

18 July, 2014

Enterprises in Portugal 2008-2012

Large companies and the crisis

In spite of representing just 0.3% of the total companies in 2012, large companies (LC) were responsible for 28.5% of the persons employed and over 40% of the turnover and GVA generated in the non-financial sector. During the economic crisis that started by the end of 2008, LC have resisted better to its effects than SME. In fact, the existing LC in 2012 showed an increased average size, turnover per company and capacity to generate GVA comparing with 2008. Uncommonly, from 2008 to 2012, the average monthly salary has grown more among SME than LC.

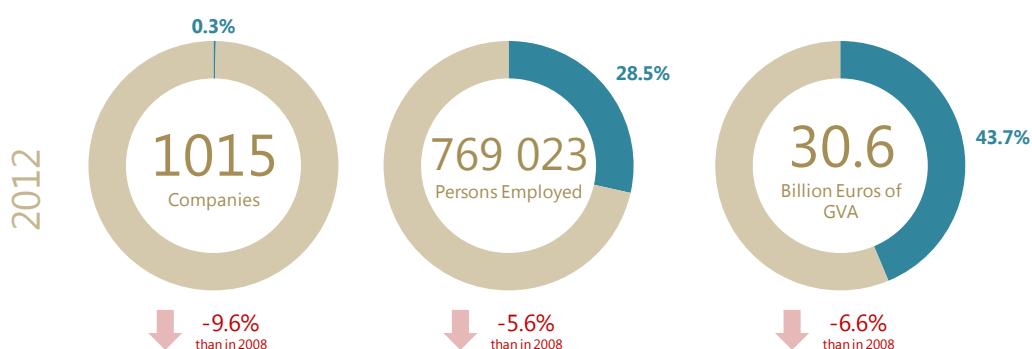
In spite of the relevance of LC in Portugal, information available (2011) reveals that, in most European countries, the relative weight of these companies is even larger.

LC, according with the adopted statistical convention (see methodological note, page 9), corresponds to companies that comply with at least one of the following two criteria: i) at least 250 persons employed or; ii) a turnover above 50 million Euros and total assets above 43 million Euros. Their importance in the economy justifies specific attention to this topic in the set of press releases that Statistics Portugal produces in the area of business statistics.

In this context, with this press release Statistics Portugal disseminates the main statistics of LC in Portugal in the period 2008-2012, seeking, in a first part, to establish comparisons with SME for the main economic and financial indicators and to understand the evolution of the average monthly salary. In the second part, an analysis of LC and its sectoral disaggregation and, in a third part, a comparison with European countries where data is available.

Large companies:

- 250 or more persons employed or
- Turnover above 50 million Euros and total Assets above 43 million Euros

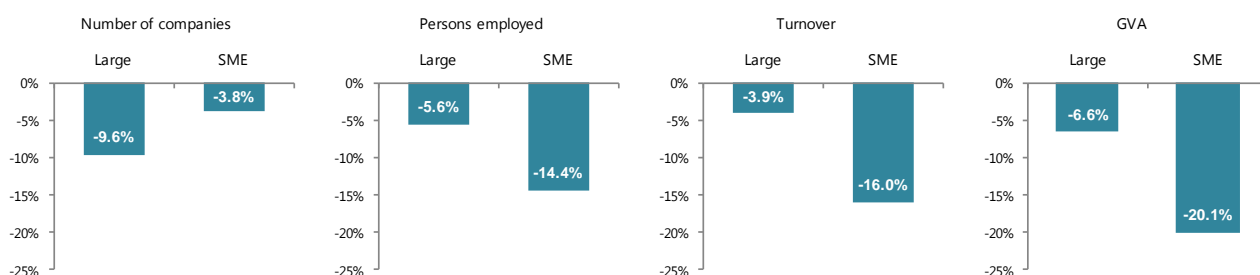


LARGE COMPANIES RESISTED BETTER TO THE CRISIS

Between 2008 and 2012, the decrease in the number of non-financial LC (-9.6%) was higher than in SME (-3.8%). Nonetheless, most economic indicators showed a less negative performance in LC than in SME during the crisis, with significantly smaller reductions in persons employed, turnover and GVA (-5.6%, -3.9% and -6.6%) than those of SME (-14.4%, -16.0% and -20.1%).

