay higher interest rates than most sectors, given the volatility in their earnings. This same profit volatility demands prudence in overall borrowing to ensure they can withstand the pressures of the commodity cycle.

For the market overall, we would consider a ratio of 4x to be in the danger zone. It would suggest that very significant levels of capital are failing to generate much more in profits, and would leave UK plc vulnerable to higher rates. UK plc has retreated from a high of 3.7x in 2016.

Where next for UK plc?

This time last year we forecast a likely decline in the burden of debt for 2018/19, even though total borrowing would still rise, on the expectation that profitability would begin to come under pressure from a slowing economy. Flat or falling gearing, and further improvements in the mix of short- and long-term debt bear out this thinking. The rising burden of interest costs, and the relatively high ratio of debt and profit follow from lower profits and the higher value of loans, but are not cause for concern at present, especially given the buffer provided by the record level of cash holdings. The rise in the net debt was a little faster than we expected, but it reflects one or two large individual transactions, rather than a widespread trend.

Over the next year we expect companies to maintain a cautious stance as long as uncertainties abound in the UK, and while the risks to the global economy rise. This means the debt burden may well fall a touch further. The trajectory of interest rates should provide some comfort. Central banks are sounding more dovish and bond markets are rallying, pushing down the cost of finance across a range of maturities. Meanwhile the banking sector is in better shape in most parts of the world than it has been for some time. A benign outlook for interest rates will keep debt servicing costs down for UK plc.

Appendix

UK plc

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
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Debt / Equity	83%	72%	63%	58%	64%	64%	70%	78%	75%	71%	71%
Liabilities / Assets	66%	63%	60%	60%	61%	60%	62%	63%	63%	62%	61%
Total liabilities / Equity	197%	174%	159%	152%	159%	156%	171%	177%	179%	165%	162%
Short-term / Long-term debt	28%	20%	20%	20%	23%	22%	20%	20%	19%	18%	16%
Cash index	100	90.5	107.4	107.0	108.6	113.4	121.7	140.8	145.8	140.5	153.0
Total debt index	100	90.4	89.9	89.8	95.7	99.1	105.5	119.3	134.5	137.5	146.7
Net debt index	100	90.3	82.6	82.7	90.4	93.1	98.7	110.4	129.8	136.3	144.2

Top 100

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£105,499	£92,811	£113,161	£108,862	£113,065	£118,648	£127,260	£147,467	£150,000	£145,351	£163,606
Equity	£445,761	£469,070	£525,526	£562,752	£545,259	£558,330	£531,606	£534,982	£629,791	£696,806	£747,494
Total assets	£1,325,985	£1,281,902	£1,385,495	£1,434,343	£1,447,136	£1,461,847	£1,481,351	£1,533,680	£1,816,382	£1,887,992	£2,010,380
Short-term debt	£83,042	£53,653	£58,746	£57,548	£68,371	£68,352	£66,044	£71,759	£75,598	£76,266	£75,003
Long-term debt	£276,283	£274,470	£269,152	£266,593	£280,820	£290,251	£312,243	£354,632	£406,566	£424,483	£465,348
Total debt	£359,325	£328,123	£327,898	£324,141	£349,191	£358,603	£378,287	£426,391	£482,164	£500,749	£540,351
Net debt	£253,826	£235,312	£214,737	£215,279	£236,126	£239,955	£251,027	£278,924	£332,164	£355,397	£376,746
Total liabilities	£862,785	£794,413	£834,557	£853,556	£880,257	£884,161	£929,578	£977,231	£1,160,390	£1,169,169	£1,237,701
EBIT	£122,850	£103,932	£133,486	£151,618	£126,355	£126,401	£101,595	£72,043	£88,636	£142,109	£143,967
Interest expense	£15,576	£14,660	£14,781	£14,389	£13,958	£14,109	£13,305	£12,581	£15,316	£16,804	£18,090
Interest / EBIT	12.7%	14.1%	11.1%	9.5%	11.0%	11.2%	13.1%	17.5%	17.3%	11.8%	12.6%
Net debt / EBIT	207%	226%	161%	142%	187%	190%	247%	387%	375%	250%	262%
Debt / Equity	81%	70%	62%	58%	64%	64%	71%	80%	77%	72%	72%
Liabilities / Assets	65%	62%	60%	60%	61%	60%	63%	64%	64%	62%	62%
Total liabilities / Equity	194%	169%	159%	152%	161%	158%	175%	183%	184%	168%	166%
Short-term / Long-term debt	30%	20%	22%	22%	24%	24%	21%	20%	19%	18%	16%
Cash index	100	88.0	107.3	103.2	107.2	112.5	120.6	139.8	142.2	137.8	155.1
Total debt index	100	91.3	91.3	90.2	97.2	99.8	105.3	118.7	134.2	139.4	150.4
Net debt index	100	92.7	84.6	84.8	93.0	94.5	98.9	109.9	130.9	140.0	148.4

