

Economic financial Health of the wine sector in time of financial crisis: Catalonia, La Rioja and Languedoc-Roussillon

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ABSTRACT

The wine cluster has an outstanding presence in the food industry and in this study of three zones of winery tradition: Catalonia, La Rioja and Languedoc-Roussillon, where an economic financial analysis and the correspondent comparative in the difficult period of the 2008-2013 crisis is the intended focus.

To make a comparative of the analysis of the economic and financial situation of these wine companies in the period 2008-2013, the main financial indicators were compared using the appropriate descriptive statistics for the three companies studied.

The crisis period analysed is a period of changes in the financial economic health of wine companies due to the effects of innovation, internationalization and crisis in the three zones. In general, being large companies, in this period, the exporting tradition favours its economic financial health, and, despite being mostly family businesses, they are companies with differentials in products and processes.

Keywords: wine sector, economic financial analysi, sector accounting

1. Introduction

The wine cluster has an outstanding presence in the food industry and in this study of three zones of winery tradition: Catalonia, La Rioja and Languedoc-Roussillon, where an economic financial analysis and the correspondent comparative in the difficult period of the 2008-2013 crisis is the intended focus. In other words, the objective of the research is to determine the economic financial health of the large companies which produce wine in Catalonia, La Rioja and Languedoc-Roussillon in the period 2008-2013, using financial indicators endorsed by the literature. The methodology used sets off from the accounting data gathered through the database Iberian Balance Analysis System (SABI), and the AMADEUS database (European database) of one sample from large Catalan companies, La Rioja and Languedoc-Roussillon, wine producers who have a minimum operating revenue of 8.000.000€ and minimum assets of 4.000.000€ for two consecutive years. To subsequently calculate the financial indicators and combined with descriptive statistics to carry out the conventional analysis of the financial states, by adding a specific analysis to the equity variations, in order to obtain results and conclusions which allow these large wine companies to set market positions.

Revised the literature in regard to the economic financial analysis of the wine companies of the three zones and companies of the study, the research has been structured into four distinct parts: short-term analysis of the financial situation, long-term analysis of the financial situation, economic analysis, and equity analysis. The analysis of the short-term financial situation will allow us to assess the capacity of these companies to meet their short-term payment obligations, the analysis of the long-term financial situation will allow us to measure the capacity of the company to meet long-term debts, and the economic analysis or of results will show how the results have been produced, identifying the reasons triggered during/in the economic situation in the period analysed. Then, the equity analysis will allow us to identify if the companies are being capitalized, offering more guarantees to third parties directly related to them.

Finally, at the conclusions, a diagnosis is performed about the financial economic situation of the companies of the three zones analysed, and the corresponding comparative in the period 2008-2013 under study.

2. Review of the literature

There is a variety of academic literature in reference to the wine industry, especially in the five main wine-producing countries: France, Italy, Spain, Germany and Portugal (Roman-Sánchez et al. 2015), although in an economic financial health level there is only a few academic publications focusing on these crisis periods; a publication referring to the wine industry in the Languedoc Roussillon identifies that a solution to the crisis of the wine industry is concretized in the competitive strategies of specialization and differentiation with respect to the low cost strategies (Dukesneois et al., 2010), but there are no publications about financial economic health through benchmark financial indicators for the period 2008-2013 in the three areas under study.

In the wine sector, mercantile companies and, also cooperatives, have different economic and financial structures, in particular, cooperatives have a smaller economic structure, are less solvent and have more indebtedness than mercantile companies (Gómez-Limón et al. 2003). On the other hand, the wine industry has been affected by the changes of European regulation, reason why the capitalist companies obtain better returns than the cooperatives, caused by greater internationalization, better commercial strategy as a result of the corporate structure, the size, and financial structure. Also, it should be kept in mind that cooperatives are more focused on the sale of bulk wines (Castillo-Valero and García-Cortijo, 2013). Thus, the concentration of these companies favours internationalization, for access into more resources which facilitate exports (Carneiro et al., 2014). And, apart from size, other factors favouring exports are professional experience, geographical location and institutional support (Bardají et al., 2014).