TURNOVER REDUCED LESS IN LARGE COMPANIES THAN IN SME

>> Figure 1 – Evolution of the main economic indicators of companies (2008-2012)

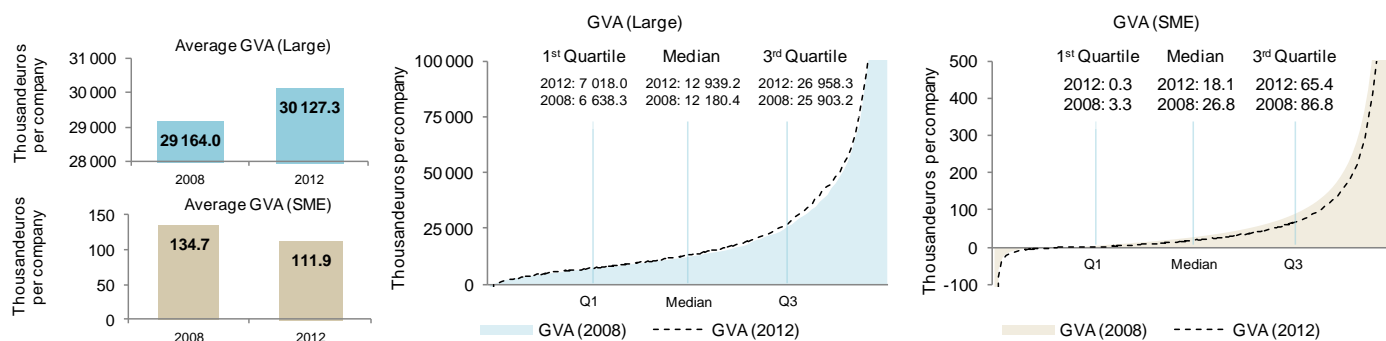


Source: Statistics Portugal, IBAS

INCREASE IN THE AVERAGE GVA OF LARGE COMPANIES AND DECREASE IN SME

The distribution of the GVA per LC has moved slightly upwards in the period covered, opposed to SME where a significant downward move was observed. As such, the increase of these companies' average GVA (from 29.2 to 30.1 million Euros) is associated with an increase throughout the entire distribution, signaling that existing LC in 2012 showed a higher capacity to generate value added. In effect, in 2012, over half of the companies had generated over 12.9 million Euros of GVA, 759 thousand above the 2008 values, and 25% over 26.9 million Euros, about a million over.

>> Figure 2 – Average GVA and distribution of GVA in large companies (2008-2012)¹



Source: Statistics Portugal, IBAS

¹ In a distribution of one variable, sorted by ascending order, the first quartile (Q1) corresponds to the value limiting the first 25% of the distribution, the median at 50% and the third quartile (Q3) at 75%

The debt and debt-to-equity ratios of companies were lower in 2012 than in 2008, but this decrease was smaller in LC than in SME, which may have been due (at least partially) to the fact that these companies suffered fewer restrictions to credit access.

LARGE COMPANIES KEPT A POSITIVE RETURN-ON-EQUITY IN 2012

In respect to economic ratios, LC, although with a decrease in the average net profit, kept positive values and positive returns which didn't occur in SME, where a decrease to more negative values was observed. The investment rate fell to about half of the 2008 values, both in LC and in SME.