Appendix continued

Outside Top 100

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£22,028	£22,554	£23,862	£27,560	£25,433	£26,013	£27,977	£32,129	£35,991	£33,775	£31,464
Equity	£75,498	£75,662	£94,490	£106,409	£109,418	£113,369	£120,792	£130,499	£145,865	£140,308	£148,120
Total assets	£242,716	£233,397	£250,810	£270,302	£272,751	£282,064	£307,132	£334,680	£378,477	£355,366	£364,345
Short-term debt	£12,464	£10,602	£7,767	£8,608	£8,837	£8,553	£9,825	£13,286	£16,045	£15,496	£12,772
Long-term debt	£63,299	£54,412	£55,403	£58,156	£58,296	£63,751	£70,566	£79,159	£86,935	£81,869	£85,127
Total debt	£75,613	£64,864	£63,019	£66,614	£67,133	£72,305	£80,392	£92,446	£102,980	£97,365	£97,900
Net debt	£53,584	£42,311	£39,158	£39,054	£41,700	£46,292	£52,415	£60,316	£66,989	£63,590	£66,436
Total liabilities	£165,137	£155,861	£153,497	£161,376	£160,728	£166,241	£183,997	£201,824	£230,060	£213,124	£213,793
EBIT	£18,300	£15,077	£18,171	£21,796	£21,811	£22,166	£20,970	£20,689	£21,660	£27,289	£25,056
Interest expense	£4,470	£3,923	£3,499	£3,497	£3,613	£3,782	£3,934	£4,038	£4,302	£4,505	£4,772
Interest / EBIT	24.4%	26.0%	19.3%	16.0%	16.6%	17.1%	18.8%	19.5%	19.9%	16.5%	19.0%
Net debt / EBIT	293%	281%	215%	179%	191%	209%	250%	292%	309%	233%	265%
Debt / Equity	100%	86%	67%	63%	61%	64%	67%	71%	71%	69%	66%
Liabilities / Assets	68%	67%	61%	60%	59%	59%	60%	60%	61%	60%	59%
Total liabilities / Equity	219%	206%	162%	152%	147%	147%	152%	155%	158%	152%	144%
Short-term / Long-term debt	20%	19%	14%	15%	15%	13%	14%	17%	18%	19%	15%
Cash index	100	102.4	108.3	125.1	115.5	118.1	127.0	145.9	163.4	153.3	142.8
Total debt index	100	85.8	83.3	88.1	88.8	95.6	106.3	122.3	136.2	128.8	129.5
Net debt index	100	79.0	73.1	72.9	77.8	86.4	97.8	112.6	125.0	118.7	124.0