Increasingly strong international competitiveness in sectors such as the food industry highlights the fact that smaller firms find it difficult to access international markets (Barmen, 2014), as, the greater concentration, the greater investment in marketing, gives an increase in collective reputation and appellations of origin (Marchini et al., 2015). Even so, small producers have a place in the wine world, as many have differentiated themselves into product types, and attract much of the oenological tourism (Francioni et al. 2016). In addition, in the case of peri-urban regions these wine companies have adapted their business models respecting the social benefits inherent to them (Recasens et al., 2016). And, from the Spanish perspective, it should be borne in mind that winemakers consider that a good product is offered which clearly identifies its origin

(with appellations of origin which generate sustainable competitive advantages) with wines of quality and territorial differentiation (Garcia-Galan, 2014).

Regarding financial economics health, recent studies identify that the variable family is relevant to achieve good economic and financial profitability in both France and Italy (Bresciani et al. 2016), with financial differentials between the family companies and non-family ones (Broccardo et al. 2015), also the local implications influences on business success, as endorsed by studies on cluster-based wine profitability in Chile and Italy (Giuliani, 2013), and knowing the customer and the brand significantly favours trade (Thomas et al., 2013). On the other hand, economic financial health is directly related to the innovation of these companies, since technological changes affect productivity and results (Sellers-Rubio et al., 2016) and, also cutting-edge technologies along with the environmental regulations allows a more sustainable production of wine (Román-Sánchez et al., 2015). It is also important to make evident that when innovation and tradition interact, it provides the desired competitive advantage. Innovative processes and products should be in tune with tradition and passion for wine, especially in family wine-growing enterprises where it's necessary to innovate at the same time as spreading the family business philosophy for future generations (Vrontis et al., 2016). With respect to gender, nowadays, women are more present in the wine industry, but still it's a long way until full parity on executive positions, or to participate in board membership of these large companies, endorsed by the Australian study in the period 2007-2013 in a representative sample of companies in the wine sector (Galbreath, 2015).

In recent years, these large wine companies, familiar and non-familiar ones, have experimented structural and economic changes, and in the crisis period under study 2008-2013, it is desired to identify financial economic health of three areas highlighted in wine production, in order to carry out the opportune comparative with the aim of analysing the sector currently present in the international markets.

3. Comparisons of the economic financial analysis of the Catalan wine sector, La Rioja and Languedoc-Roussillon

In this study, the financial economic analysis of Catalan wine sector (formed by a sample of 14 companies located in Cataluña) is compared with the wine sector of La Rioja (formed by a sample of 16 companies) and the wine sector of Languedoc Roussillon

(formed by a sample of 16 companies). Most of the companies are large (due to the selection criteria of the three considered samples) and, they are companies which show normal annual accounts, according to what the General Accounting Plan states.

The samples have been obtained through the data provided in the database SABI (as for Spain) and AMADEUS (as for France) with the following criteria:

Main economic activity: Wine production according to the Code CNAE 2009: 1102.

State: Active

Minimum operating revenue: 8.000.000€

Minimum assets: 4.000.000€

To make a comparative of the analysis of the economic and financial situation of these wine companies in the period 2008-2013, the main financial indicators were compared using the appropriate descriptive statistics for the three companies studied.

First, a comparative of the analysis in the short-term financial situation was performed, followed by long-term financial analysis and result analysis, also considering the changes in net worth, in order to assess the capitalization of these companies.