>> Figure 3 – Main financial ratios of companies (2008-2012)

		Financial ratios		Economic ratios		
		Debt ratio	Debt-to-equity	Net profit per company	Return on equity	Investment rate
		Value		Euros	%	
Total non-financial companies	2012	0.72	2.61	-2 628	-0.7	15.2
	2008	0.74	2.82	11 387	3.2	30.0
Large	2012	0.71	2.49	3 804 806	7.0	15.5
	2008	0.72	2.58	3 830 466	8.5	29.8
SME	2012	0.73	2.70	-2 628	-5.7	15.0
	2008	0.75	2.97	-316	-0.1	30.1

Source: Statistics Portugal, IBAS

AVERAGE MONTHLY SALARY GREW MORE IN THE COMPANIES WITH THE LOWEST SALARIES

COMPANIES WITH THE LOWEST SALARIES SHOWED THE HIGHEST INCREASE IN THE AVERAGE MONTHLY SALARY

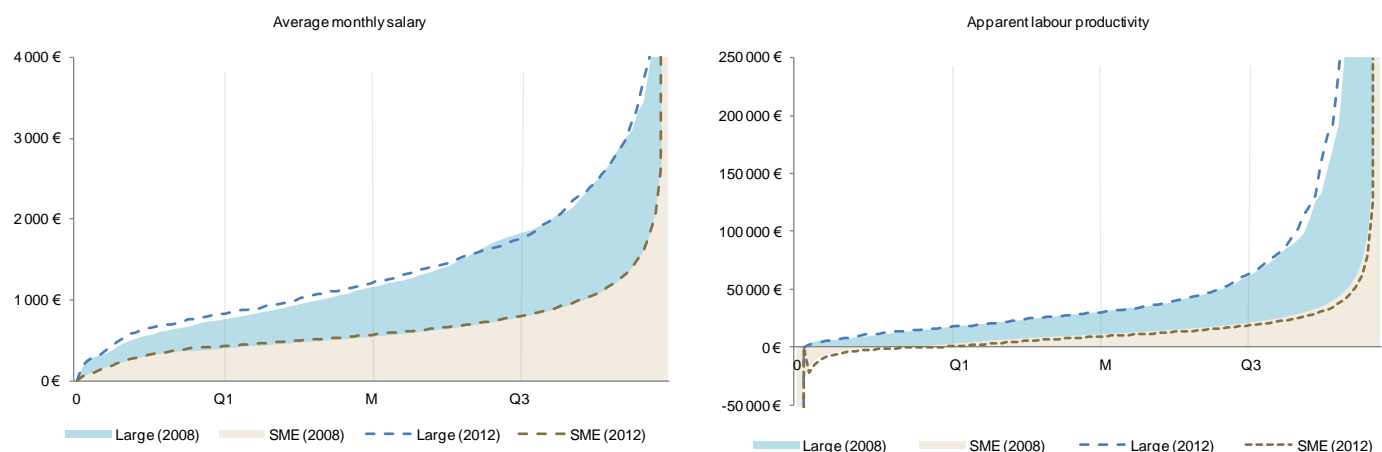
The average monthly salary was higher in LC than in SME, however it was on the latter that the highest increase in salaries between 2008 and 2012 occurred (5.7% against 1.4% in LC), which may be partially associated with the raise of the national minimum wage from 426 Euros in 2008 to 485 Euros from 2011, with an higher impact on the companies that paid the lowest salaries.

Based on the distribution of the average monthly salary, in 2012, 25% of LC paid an average salary below 832 Euros (68 more than in 2008) while the top 25% paid over 1 751 Euros (76 less than in 2008). Salaries tended to grow more in companies with the lowest salaries (first quartile) both in LC and in SME.

LC's apparent labour productivity was almost two times the SME's (39 485 Euros against 20 583 in SME in 2012), having also evolved in a less negative way than SME between 2008 and 2012.

The distribution of the apparent labour productivity has evolved differently in LC and SME, with a slight move upwards of the first and downwards of the latter.