Resources & Commodities

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£18,787	£14,132	£22,156	£26,017	£20,937	£21,312	£22,576	£20,965	£23,023	£24,776	£26,353
Equity	£51,774	£66,923	£89,425	£106,915	£98,297	£102,259	£99,488	£83,640	£107,995	£111,303	£114,833
Total assets	£187,148	£180,274	£217,268	£234,039	£241,491	£256,637	£258,051	£230,207	£270,743	£265,300	£270,623
Short-term debt	£20,532	£9,475	£11,731	£8,913	£15,439	£16,394	£12,807	£12,997	£13,069	£10,597	£9,881
Long-term debt	£44,225	£40,205	£38,347	£43,696	£47,400	£58,850	£63,375	£60,027	£56,870	£50,619	£51,334
Total debt	£64,757	£49,680	£50,079	£52,609	£62,839	£75,244	£76,182	£73,024	£69,939	£61,216	£61,215
Net debt	£45,969	£35,548	£27,923	£26,592	£41,902	£53,932	£53,606	£52,058	£46,917	£36,439	£34,862
Total liabilities	£121,755	£100,594	£108,283	£115,595	£128,395	£141,921	£145,671	£136,946	£151,673	£143,233	£144,147
EBIT	£20,957	£10,760	£26,567	£30,422	£18,731	£20,183	£18,081	£8,454	£13,984	£25,465	£25,963
Interest expense	£2,674	£2,314	£2,650	£2,430	£2,420	£2,822	£2,373	£2,339	£2,875	£2,965	£2,924
Interest / EBIT	12.8%	21.5%	10.0%	8.0%	12.9%	14.0%	13.1%	27.7%	20.6%	11.6%	11.3%
Net debt / EBIT	219%	330%	105%	87%	224%	267%	296%	616%	336%	143%	134%
Debt / Equity	125%	74%	56%	49%	64%	74%	77%	87%	65%	55%	53%
Liabilities / Assets	65%	56%	50%	49%	53%	55%	56%	59%	56%	54%	53%
Total liabilities / Equity	235%	150%	121%	108%	131%	139%	146%	164%	140%	129%	126%
Short-term / Long-term debt	46%	24%	31%	20%	33%	28%	20%	22%	23%	21%	19%
Cash index	100	75.2	117.9	138.5	111.4	113.4	120.2	111.6	122.5	131.9	140.3
Total debt index	100	76.7	77.3	81.2	97.0	116.2	117.6	112.8	108.0	94.5	94.5
Net debt index	100	77.3	60.7	57.8	91.2	117.3	116.6	113.2	102.1	79.3	75.8

Appendix continued

Consumer Goods & Housebuilding

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£12,480	£12,180	£12,993	£13,810	£11,366	£13,937	£12,497	£13,372	£17,307	£20,611	£19,083
Equity	£52,312	£53,736	£62,728	£64,393	£64,487	£65,883	£64,891	£68,764	£80,690	£142,482	£146,482
Total assets	£174,828	£170,530	£181,240	£185,874	£186,318	£191,063	£188,365	£206,176	£240,351	£367,015	£367,929
Short-term debt	£16,273	£8,620	£8,644	£14,535	£11,446	£14,443	£11,840	£13,110	£14,656	£19,985	£16,331
Long-term debt	£43,210	£43,931	£41,667	£37,123	£37,856	£38,934	£39,034	£48,388	£54,043	£93,599	£96,546
Total debt	£59,483	£52,551	£50,311	£51,659	£49,303	£53,377	£50,874	£61,498	£68,699	£113,584	£112,878
Net debt	£47,004	£40,371	£37,317	£37,849	£37,936	£39,441	£38,377	£48,126	£51,392	£92,973	£93,795
Total liabilities	£120,519	£114,658	£115,598	£118,729	£118,807	£122,741	£120,921	£134,480	£156,467	£221,172	£217,937
EBIT	£17,737	£19,230	£21,981	£22,977	£24,381	£25,739	£24,690	£24,911	£28,006	£34,916	£36,159
Interest expense	£3,159	£3,258	£2,917	£2,770	£2,661	£2,671	£2,506	£2,495	£2,677	£3,300	£3,838
Interest / EBIT	17.8%	16.9%	13.3%	12.1%	10.9%	10.4%	10.2%	10.0%	9.6%	9.5%	10.6%
Net debt / EBIT	265%	210%	170%	165%	156%	153%	155%	193%	184%	266%	259%
Debt / Equity	114%	98%	80%	80%	76%	81%	78%	89%	85%	80%	77%
Liabilities / Assets	69%	67%	64%	64%	64%	64%	64%	65%	65%	60%	59%
Total liabilities / Equity	230%	213%	184%	184%	184%	186%	186%	196%	194%	155%	149%
Short-term / Long-term debt	38%	20%	21%	39%	30%	37%	30%	27%	27%	21%	17%
Cash index	100	97.6	104.1	110.7	91.1	111.7	100.1	107.2	138.7	165.2	152.9
Total debt index	100	88.3	84.6	86.8	82.9	89.7	85.5	103.4	115.5	191.0	189.8
Net debt index	100	85.9	79.4	80.5	80.7	83.9	81.6	102.4	109.3	197.8	199.5