To perform this financial economic analysis, the indicators analysed have been:

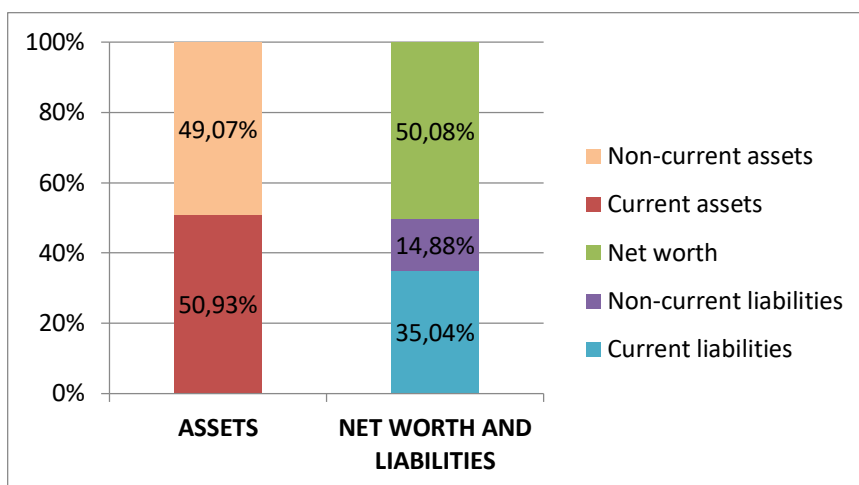
1. For the short-term analysis: the working capital (current asset - current liabilities) and short-term solvency (current assets ÷ current liabilities).
2. For the long-term analysis: indebtedness (total debts ÷ net worth and liability); The quality of the debt (short term debts ÷ total debts) and the asset turnover (operating revenues ÷ total assets).
3. For the analysis of results: return on equity (ROE = Net Result ÷ Net equity - Net result); return on assets (ROA = EBIT ÷ Asset); Value added (operating revenue – operating expenses) and staff productivity (value added ÷ personnel costs).
4. For capitalization: the evolution of net worth in the analysed period is calculated by the corresponding horizontal percentage.

3.1. Comparative of the analysis of the short-term financial situation

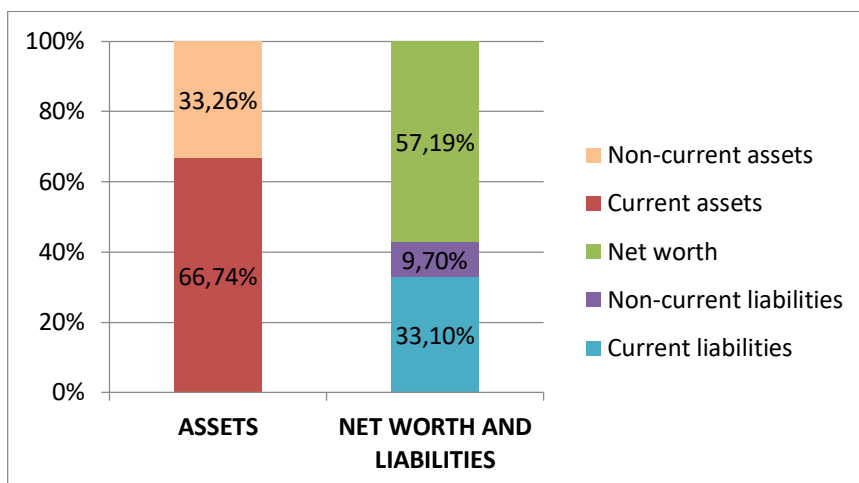
The main objective of the analysis of the short-term financial economic situation is to determine the capacity that these wine companies have, in order to meet their short-term payment obligations.

First, the median of the equity components and distribution of themselves for the three analysed samples:

