

28 September, 2015

## Enterprises in Portugal

2010-2014

### **GVA of non-financial enterprises increased by 3.7%, in nominal terms, in 2014**

Preliminary data of business statistics for 2014 reinforce the signs of growing in the Portuguese economy. The main economic indicators of non-financial sector recorded positive evolutions in 2014 with the GVA growing 3.7% and the gross operating surplus 6.9% towards 2013. SMEs showed a considerable dynamism with a growth rate of 4.6% in GVA compared to 2.1% observed in large companies. However, construction and real estate sector revealed declines in all the main indicators.

Analyzing the interquartile distribution of GVA in non-financial sector the increasing of GVA in all sectors was noteworthy, with half of the companies showing GVA levels in 2014 higher than in 2013.

In 2014, the exporting profile companies represented 32.8% of GVA and 23.2% of the number of persons employed from all non-financial companies, respectively, 1.3 percentage points and 0.6 percentage points more compared to the year 2013.

With this press release Statistics Portugal disseminates the preliminary data of the Integrated Business Accounts System (IBAS) for 2014.

Due to the implementation of SEC2010 in National Accounts, which implied changes in the classification of the institutional sector of entities affecting the delimitation of the enterprises sector, business statistics data series have been revised in order to increase the consistency with National Accounts.

The press release will focus on structural aspects related with the number of persons employed and the economic and financial performance of the business sector in 2014 and its evolution from 2013, and is divided into three main areas of analysis: Non-financial enterprises, non-financial companies and companies with exporting profile.

## NON-FINANCIAL ENTERPRISES

In 2014 the non-financial business sector has shown a positive evolution of the main economic indicators. Comparing with the previous year, there were growth rates of 3.7% in the Gross Value Added (GVA) and 6.9% in the Gross Operating Surplus (GOS). Also the number of persons employed increased by 1.7% over the previous year. Companies registered the highest growing rates in the key economic indicators, with the exception of GVA and personal costs where individual enterprises had a higher increase (4.0% and 3.2%, respectively). The sector of Accommodation and food services showed the highest growth rate of turnover (9.0%) and GOS (21.6%). In the Construction and real estate sector the indicators continued trending downwards.

### MAIN INDICATORS OF THE NON-FINANCIAL BUSINESS SECTOR INCREASED IN 2014

>> **Figure 1 – Main economic indicators of non-financial enterprises (2013-2014)**