Retail & Consumer Services

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£23,798	£21,227	£23,166	£24,573	£21,574	£25,623	£24,841	£32,517	£35,941	£31,879	£35,376
Equity	£79,408	£85,028	£96,497	£103,061	£99,573	£101,874	£94,931	£103,422	£114,913	£120,985	£141,689
Total assets	£265,750	£257,363	£267,150	£281,463	£281,259	£290,906	£295,697	£312,993	£355,524	£347,461	£388,930
Short-term debt	£14,609	£10,696	£8,790	£8,849	£8,324	£10,393	£10,094	£12,287	£14,193	£11,722	£13,283
Long-term debt	£72,506	£64,462	£61,186	£61,331	£59,982	£58,908	£63,048	£67,049	£72,966	£68,529	£74,356
Total debt	£87,115	£75,158	£69,976	£70,180	£68,305	£69,302	£73,141	£79,336	£87,159	£80,251	£87,640
Net debt	£63,317	£53,932	£46,810	£45,608	£46,732	£43,679	£48,300	£46,819	£51,218	£48,373	£52,264
Total liabilities	£184,912	£171,105	£169,590	£177,277	£180,544	£187,602	£199,191	£207,587	£238,262	£224,158	£244,727
EBIT	£15,719	£17,085	£19,072	£20,379	£19,124	£21,319	£15,821	£22,026	£23,838	£34,725	£25,630
Interest expense	£4,264	£4,072	£3,727	£3,592	£3,518	£3,451	£3,364	£3,303	£3,544	£3,399	£3,480
Interest / EBIT	27.1%	23.8%	19.5%	17.6%	18.4%	16.2%	21.3%	15.0%	14.9%	9.8%	13.6%
Net debt / EBIT	403%	316%	245%	224%	244%	205%	305%	213%	215%	139%	204%
Debt / Equity	110%	88%	73%	68%	69%	68%	77%	77%	76%	66%	62%
Liabilities / Assets	70%	66%	63%	63%	64%	64%	67%	66%	67%	65%	63%
Total liabilities / Equity	233%	201%	176%	172%	181%	184%	210%	201%	207%	185%	173%
Short-term / Long-term debt	20%	17%	14%	14%	14%	18%	16%	18%	19%	17%	18%
Cash index	100	89.2	97.3	103.3	90.7	107.7	104.4	136.6	151.0	134.0	148.6
Total debt index	100	86.3	80.3	80.6	78.4	79.6	84.0	91.1	100.1	92.1	100.6
Net debt index	100	85.2	73.9	72.0	73.8	69.0	76.3	73.9	80.9	76.4	82.5

Appendix continued

Banks & Financials

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£1,325	£1,202	£1,142	£1,041	£1,100	£996	£1,370	£1,195	£1,220	£1,273	£1,331
Equity	£8,618	£8,496	£9,748	£10,292	£10,726	£12,792	£16,142	£19,275	£20,475	£20,913	£22,727
Total assets	£19,586	£18,485	£20,203	£21,014	£21,060	£23,211	£27,564	£32,159	£33,446	£33,047	£35,313
Short-term debt	£733	£492	£482	£885	£881	£432	£741	£737	£519	£464	£642
Long-term debt	£7,503	£6,996	£7,396	£7,152	£7,053	£7,663	£8,100	£8,857	£9,116	£8,604	£8,901
Total debt	£8,235	£7,488	£7,878	£8,037	£7,934	£8,095	£8,842	£9,595	£9,635	£9,067	£9,543
Net debt	£6,910	£6,286	£6,736	£6,996	£6,834	£7,099	£7,472	£8,400	£8,415	£7,794	£8,212
Total liabilities	£10,726	£9,901	£10,353	£10,615	£10,230	£10,312	£11,307	£12,287	£12,487	£11,720	£12,248
EBIT	£314	£211	£402	£761	£751	£904	£1,003	£1,140	£1,070	£1,306	£1,633
Interest expense	£465	£496	£439	£404	£408	£421	£424	£420	£392	£379	£385
Interest / EBIT	148.2%	234.6%	109.1%	53.1%	54.3%	46.6%	42.3%	36.8%	36.6%	29.1%	23.6%
Net debt / EBIT	2204%	2976%	1675%	920%	910%	785%	745%	737%	786%	597%	503%
Debt / Equity	96%	88%	81%	78%	74%	63%	55%	50%	47%	43%	42%
Liabilities / Assets	55%	54%	51%	51%	49%	44%	41%	38%	37%	35%	35%
Total liabilities / Equity	124%	117%	106%	103%	95%	81%	70%	64%	61%	56%	54%
Short-term / Long-term debt	10%	7%	7%	12%	12%	6%	9%	8%	6%	5%	7%
Cash index	100	90.7	86.2	78.6	83.0	75.2	103.4	90.1	92.0	96.0	100.5
Total debt index	100	90.9	95.7	97.6	96.3	98.3	107.4	116.5	117.0	110.1	115.9
Net debt index	100	91.0	97.5	101.2	98.9	102.7	108.1	121.6	121.8	112.8	118.8