WINE SECTOR OF CATALONIA



WINE SECTOR OF LA RIOJA



WINE SECTOR OF LANGUEDOC-ROUSSILLON

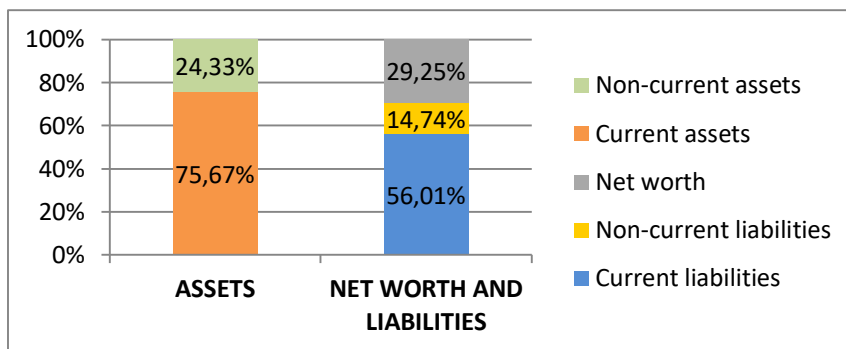


Figure 1: Median of the equity components of the Balance Sheet of the three areas analysed in the period 2008-2013

The structure of the distribution of equity components is similar, although there is a difference in the percentages that make up non-current assets and current assets. As shown (Figure 1), the non-current and current assets of the Catalan wine sector, using medians, are at 50% between non-current and current assets, but in the case of La Rioja (33.26%), and Languedoc-Roussillon (24.33%), the average of non-current assets shows a lower percentage so that current assets dominate predominantly the total assets of the Rioja and Languedoc Roussillon (especially) wine companies, namely, they are companies, which, in median values, have not as many investments in non-current assets as Catalan companies. However, there is an evolution on these equity components, clearly differentiated between the three zones during the period between 2008-2013. In this sense, both in the Catalan wine companies and in the wine companies of La Rioja, a tendency of declination is shown: highlighted in the first ones, the increase in non-current assets by 3% and the decrease in net worth by 4%, which demonstrates the slight decapitalization of these Catalan companies and, in the second ones, the reduction in non-current liabilities by 50% and in current liabilities by 39% is relevant. On the other hand, in the Languedoc-Roussillon wine companies there is a growing tendency of the equity components, emphasizing the increase of non-current liabilities by 116% and the increase in non-current assets by 75%.

Then, comparing the working capital, we can see that in the three zones it is positive along the six years and the evolution is inverse; namely, while in the Catalan wine sector the working capital go down in the period 2008-2013, in the wine sector of the Rioja and Languedoc-Roussillon it increases considerably (Figure 2).

Figure 2: Working capital of the three zones analysed in the period 2008-2013

Regarding the short-term solvency ratio, which measures the company's capacity to cope with short-term debt by carrying out its current assets, in the six years and in the three samples, companies show a good capacity to meet commitments in the short term. In the case of Catalan wine companies, short-term solvency is acceptable in the period 2008-2013 (despite the economic downturn in 2011); in the case of the Languedoc-Roussillon it is acceptable, and its evolution keeps increasing throughout all the periods until reaching its maximum value in the year 2013. And, in the case of the wine companies of La Rioja, the companies are solvent in the short term, they even have idle current assets, which must be invested correctly (figure 3).

Figure 3: Solvency at short-term of the three zones analysed in the period 2008-2013

3.2. Analysis of the long-term financial situation

The analysis of the long-term financial situation has as its main objective the measurement of the capacity that the company has to satisfy the long-term debts.

According to the criterion provided by Amat and Perramon (2012), in this period it is not possible to speak of a steady growth by the Catalan wine companies since there is no efficient management of the assets (the decrease of the sales is greater than the assets), nor a good management of the expenses (the results have dropped more than the sales), although it is necessary to emphasize a prudent financial management (the decrease of debts is greater than the assets).

Table 1: Balanced growth of Catalan companies in the period 2008-2013

On the other hand, in the case of La Rioja wine companies, in this period, you cannot speak of a steady growth: there is an efficient assets management (the decline in sales is lower than the assets) and a prudent financial management (the decline in debts is greater than the decline in assets); however, it is necessary to highlight that there is not a good expenses management (decrease in results is greater than in sales).

