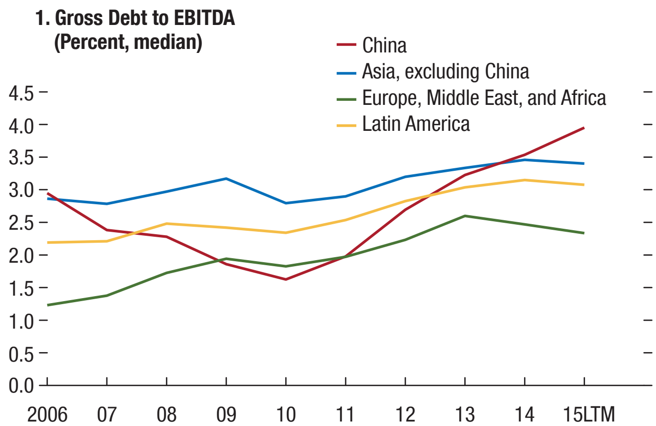
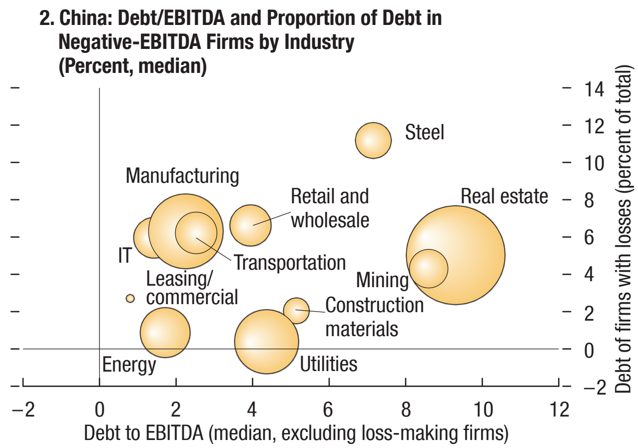
Figure 1.11. Chinese Listed Companies: Leverage, Interest Coverage, and Debt-at-Risk

Chinese firms' debt/EBITDA has more than doubled since 2010.



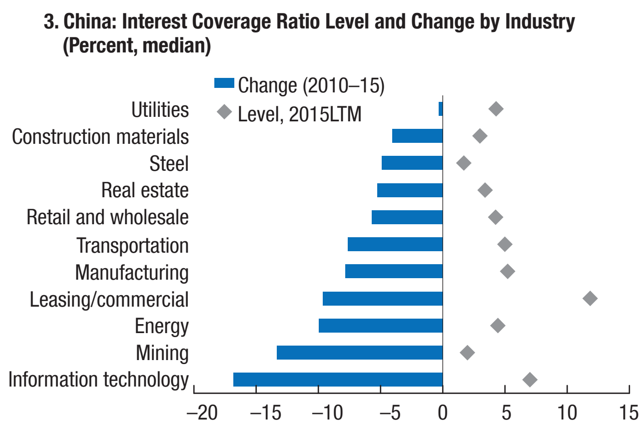
Sources: S&P Capital IQ; and IMF staff estimates.
Note: Ratios of companies with negative EBITDA are set to 10. The China sample contains 3,241 firms (2015LTM). EBITDA = earnings before interest, taxes, depreciation, and amortization; LTM = last 12 months.

Real estate, mining, and steel firms are among the most highly indebted and least profitable.



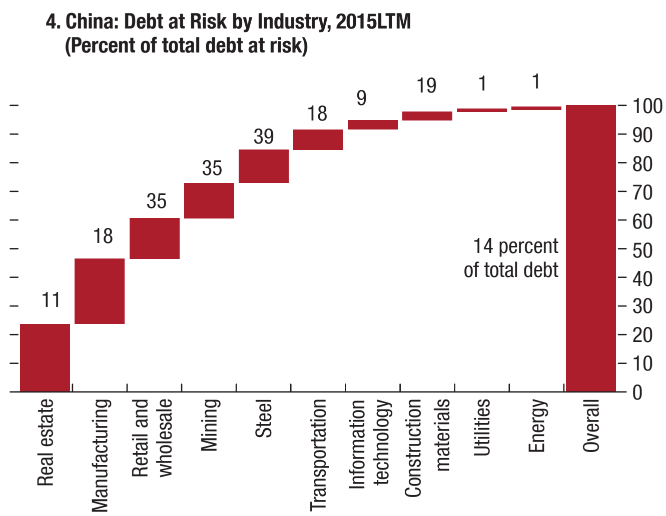
Sources: S&P Capital IQ; and IMF staff estimates.
Note: The size of the bubble represents the size of the sector based on its proportion of debt within the sample of listed corporations. The China sample contains 3,241 firms (2015LTM). EBITDA = earnings before interest, taxes, depreciation, and amortization; IT = information technology.

Declining profits have sharply lowered interest payment capacity in old economy industries ...



Sources: S&P Capital IQ; and IMF staff estimates.
Note: The China sample contains 2,878 firms (2015LTM). LTM = last 12 months.

... which also account for the bulk of listed company debt-at-risk.



Sources: S&P Capital IQ; and IMF staff estimates.
Note: The numbers above the bars represent the total debt at risk as a proportion of total debt within the industry. The sample contains 2,871 firms (2015LTM), including 2,607 listed firms and 264 unlisted firms. Debt-at-risk is defined as the debt of corporates with interest coverage ratio of below 1. Interest coverage ratio is EBITDA/interest expense of the corporate. 2015LTM = last 12 months; EBITDA = earnings before interest, taxes, depreciation, and amortization.