Healthcare & Pharmaceuticals

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£10,484	£14,607	£15,047	£14,367	£10,475	£12,719	£10,246	£12,594	£12,359	£8,940	£10,389
Equity	£21,986	£26,008	£27,787	£27,552	£25,555	£26,790	£23,434	£28,374	£27,458	£22,676	£26,735
Total assets	£78,872	£83,526	£85,440	£82,928	£83,316	£85,564	£90,156	£114,014	£135,349	£124,851	£129,451
Short-term debt	£2,007	£2,891	£694	£4,424	£4,513	£4,202	£5,025	£2,646	£6,795	£5,050	£8,074
Long-term debt	£24,284	£21,757	£21,598	£17,715	£21,707	£21,786	£23,144	£28,900	£31,443	£30,457	£39,039
Total debt	£26,291	£24,649	£22,292	£22,139	£26,220	£25,988	£28,170	£31,546	£38,238	£35,506	£47,113
Net debt	£15,807	£10,042	£7,245	£7,772	£15,746	£13,269	£17,923	£18,952	£25,879	£26,566	£36,724
Total liabilities	£56,384	£56,670	£56,657	£54,408	£56,678	£57,923	£66,010	£81,819	£102,517	£97,345	£102,085
EBIT	£13,764	£16,412	£14,130	£16,093	£13,053	£12,234	£8,239	£8,144	£10,971	£12,303	£11,166
Interest expense	£1,146	£1,229	£1,124	£1,042	£1,068	£1,052	£1,019	£1,107	£1,378	£1,477	£1,537
Interest / EBIT	8.3%	7.5%	8.0%	6.5%	8.2%	8.6%	12.4%	13.6%	12.6%	12.0%	13.8%
Net debt / EBIT	115%	61%	51%	48%	121%	108%	218%	233%	236%	216%	329%
Debt / Equity	120%	95%	80%	80%	103%	97%	120%	111%	139%	157%	176%
Liabilities / Assets	71%	68%	66%	66%	68%	68%	73%	72%	76%	78%	79%
Total liabilities / Equity	256%	218%	204%	197%	222%	216%	282%	288%	373%	429%	382%
Short-term / Long-term debt	8%	13%	3%	25%	21%	19%	22%	9%	22%	17%	21%
Cash index	100	139.3	143.5	137.0	99.9	121.3	97.7	120.1	117.9	85.3	99.1
Total debt index	100	93.8	84.8	84.2	99.7	98.8	107.1	120.0	145.4	135.0	179.2
Net debt index	100	63.5	45.8	49.2	99.6	83.9	113.4	119.9	163.7	168.1	232.3