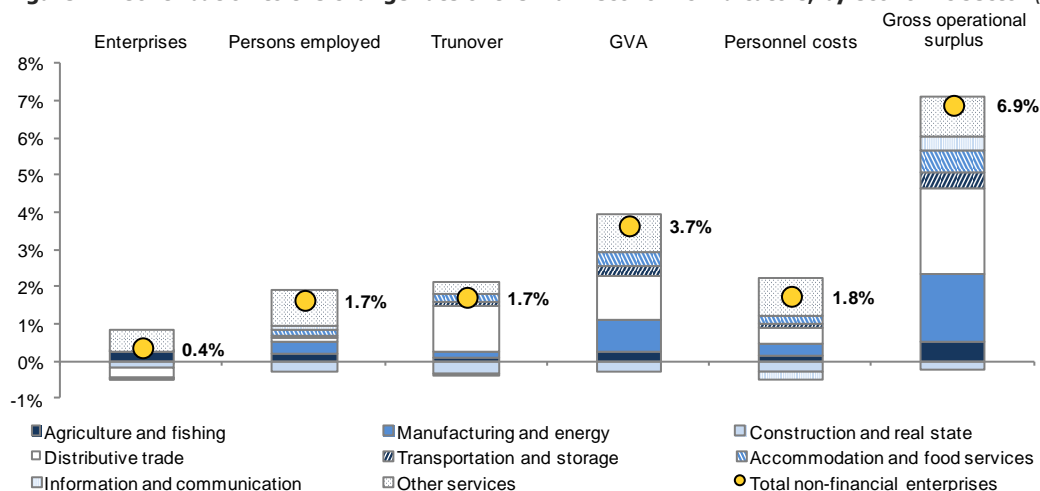
	Enterprises		Persons employed		Turnover		GVA		Personnel costs		Gross operational surplus	
	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14
	Nº	%	Nº	%	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%
Total non-financial enterprises	1 101 666	0.4	3 429 392	1.7	322 847	1.7	75 591	3.7	44 439	1.8	31 602	6.9
<i>Legal form</i>												
Individual enterprises	741 392	-0.1	835 572	0.1	14 511	1.4	5 832	4.0	1 232	3.2	4 812	5.0
Companies	360 274	1.3	2 593 820	2.2	308 336	1.8	69 759	3.6	43 207	1.7	26 790	7.3
<i>Size</i>												
Large	974	1.8	685 657	4.2	131 301	0.4	27 955	2.1	14 392	1.0	13 361	3.1
SME	1 100 692	0.4	2 743 735	1.0	191 546	2.6	47 636	4.6	30 047	2.1	18 242	9.9
<i>Activity sector</i>												
Agriculture and fishing	110 860	2.7	167 264	3.9	5 770	4.0	1 386	14.2	817	7.9	1 040	16.6
Manufacturing and energy	69 596	-0.2	698 058	1.8	105 826	0.6	23 572	2.9	11 674	1.2	11 832	4.8
Construction and real state	108 079	-1.4	344 239	-2.5	22 227	-4.3	6 636	-3.2	4 473	-2.5	1 888	-3.1
Distributive trade	223 689	-1.3	725 582	0.3	120 580	3.2	14 876	6.0	9 695	2.0	5 019	15.5
Transportation and storage	22 066	-1.5	150 614	1.9	17 833	1.8	6 072	3.5	3 471	1.4	2 621	5.1
Accommodation and food services	81 820	-0.5	271 458	2.2	9 183	9.0	3 423	8.1	2 379	3.9	1 029	21.6
Information and communication	14 582	0.5	85 024	2.8	11 387	-2.3	4 911	0.1	2 418	-3.8	2 454	4.6
Other services	470 974	1.4	987 153	3.5	30 042	3.6	14 716	5.3	9 513	5.0	5 719	5.8

Source: Statistics Portugal, IBAS

### DISTRUBUTIVE TRADE AND OTHER SERVICES CONTRIBUTED MOSTLY FOR THE GROWTH RATES OBSERVED IN NON-FINANCIAL BUSINESS SECTOR

Distributive trade sector was the largest contributor to the growth in turnover, GVA and GOS in the total non-financial enterprises in 2014. The other services sector was the main responsible for the growth in the number of enterprises and the number of persons employed, having also had an important role in the growth of the remaining economic indicators.

>> **Figure 2 – Contribution to the change rate of the main economic indicators, by economic sector (2014)**