>> Figure 4 – Distribution of the average monthly salary and apparent labour productivity (2008-2012)



Size	Year	Total companies		1 st Quartile		Median		3 rd Quartile	
		Eur	Var. Rate	Eur	Var. Rate	Eur	Var. Rate	Eur	Var. Rate
Large	2012	1 211 €	1.4%	832 €	9.0%	1 211 €	4.2%	1 751 €	-4.1%
	2008	1 194 €		764 €		1 162 €		1 827 €	
SME	2012	891 €	5.7%	423 €	6.7%	568 €	4.9%	799 €	2.3%
	2008	844 €		396 €		541 €		781 €	

Size	Year	Total companies		1 st Quartile		Median		3 rd Quartile	
		Eur	Var. Rate	Eur	Var. Rate	Eur	Var. Rate	Eur	Var. Rate
Large	2012	39 485 €	-2.2%	16 862 €	0.8%	29 302 €	0.2%	56 681 €	4.7%
	2008	40 358 €		16 731 €		29 245 €		54 159 €	
SME	2012	20 583 €	-5.9%	277 €	-87.3%	8 781 €	-15.8%	17 294 €	-11.4%
	2008	21 878 €		2 184 €		10 425 €		19 521 €	

Source: Statistics Portugal, IBAS

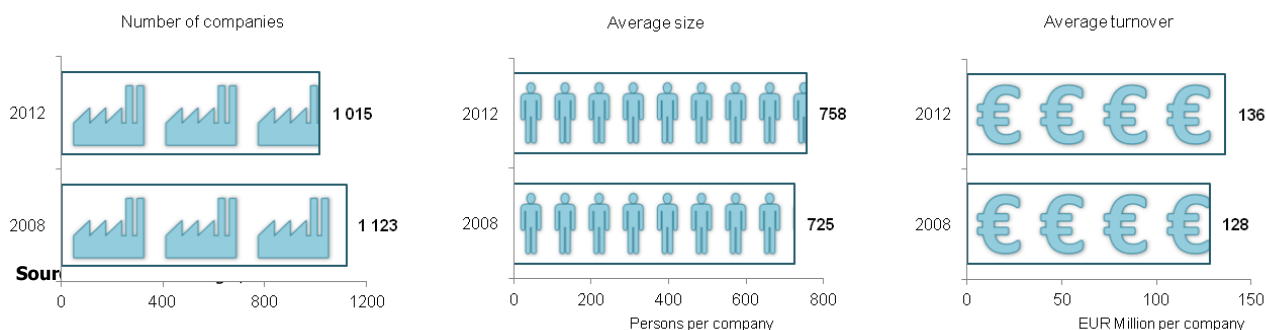
Having identified the differences in the evolution of the main economic indicators of LC against SME and in the distribution of the average monthly salary, it becomes important to highlight LC and split them by business sector, in order to better understand the consequences of the crisis in these companies.

DIFFERENT VARIATIONS AMONG BUSINESS SECTORS

LESS LARGE COMPANIES IN 2012 THAN IN 2008 BUT WITH A LARGER AVERAGE SIZE

The number of LC has decreased substantially between 2008 and 2012 (108 less companies). However, existing companies in 2012 presented a greater average size (758 persons employed per company in 2012 against 725 in 2008) and a higher turnover per company (136 million Euros in 2012 against 128 million in 2008).

>> Figure 5 – Number, average size and average turnover of large companies (2008-2012)



The business sectors have responded differently to the crisis, however a decreasing trend in most economic indicators in the main business sectors was observed.