Appendix continued

Industrials

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£15,933	£18,422	£17,795	£14,366	£17,677	£19,342	£18,168	£23,620	£21,565	£23,926	£24,761
Equity	£43,253	£42,276	£50,842	£54,769	£61,108	£60,301	£61,620	£66,839	£71,156	£80,651	£86,346
Total assets	£170,411	£163,444	£167,902	£174,280	£180,273	£183,399	£189,425	£205,064	£234,060	£237,125	£264,927
Short-term debt	£5,972	£4,317	£5,732	£4,007	£5,323	£5,384	£4,123	£7,162	£7,200	£8,925	£10,062
Long-term debt	£35,287	£30,606	£28,372	£31,433	£32,413	£36,426	£39,809	£45,305	£49,652	£47,960	£52,006
Total debt	£41,259	£34,923	£34,104	£35,440	£37,737	£41,810	£43,932	£52,468	£56,852	£56,885	£62,068
Net debt	£25,327	£16,501	£16,309	£21,074	£20,060	£22,468	£25,764	£28,848	£35,287	£32,959	£37,306
Total liabilities	£126,517	£120,530	£116,340	£118,823	£118,573	£121,869	£127,268	£137,239	£161,566	£155,118	£176,733
EBIT	£13,579	£11,580	£12,553	£14,066	£14,550	£14,975	£13,493	£14,931	£15,114	£18,761	£15,655
Interest expense	£2,388	£2,054	£1,866	£1,932	£1,945	£2,106	£2,034	£1,993	£2,199	£2,151	£2,388
Interest / EBIT	17.6%	17.7%	14.9%	13.7%	13.4%	14.1%	15.1%	13.3%	14.6%	11.5%	15.3%
Net debt / EBIT	187%	142%	130%	150%	138%	150%	191%	193%	233%	176%	238%
Debt / Equity	95%	83%	67%	65%	62%	69%	71%	78%	80%	71%	72%
Liabilities / Assets	74%	74%	69%	68%	66%	66%	67%	67%	69%	65%	67%
Total liabilities / Equity	293%	285%	229%	217%	194%	202%	207%	205%	227%	192%	205%
Short-term / Long-term debt	17%	14%	20%	13%	16%	15%	10%	16%	15%	19%	19%
Cash index	100	115.6	111.7	90.2	110.9	121.4	114.0	148.2	135.4	150.2	155.4
Total debt index	100	84.6	82.7	85.9	91.5	101.3	106.5	127.2	137.8	137.9	150.4
Net debt index	100	65.2	64.4	83.2	79.2	88.7	101.7	113.9	139.3	130.1	147.3

Oil, Gas & Energy

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£25,399	£17,471	£26,899	£25,112	£29,931	£24,804	£40,770	£47,121	£40,758	£39,861	£42,685
Equity	£158,504	£154,758	£165,467	£196,026	£194,827	£202,058	£196,937	£189,281	£242,255	£230,682	£247,977
Total assets	£377,147	£342,364	£400,342	£438,536	£426,861	£430,417	£443,069	£443,098	£585,602	£547,182	£576,621
Short-term debt	£18,208	£8,543	£16,052	£10,748	£11,504	£9,984	£9,888	£9,895	£14,996	£16,312	£17,102
Long-term debt	£23,330	£37,041	£43,911	£45,531	£45,109	£51,136	£61,530	£76,688	£119,930	£107,527	£108,309
Total debt	£41,538	£45,585	£59,963	£56,280	£56,613	£61,119	£71,418	£86,583	£134,926	£123,839	£125,411
Net debt	£16,139	£28,114	£33,064	£31,168	£26,682	£36,316	£30,649	£39,462	£94,168	£83,978	£82,725
Total liabilities	£216,415	£185,726	£232,457	£240,799	£230,300	£226,877	£244,740	£252,101	£340,486	£312,440	£323,668
EBIT	£42,313	£25,251	£37,694	£50,188	£39,406	£36,224	£25,578	-£715	£1,140	£25,238	£36,838
Interest expense	£1,013	£447	£727	£1,024	£1,161	£1,151	£1,296	£1,649	£2,763	£4,021	£4,237
Interest / EBIT	2.4%	1.8%	1.9%	2.0%	2.9%	3.2%	5.1%	-230.7%	242.4%	15.9%	11.5%
Net debt / EBIT	38%	111%	88%	62%	68%	100%	120%	-5,518%	8,262%	333%	225%
Debt / Equity	26%	29%	36%	29%	29%	30%	36%	46%	56%	54%	51%
Liabilities / Assets	57%	54%	58%	55%	54%	53%	55%	57%	58%	57%	56%
Total liabilities / Equity	137%	120%	140%	123%	118%	112%	124%	133%	141%	135%	131%
Short-term / Long-term debt	78%	23%	37%	24%	26%	20%	16%	13%	13%	15%	16%
Cash index	100	68.8	105.9	98.9	117.8	97.7	160.5	185.5	160.5	156.9	168.1
Total debt index	100	109.7	144.4	135.5	136.3	147.1	171.9	208.4	324.8	298.1	301.9
Net debt index	100	174.2	204.9	193.1	165.3	225.0	189.9	244.5	583.5	520.3	512.6