Source: Statistics Portugal, IBAS

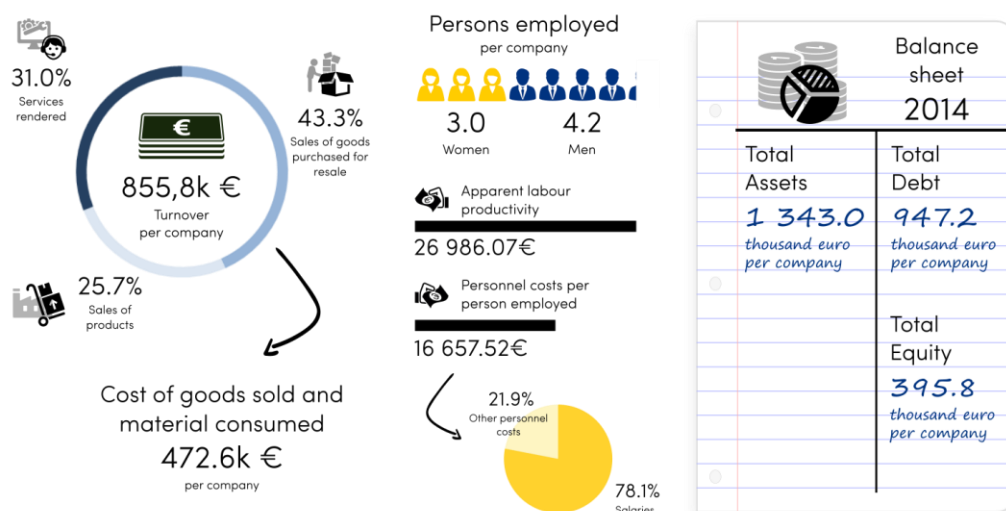
## NON-FINANCIAL COMPANIES

Focusing the analysis on the non-financial companies, the number of male workers exceeded, on average, the female: 4.2 men against to 3.0 women per company in 2014.

**IN 2014, EACH COMPANY EMPLOYED  
ON AVERAGE 4,2 MEN AGAINST 3  
WOMEN**

GVA generated by each person employed was €26 986.07 per person. Furthermore, each company spent €16 657.52 on average per worker, 78.1% of which related with wages and salaries. Each society has generated an average of €855.8 thousands of turnover, of which 43.3% related to sales of goods. Regarding the balance sheet, on average, companies showed some financial fragility, with the amount of liabilities more than duplicating the equity amount and representing more than 70% of their total assets.

>> **Figure 3 – Main average indicators of non-financial companies (2014)**



Source: Statistics Portugal, IBAS

## ECONOMIC PERFORMANCE OF COMPANIES

### ACCOMMODATION AND FOOD SERVICES SECTOR WITH THE HIGHER GROWTH RATE OF GOS IN 2014

The economic performance of companies recorded favourable evolutions for the main economic indicators. Remarkable was the performance of SMEs with a growth rate of 4.7% of GVA and 11.8% of GOS. For the large enterprises, growth rates of these indicators were lower, although positive:

2.1% and 3.1%, respectively.

The weight of GVA in each unit produced was 34.1% for the total non-financial companies, reaching maximum values in the Distributive trade sector (48.0%), Other Services sector (46.0%) and Information and Communication sector (45.0%).

>> **Figure 4 – Main economic performance indicators of non-financial companies (2013-2014)**

	Turnover		GVA		Gross value added rate		Gross operational surplus		Net profit		Return on sales	
	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14
	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	%	p.p	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	%	p.p
Total non-financial enterprises	308 336	1.8	69 759	3.6	34.1	0.9	26 790	7.3	4 913	18.6	1.6	0.2
<i>Size</i>												
Large	131 301	0.4	27 955	2.1	31.1	1.2	13 361	3.1	2 697	-41.1	2.1	-1.4
SME	177 035	2.7	41 804	4.7	36.4	0.5	13 430	11.8	2 216	606.4	1.3	1.5
<i>Activity sector</i>												
Agriculture and fishing	4 048	6.4	837	14.8	23.6	1.9	425	18.6	30	239.5	0.7	1.3
Manufacturing and energy	104 963	0.6	23 256	2.9	25.5	0.7	11 634	4.9	4 701	18.4	4.5	0.7
Construction and real state	21 326	-4.4	6 174	-3.5	32.1	0.6	1 563	-4.6	- 164	82.8	-0.8	3.5
Distributive trade	114 511	3.3	13 907	6.1	48.0	0.4	4 393	16.9	1 362	177.5	1.2	0.7
Transportation and storage	17 785	1.8	6 045	3.5	33.8	0.5	2 598	5.1	557	25.3	3.1	0.6
Accommodation and food services	7 755	9.4	2 712	8.8	38.5	0.2	474	45.2	- 420	45.9	-5.4	5.5
Information and communication	11 322	-2.3	4 860	0.1	45.0	1.0	2 408	4.5	- 2 158	-1344.9	-19.1	-20.6
Other services	26 627	3.9	11 969	6.1	46.0	1.1	3 296	8.8	1 005	23.7	3.8	0.6