GVA OF THE MINING AND MANUFACTURING AND OF DISTRIBUTIVE TRADE DECREASED OVER 10% BETWEEN 2008 AND 2012

>> Figure 6 – Main company indicators by business sector (2008-2012)

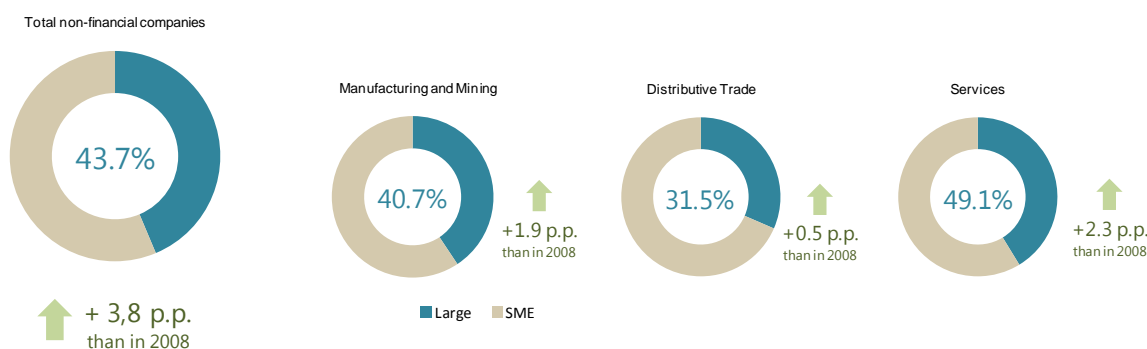
	Companies		Persons employed		Turnover		GVA	
	2012	Var. rate 08/12	2012	Var. rate 08/12	2012	Var. rate 08/12	2012	Var. rate 08/12
	Nº	%	Nº	%	10 ⁶ Euros	%	10 ⁶ Euros	%
Total non-financial companies	353 611	-3.8	2 695 317	-12.1	310 680	-11.0	70 038	-14.7
Large companies	1 015	-9.6	769 023	-5.6	138 210	-3.9	30 579	-6.6
Agriculture and Fishing	6	-14.3	2 023	-13.2	192	-25.2	51	-13.8
Manufacturing and Mining	300	-8.0	137 849	-11.0	41 976	2.5	6 578	-10.5
Energy and Water	50	51.5	18 675	2.9	17 237	11.5	3 692	21.6
Construction	64	-36.6	45 265	-29.3	7 881	-20.3	1 864	-17.1
Distributive Trade	174	-15.5	133 672	-1.6	40 375	-13.5	4 113	-18.4
Services	421	-6.4	431 539	-1.7	30 550	-0.3	14 281	-4.9

Source: Statistics Portugal, IBAS

The weight of LC in the non-financial sector's GVA increased between 2008 and 2012 to 43.7% (+3.8 p.p.). Focusing the analysis on the three business sectors with the greatest weight in the non-financial sector (Manufacturing and Mining, Distributive Trade and Services), the same trend was observed, with LC increasing their weight in each sector's GVA between 2008 and 2012.

LARGE COMPANIES OF THE MINING AND MANUFACTURING AND SERVICES INCREASED THEIR WEIGHT IN GVA

>> Figure 7 – Evolution of the share of large companies in the sectorial GVA (2008-2012)