Table 2: Balanced growth of the companies of La Rioja in the period 2008-2013

LlenguEdoc-Roussillon	2008	2009	2010	2011	2012	2013
Net worth	7.378,94	9.379,62	9.193,41	9.594,03	9.603,83	10.927,96

Lastly, in the case of the Languedoc-Roussillon wine

companies in this period, speaking of a balanced growth is permitted: there is an efficient management of the assets (the sales growth is greater than the assets), a good expenses management (the results have increased more than the sales) and, also a prudent financial management (debt growth is lower than the assets).

Table 3: Growth balanced of the Languedoc-Roussillon companies in the period 2008-2013

The vertical and horizontal percentages of the different financial items in the analysed period show that the net worth has increased in the sample of the Languedoc-Roussillon and La Rioja wine companies (they have been capitalized), but the Catalan wine companies have suffered a slight decapitalization.

On the other hand, the debts of the Catalan wine companies decreased by 8.24%, but the assets decreased by 6% and sales fell by 14.59%. However, in the case of the Languedoc-Roussillon winegrowers the opposite occurs, as the debts increased by 17%, the assets by 25%, and sales by 48%. In the case of winegrowers in La Rioja, debts decreased by 41%, assets decreased by 15% and sales fell by 13%.

In the case of the Catalan wine companies in the same way as in the wine companies of La Rioja, the net result decreases with important falls especially between 2008 and 2011; while in the case of the sample of the Languedoc-Roussillon there is an increase by 230% of the net result, with a strong increase in the period 2008-2010.

Table 4: Evolution of the financial indicators in the three areas of analysis in the period 2008-2013

Following with the analysis of the total turnover of the asset, which informs us of the average time to recover the value of the asset, indicates that it takes the Catalan wine companies and the winegrowers of La Rioja less than a year to recover their investment value; while the wine companies of the Languedoc-Roussillon, the time limit is around a year. It must be said that in the period analysed there are not many differences between the three samples. The value of assets, in concrete the biologics, is a much studied subject. Its regulation could be found in NIC 41. There are some studies about the incidence of

applying the reasonable value in this type of assets to achieve the fair view of the equity of the company Arimany, Farreras and Rabaseda (2013), Bohusova and Svoboda (2016).

Figure 4: Asset turnover in the three areas analysed in the period 2008-2013

As for indebtedness, in the case of the sample of the Catalan and La Rioja wine companies, it can be seen that these are companies with an acceptable level of indebtedness, between 40% and 55%, but of poor quality, as there are more short-term debts (65% -80%) than in the long term (20% -35%). In the contrary, the sample of the Languedoc-Roussillon shows that these are companies with a high level of indebtedness, between 70% and 75%, and of poor quality, because short-term debts represent 75 - 86% and evidently the long term 14-25%.

Figure 5: Indebtedness of the three zones analysed in period 2008-2013

The indebtedness in the three samples has a similar evolution (both in the Catalan wine sector, La Rioja and Languedoc-Roussillon), although it is worth mentioning the notable decrease in indebtedness in La Rioja during this period and the high indebtedness of the Languedoc-Roussillon wineries which is maintained throughout all the analysed period.

As for the debt quality ratio, there are similar values both in the case of the Catalan, La Rioja and Languedoc-Roussillon wineries, that is to say, more short-term debt than in the long term, and in Catalan ones, an improvement in the quality of the debt is experienced.

Figure 6: Quality debt of the three areas analysed in the period 2008-2013

Therefore, we can say that the large Catalan and La Rioja wine companies have a good long-term financial position in the period considered, but it would be advisable to correct the poor quality of the debt in these generalized crisis years, renegotiating the debt, whenever possible, from short to long term. As for Languedoc-Roussillon companies, they have too much indebtedness and of poor quality in the period analysed.

3.3. Economic analysis

The economic analysis aims to explain how the results of these companies have been produced, identifying the causes which have provoked the results variation in the period under study.

