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Isaac M. O'Bannon • May. 30, 2013

The Private Company Report: Private Company Likelihood of Default Improving, Companies May Be Positioned to Borrow

New York — Private companies continue to grow at a healthy pace and are experiencing strong profit margins, according to a report on privately-held businesses.

The Private Company Report, issued monthly by financial information and risk management company [Sageworks](#), showed that businesses filing annual statements between November 2012 and April 2013 reported annual sales growth of about 10 percent. These companies also, on average, reported net profit margins close to 7 percent, a full two percentage points higher than the previous year.

In an analysis focusing on seasonal businesses, several “summer industries,” like restaurants and sporting goods stores, have posted higher sales growth rates during the past year than they did previously. Others, like gas stations, have seen a sharp drop in annual sales growth compared to last year.

Sageworks Chairman Brian Hamilton pointed out that the average probability of default for private companies appears to be headed in the right direction. “Despite this improvement in creditworthiness,” said Hamilton, “companies appear to be taking on less debt than a year ago. The improvement in default rates coupled with healthy sales and profitability show that private companies may be well positioned to borrow.”

Sageworks releases a monthly report on the state of privately held companies in America. It includes metrics on the average U.S. privately held company, as well as

the performance of notable sectors and industries. The full report, including sector

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