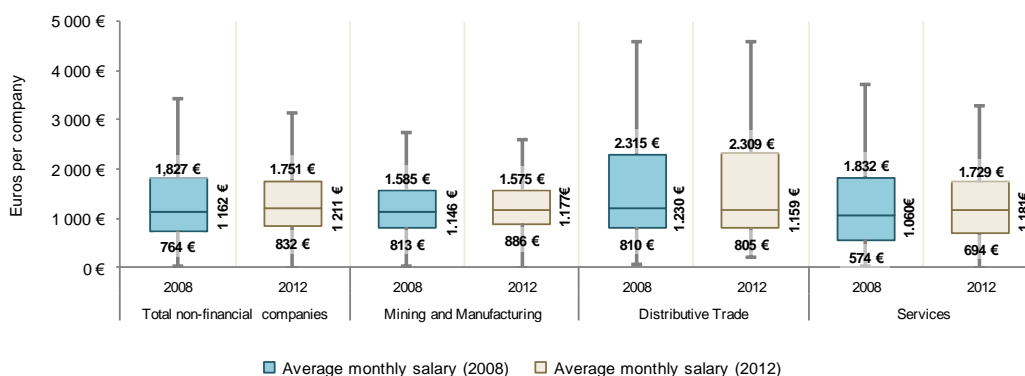


Source: Statistics Portugal, IBAS

Of the three main business sectors, the median of the average monthly salary of LC only decreased in the Distributive Trade sector between 2008 and 2012, increasing both in Mining and Manufacturing and in Services. In most business sectors, this period showed changes in the distribution of the average monthly salary, reducing, in most cases, the gap between companies that paid the highest and the lowest salaries.

GAP BETWEEN COMPANIES THAT PAID HIGHER AND LOWER AVERAGE MONTHLY SALARIES HAS REDUCED

>> Figure 8 – Distribution of the average monthly salary by business sector (2008-2012)²



Source: Statistics Portugal, IBAS

² In this figure, in each diagram, the following values are identified from bottom up: Q1, median, Q2
Enterprises in Portugal - 2008-2012