Firstly, the value added of these wine companies in the three territories will be compared, as a difference between operating revenue and operating expenses, and as value of the income generated by the winemaking activity, of wine production by Catalan, La Rioja and Languedoc-Roussillon wineries. As shown (figure 7), the evolution of value added is quite divergent among the three samples: in the case of Catalan wine companies the trend is a decrease in the value added over the period analysed, being the period 2008 - 2009 and 2012-2013 the most decreasing one, and as for La Rioja companies there is also a decrease in the years 2012 and 2013, in contrast, in the case of the Languedoc-Roussillon wine companies the trend is the increase in the value added, being the 2012 and 2013 years the fastest growing ones.

Figure 7: Added value of the three analysed zones in the period 2008-2013

As for the evolution of staff productivity, as a quotient between value added and personnel costs, a similar situation as in the case of added value analysed above is generated; the percentage of productivity is higher in the Languedoc-Roussillon wine companies, and in the Catalan and La Rioja wineries, it drops at the end of the period analysed, especially from 2011 onwards for Catalan ones and from 2012 onwards for La Rioja.

Figure 8: Personnel productivity of the three zones analysed in the period 2008-2013

In regard to the profitability analysis of the Catalan wine companies, as it is conceived in figure 9, the return on equity (ROE) decreases until 2011, but in 2012 it experiences a considerable increase which moderates in 2013; the return on assets (ROA) is reduce by 79% in the period indicated. On the other hand, the return on equity (ROE) surpasses the return on assets (ROA), except in 2011,1 corroborating that the indebtedness harms the companies in the fiscal year 2011, unlike the rest of the years studied.

Figure 9: Financial and economic profitability of Catalan companies in the period 2008-2013

Lastly, in respect to the winegrowers of La Rioja, the profitability analysis, as shown in figure 10, indicates that the return equity (ROE) increased by 216% in 2009, but then from 2010 to 2013, it experiences a drop of 78%. However, the return on assets (ROA) remains more stable than the ROE and increases by 18% in the period 2009-2013. In the period 2008-2011, the ROE surpasses the ROA corroborating that the indebtedness does

not harm the companies, although, in the years 2011 and 2012, it is below, indicating that in these years, the indebtedness does harm the company.

Figure 10: Financial and economic profitability of La Rioja ones in the period 2008-2013

In contrast, in the case of the analysis of the profitability of Languedoc-Roussillon wine companies (figure 11), apart from seeing that the financial profitability has lower values than Catalan wineries, a different evolution is also observed, as the return on equity (ROE) increases until 2010, but in 2011 it experiences a drop that later, in the year 2013, it recovers itself; the return on assets (ROA), however, remains more or less stable in the indicated period. But except for fiscal years 2008 and 2012, the ROE surpasses the ROA corroborating that the indebtedness does not hurt the companies, except for the years 2008 and 2012.

Figure 11: Financial and economic profitability of the Languedoc-Roussillon in the period 2008-2013

Due to the importance the profitability ratios has in the study of the economic viability of the business and the retribution of its own funds, we have considered that it would be interesting to examine in depth the results obtained with two regression models, with the objective of finding the relationships among the variables that determine this magnitude. We consider as independent variables the following: company size, solvency, asset turnover and indebtedness, which formulate the following two models:

$$ROE_{ijt} = \beta_0 + \beta_1 size_company_{ijt} + \beta_2 solvency_{ijt} + \beta_3 rotation_asset_{ijt} + \beta_4 indebtedness_{ijt} + \beta_5 quality_debt_{ijt} + \beta_6 staff_productivity_{ijt} + u_{ijt}$$

$$ROA_{ijt} = \beta_0 + \beta_1 size_company_{ijt} + \beta_2 solvency_{ijt} + \beta_3 rotation_asset_{ijt} + \beta_4 indebtedness_{ijt} + \beta_5 quality_debt_{ijt} + \beta_6 staff_productivity_{ijt} + u_{ijt}$$

Where “i” denotes company, “j” country (area) and “t” year. “ u_{ijt} ” is a term of disturbance, which average is equal to zero and constant variance.