Appendix continued

Information Technology

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£433	£527	£640	£780	£706	£680	£887	£1,277	£1,016	£1,206	£1,294
Equity	£2,725	£3,048	£3,335	£3,427	£3,028	£2,470	£3,278	£4,037	£4,770	£3,854	£8,950
Total assets	£5,593	£5,952	£6,076	£6,278	£6,975	£6,786	£9,571	£10,162	£11,821	£10,536	£21,012
Short-term debt	£171	£183	£120	£130	£235	£276	£294	£292	£202	£122	£41
Long-term debt	£915	£793	£521	£480	£579	£849	£1,833	£2,018	£2,105	£2,372	£5,147
Total debt	£937	£825	£491	£460	£814	£1,126	£2,128	£2,310	£2,307	£2,494	£5,189
Net debt	£504	£298	-£149	-£320	£108	£446	£1,241	£1,033	£1,291	£1,287	£3,894
Total liabilities	£2,863	£2,898	£2,738	£2,845	£3,943	£4,309	£6,281	£6,114	£7,041	£11,442	£12,065
EBIT	£546	£641	£678	£729	£735	£710	£755	£855	£993	£888	£1,299
Interest expense	£47	£31	£25	£27	£86	£84	£115	£119	£119	£113	£219
Interest / EBIT	8.6%	4.8%	3.7%	3.7%	11.7%	11.9%	15.2%	13.9%	12.0%	12.7%	16.8%
Net debt / EBIT	92%	47%	-22%	-44%	15%	63%	164%	121%	130%	145%	300%
Debt / Equity	34%	27%	15%	13%	27%	46%	65%	57%	48%	65%	58%
Liabilities / Assets	51%	49%	45%	45%	57%	64%	66%	60%	60%	109%	57%
Total liabilities / Equity	105%	95%	82%	83%	130%	174%	192%	151%	148%	297%	135%
Short-term / Long-term debt	19%	23%	23%	27%	41%	33%	16%	14%	10%	5%	1%
Cash index	100	121.8	147.8	180.1	163.0	156.9	204.8	294.8	234.6	278.6	298.8
Total debt index	100	88.1	52.4	49.1	86.9	120.2	227.1	246.6	246.3	266.2	554.0
Net debt index	100	59.2	-29.6	-63.6	21.5	88.6	246.4	205.2	256.4	255.6	773.4

Telecoms

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£6,641	£7,445	£7,637	£9,565	£14,726	£17,278	£14,952	£18,741	£15,873	£15,989	£28,167
Equity	£87,708	£88,776	£90,650	£79,443	£72,429	£71,395	£68,217	£77,464	£71,504	£70,971	£65,345
Total assets	£185,589	£188,980	£178,362	£167,183	£167,026	£150,886	£154,301	£181,924	£180,608	£176,064	£175,484
Short-term debt	£11,343	£14,520	£10,489	£9,408	£13,599	£9,919	£14,604	£19,912	£13,024	£11,524	£5,894
Long-term debt	£45,502	£39,522	£39,044	£37,142	£37,646	£30,880	£32,260	£42,577	£42,478	£43,410	£59,491
Total debt	£56,845	£54,042	£49,533	£46,550	£51,245	£40,799	£46,864	£62,489	£55,502	£54,934	£65,386
Net debt	£50,204	£46,597	£41,897	£36,985	£36,519	£23,522	£31,912	£43,747	£39,629	£38,945	£37,218
Total liabilities	£99,238	£99,751	£87,680	£86,462	£93,585	£78,512	£84,496	£103,023	£107,804	£104,233	£109,080
EBIT	£8,264	£9,263	£9,771	£9,062	£8,348	£7,084	£6,210	£5,835	£7,022	£8,063	£7,949
Interest expense	£2,764	£2,720	£2,502	£2,557	£2,231	£2,016	£2,142	£1,420	£1,687	£1,291	£1,647
Interest / EBIT	33.4%	29.4%	25.6%	28.2%	26.7%	28.5%	34.5%	24.3%	24.0%	16.0%	20.7%
Net debt / EBIT	608%	503%	429%	408%	437%	332%	514%	750%	564%	483%	468%
Debt / Equity	65%	61%	55%	59%	71%	57%	69%	81%	78%	77%	100%
Liabilities / Assets	53%	53%	49%	52%	56%	52%	55%	57%	60%	59%	62%
Total liabilities / Equity	113%	112%	97%	109%	129%	110%	124%	133%	151%	147%	167%
Short-term / Long-term debt	25%	37%	27%	25%	36%	32%	45%	47%	31%	27%	10%
Cash index	100	112.1	115.0	144.0	221.8	260.2	225.2	282.2	239.0	240.8	424.2
Total debt index	100	95.1	87.1	81.9	90.1	71.8	82.4	109.9	97.6	96.6	115.0
Net debt index	100	92.8	83.5	73.7	72.7	46.9	63.6	87.1	78.9	77.6	74.1