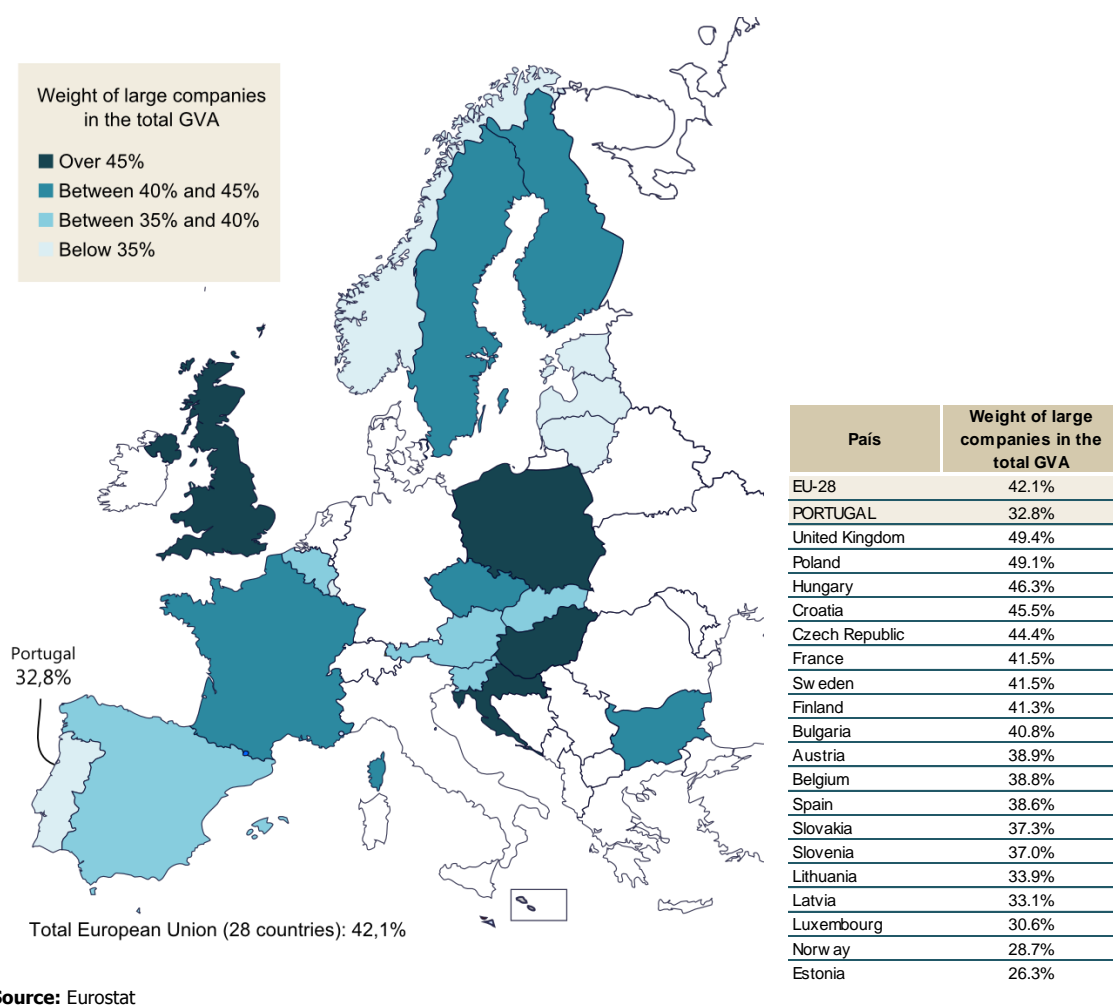
LOWER WEIGHT OF LARGE COMPANIES IN PORTUGAL³

THE WEIGHT OF LARGE COMPANIES IN THE TOTAL GVA IN PORTUGAL WAS BELOW EU-28 AVERAGE

In 2011, in the total European Union (28 countries), large companies accounted for 42.1% of the GVA created with Portugal presenting a below average importance (32.8%).

Among countries with available data, large companies had a higher share of the total GVA in the United Kingdom (49.4%), Poland (49.1%) and Hungary (46.3%). In Spain, this weight (38.6%) is clearly larger than in Portugal.

>> Figure 9 – Share of large companies in the total GVA (2011)



³ To effects of international comparability of information, the total enterprises were considered, covering sections B to N and S95 from NACE Rev.2 (NACE Rev.2 Section K is only covered partially by the data on insurance services, credit institutions and pension funds), considering as large companies all of the companies with 250 or more persons employed.

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- [Personnel expenses of enterprises by economic activity and legal form](#)
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PUBLICATIONS

- [Enterprises in Portugal - 2012](#)

EXTERNAL SOURCES

- [EUROSTAT - Annual enterprise statistics by size class for special aggregates of activities](#)

Methodological note:

Statistics Portugal disseminates the main statistical findings characterizing the structure and evolution of large companies in Portugal between 2008 and 2012. The disseminated statistical data was obtained from the Integrated Business Accounts System (IBAS), which results from a business statistics integration process, based on administrative data, with a focus on the Simplified Business Information (IES).

In this study, only companies from section A to S (except K and O) of NACE-Rev.2 were considered. In what concerns of international comparability of information, total enterprises were considered, covering sections B to N and S95 from NACE Rev.2 (NACE Rev.2 Section K is only covered partially by the data on insurance services, credit institutions and pension funds).

The classification of large companies was based on the recommendation of the Commission of May 6th, 2003. As such, companies were considered to be large when observing one of the following criteria:

- 250 or more persons employed **or**;
- Turnover above 50 million Euros and total assets above 43 million Euros

In what concerns of international comparability of information, large enterprises are considered to be all of the companies with 250 or more persons employed.

Economic and financial ratios:

Apparent labour productivity = GVA / Persons employed

Average GVA = GVA / Number of companies

Average monthly salary = (Salaries / Employees) / 14 Months

Average net profit = Net profit / Number of companies

Average size = Persons employed / Number of companies

Average turnover = Turnover / Number of companies

Debt ratio = Total liabilities / Total assets

Debt to Equity = Total liabilities / Equity

Return on equity = Net profit / Equity * 100

Investment rate = Gross fixed capital formation / GVA

Acronyms:

EU: European Union

GVA: Gross value added

IBAS: Integrated Business Accounts System

LC: Large companies

NACE Rev.2: European Classification of Economic Activities, Revision 2

p.p: Percentual points

SME: Small medium enterprise

Var. Rate: Variation rate

Information to users:

This and other information related with this study can be found on the official statistics' website: www.ine.pt