In the case of the first model, the results obtained in table 5 shows that neither the size of the company nor the solvency, are significant neither in general, nor per year. On the

contrary, we observe that the productivity of the personnel and the indebtedness, although at 90%, they are both significant. We also note that a 1% increase in the productivity of the personnel entails a 0.11% increase in the ROE while a 1% increase in the indebtedness entails a 0.66% increase in the ROE.

In the particular case of the second model, the results obtained in figures 2 and 3 show that neither the size of the company nor the solvency in general, are significant. However, studied by years, the size of the company is certainly significant in 2010, and an increase of 1% on the size of the company reduced the ROA by 0.656%. At the same time, the size of the company in the years 2010 and 2011, the assets turnover and indebtedness, these two for all years are certainly meaningful. We can see that a 1% increase in the size of the company in 2010 entails a -0.06% reduction in the ROA, while a 1% increase in the size of the company in 2011 entails a 0.049% increase in ROA. Also, a 1% increase in the assets turnover entails a 0.002% reduction in the ROA and a 1% increase in the debt involves a 0.088% reduction in the ROA. Finally, we can also observe that neither the indebtedness effect nor the assets rotation on the ROA, are different between regions. However, the effect of the size of the company, by the year 2011, is indeed different. The effect of this variable, always on the ROA, is between a 14 and an 18% higher in Catalonia.

There are numerous studies that indicate that the productivity of the staff is basic to improve the results of the wine-growing operations, in this sense Garcia-Alcaraz and others (2017) have proposed a model that takes as a basis the wineries of Rioja and where show that the greater flexibility and agility of human resources is essential for the improvement of the productive process, distraction and capacity to adapt to the demands of the consumer.

Table 5. Results of the ROE model

In the particular case of the second model, the results obtained in tables 6 and 7 show that neither the size of the company nor the solvency in general, are significant. However, studied by years, the size of the company is certainly significant in 2010, and an increase of 1% on the size of the company reduced the ROA by 0.656%. At the same time, the size of the company in the years 2010 and 2011, the assets turnover and indebtedness, these two for all years are certainly meaningful. We can see that a 1% increase in the size of the company in 2010 entails a -0.06% reduction in the ROA,

while a 1% increase in the size of the company in 2011 entails a 0.049% increase in ROA. Also, a 1% increase in the assets turnover entails a 0.002% reduction in the ROA and a 1% increase in the debt involves a 0.088% reduction in the ROA. Finally, we can also observe that neither the indebtedness effect nor the assets rotation on the ROA, are different between regions. However, the effect of the size of the company, by the year 2011, is indeed different. The effect of this variable, always on the ROA, is between a 14 and an 18% higher in Catalonia.

Table 6. First results of the ROA model

Table 7. Second results of the ROA model

We continue with the economic study in depth in the analysis of the evolution of the assets of the companies of the sector, first from one of its components the Net Result and after its global value.

Then, in regards to the net result (figure 12), the behaviour in the three zones is totally different. While in the case of the Catalan and La Rioja wineries, it is more unstable with a tendency to decrease, in the case of Languedoc-Roussillon wineries the results remain more stable with a clear tendency towards growth.

It should be borne in mind that the highest median net result is from La Rioja wine companies although it is decreasing in the analysed period.

Figure 12: Net results evolution in the three analysed areas in the period 2008-2013

Finally, the evolution of net worth in the three areas must be analysed (figure 13). In the case of Catalan wine companies, the net worth is high in comparison to the other areas analysed although the evolution of the net worth in the analysed period declines slightly. As for the La Rioja companies, the evolution of net worth in this period increases by 14%, that is, the companies of La Rioja are capitalized. With respect to Languedoc-Roussillon companies, there is a considerable increase in net worth (48%), which is why these companies are capitalized although they show a much lower equity/net worth than the Catalan and La Rioja companies.

Figure 13: Net worth evolution in the three analysed areas in the period 2008-2013

4.Synthesis Comparison of the Catalan, La Rioja and Languedoc-Roussillon wine companies in the period 2008-2013.