Appendix continued

Domestic Utilities

£m	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents	£12,247	£8,149	£9,489	£6,769	£10,004	£7,957	£8,896	£8,106	£16,826	£10,664	£5,630
Equity	£14,941	£15,652	£23,433	£23,125	£24,478	£25,642	£23,228	£24,236	£34,101	£32,597	£34,532
Total assets	£103,742	£104,347	£112,193	£112,861	£125,101	£124,776	£132,020	£132,364	£146,959	£134,777	£144,435
Short-term debt	£5,657	£4,517	£3,770	£4,252	£5,937	£5,478	£6,448	£6,002	£6,983	£7,061	£6,465
Long-term debt	£42,816	£43,566	£42,506	£43,143	£49,370	£48,568	£50,677	£53,983	£54,897	£53,276	£55,345
Total debt	£48,472	£48,083	£46,276	£47,395	£55,307	£54,047	£57,125	£59,985	£61,880	£60,337	£61,810
Net debt	£36,225	£39,934	£36,787	£40,625	£45,303	£46,090	£48,228	£51,879	£45,054	£49,672	£56,180
Total liabilities	£88,585	£88,436	£88,336	£89,349	£99,895	£98,306	£107,656	£107,410	£112,090	£101,433	£108,803
EBIT	£7,960	£8,580	£8,811	£8,741	£9,091	£9,204	£8,712	£7,192	£8,197	£7,733	£6,731
Interest expense	£2,128	£1,962	£2,303	£2,107	£2,072	£2,115	£1,964	£1,768	£1,974	£2,213	£2,206
Interest / EBIT	26.7%	22.9%	26.1%	24.1%	22.8%	23.0%	22.5%	24.6%	24.1%	28.6%	32.8%
Net debt / EBIT	455%	465%	417%	465%	498%	501%	554%	721%	550%	642%	835%
Debt / Equity	324%	307%	197%	205%	226%	211%	246%	248%	181%	185%	179%
Liabilities / Assets	85%	85%	79%	79%	80%	79%	82%	81%	76%	75%	75%
Total liabilities / Equity	593%	565%	377%	386%	408%	383%	463%	443%	329%	311%	315%
Short-term / Long-term debt	13%	10%	9%	10%	12%	11%	13%	11%	13%	13%	12%
Cash index	100	66.5	77.5	55.3	81.7	65.0	72.6	66.2	137.4	87.1	46.0
Total debt index	100	99.2	95.5	97.8	114.1	111.5	117.9	123.8	127.7	124.5	127.5
Net debt index	100	110.2	101.6	112.1	125.1	127.2	133.1	143.2	124.4	137.1	155.1

Methodology

Link gathered selected balance sheet data from FactSet on all the companies currently listed on the main market in London, dating back to 2007/8. It excluded any company without a full history of data, and all companies in financial sectors (banks, insurers, asset managers, etc), except property. 310 companies are included in the study. Together they account for over 96% of the total assets and the total liabilities of UK listed companies. A handful of companies had not yet posted 2018/19 balance sheets at the time the analysis was conducted. For these, either interim balance sheets were used, or 2017/18 statements were duplicated. These companies were small in number and in size, so the research team does not judge this to have made any material difference to the overall figures. Total debt figures may include in some cases the capitalized value of leases, but these are small in the overall picture.

The years correspond to financial years, e.g. 2018/19 means full-year balance sheets dated any time between 6 April 2018 and 5 April 2019, though in practice, the vast majority were dated between 31 December 2017 and 31 March 2018.

Companies reporting in currencies other than sterling had balance sheet items converted at the exchange rate prevailing on the balance sheet date. P&L items were converted at the average exchange rate for each company's financial year.

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