With the same criteria of sample selection for all the companies of the study, the large Catalan companies, which elaborate wine as main activity, show more investments in fixed assets or non-current assets than the others, that is to say, their economic structure in the analysed period 2008 -2013 is divided equally between current and non-current assets, unlike the economic structure of the Rioja and Languedoc-Roussillon companies which show much lower non-current assets. Regarding the financial structure, Spanish companies are funded almost equally between self-financing and third-party funding; In contrast, French companies show more external funding, especially in the short term.

Comparing the analysis in the short term, it is emphasized that the working capital is positive in all companies, but it is especially notable for the companies of La Rioja, which have a high short-term solvency, so they can cope with short-term payments. Catalan and French companies show a more moderate short-term solvency, with no potential problems to meet short-term payment obligations.

The comparison of the long-term analysis indicates that Catalan companies should improve the management of assets and expenses, although they show a prudent financial management; with respect to the La Rioja companies, they do not show a balanced growth either, since, in spite of the assets and financial good management, they need to improve the management of the expenses; on the other hand, French companies have a balanced growth as they manage assets and expenses well, and have a prudent financial management. In regard to the recovery of the asset, Spanish companies recover the assets sooner than the French ones, and in terms of indebtedness, French companies are the most indebted (70% is indebtedness from third parties), but both Spanish and French companies should improve in quality of debt.

In regard to the economic analysis, which aims to explain the results of this period, it should be emphasized that the value added from the fiscal year 2011 grows for the French and decreases for the Catalan ones (due to the significant operating expenses derived from the investments) and for the case of the La Rioja companies, it decreases from the 2012. The results of the Spanish companies surpass the French ones, although it is necessary to continue valuing the change of trend which influences the fiscal year 2013, where the results of the Spanish companies decrease and of the French ones grows.

Regarding the analysis of profitability, La Rioja companies have the highest return on equity, although it declines considerably from 2011. In the case of Catalan companies the

return on equity decreases until 2011 and grows afterwards, and for French companies, the return on equity exceeds that of the Catalan ones but it is inferior to those of La Rioja. The highest economic profitability is that of La Rioja companies followed by Catalan companies, but in 2013 there is a turning point which needs to continue being analysed.

Finally, it should be pointed out that the large wine companies in these areas are mostly family-owned companies, with high assets comparing the Spanish companies to French companies, with a large capitalization in La Rioja and Languedoc-Roussillon companies.

5. Results and Conclusions

The large wine companies in Catalonia, La Rioja and Languedoc-Roussillon, in the crisis period analysed 2008-2013, show different results.

Catalan companies have more investments in non-current assets compared to the other areas analysed, and are the most capitalized companies, but they need to improve the assets and expenses management. Their indebtedness is acceptable, since it is at approximately 50%, and although they have decreased by 14.6% in sales, in this period, the results of the Catalan and La Rioja companies surpass the ones of the French, although it is still necessary to keep valuing the change in trend at the end of the period analysed.

La Rioja companies are the most solvent in the short term, they are companies capitalized with an acceptable indebtedness, and, they fell by 12.6% in sales in this period, but are the companies with the highest profitability, both the return on equity (ROE) and return on assets (ROA). The analysis shows that there is a need to improve the expenses management.

The Catalan and La Rioja companies in this period have innovated and have continued on the path of the exporting tradition opening new markets.

On the other hand, the large wine companies of Languedoc-Roussillon in this period have opted for investments in non-current assets, to respond to the innovation of the wine sector, with third-party funds and, although they have a good assets and expenses management show too high indebtedness, although they increase sales and results in this period. Thus, Languedoc-Roussillon has made significant investments with high short-

term indebtedness, since it focuses on strategies of specialization and differentiation rather than low-cost strategies (Dukesneois et al., 2010).

The crisis period analysed is a period of changes in the financial economic health of wine companies due to the effects of innovation, internationalization and crisis in the three zones. In general, being large companies, in this period, the exporting tradition favours its economic financial health, and, despite being mostly family businesses, they are companies with differentials in products and processes.

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