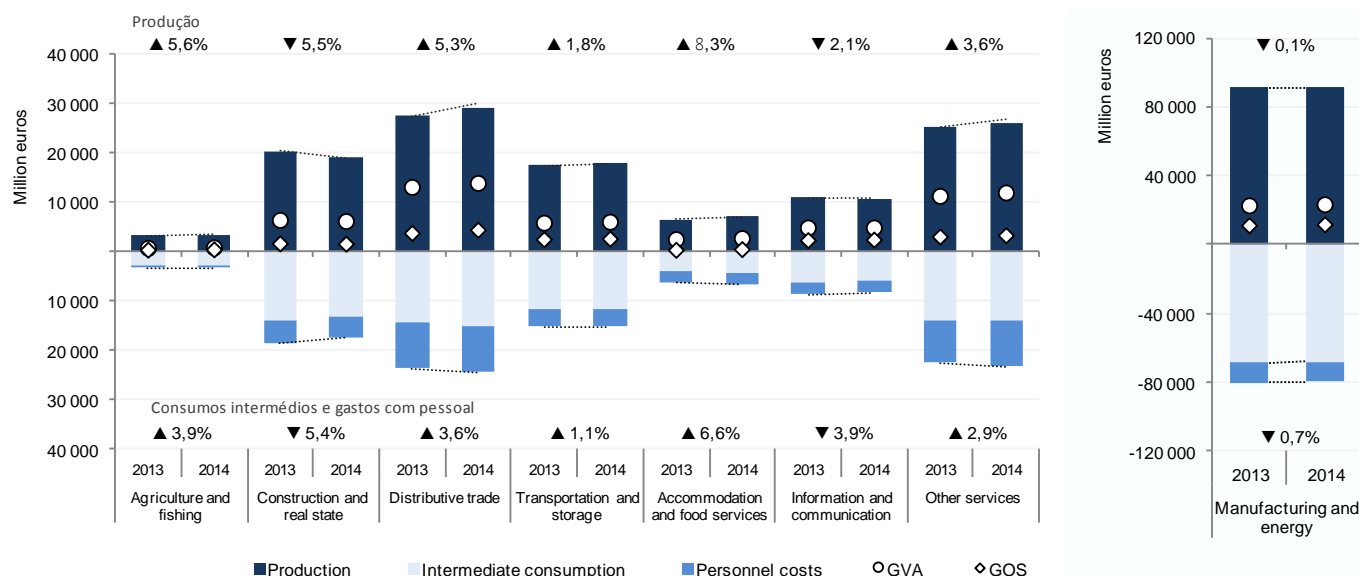
Source: Statistics Portugal, IBAS

Manufacturing and energy sector stood out clearly from the other sectors with the highest levels of GVA and GOS, having nevertheless registered a decrease of 0.1% in the production value. For the remaining sectors, an overall growth was registered in the production, intermediate consumption and personnel costs, except for the Construction and real estate and Information and communication sectors<sup>1</sup>. Although with production levels below 10 000 million, the Accommodation and food services sector was the one which recorded the highest increase in this indicator in 2014 (8.3%). This sector also recorded the highest percentage increase in intermediate consumption and personnel costs (6.6%), which somehow contributed to the GVA and the GOS having been among the lowest in 2014.

### ACCOMMODATION AND FOOD SERVICES WITH A PRODUCTION GROWTH RATE OF 8,3% IN 2014

<sup>1</sup> The values observed in 2014 in the Information and communication sector were strongly influenced by the merger of two national communication operators, which resulted in a revaluation of assets in low.

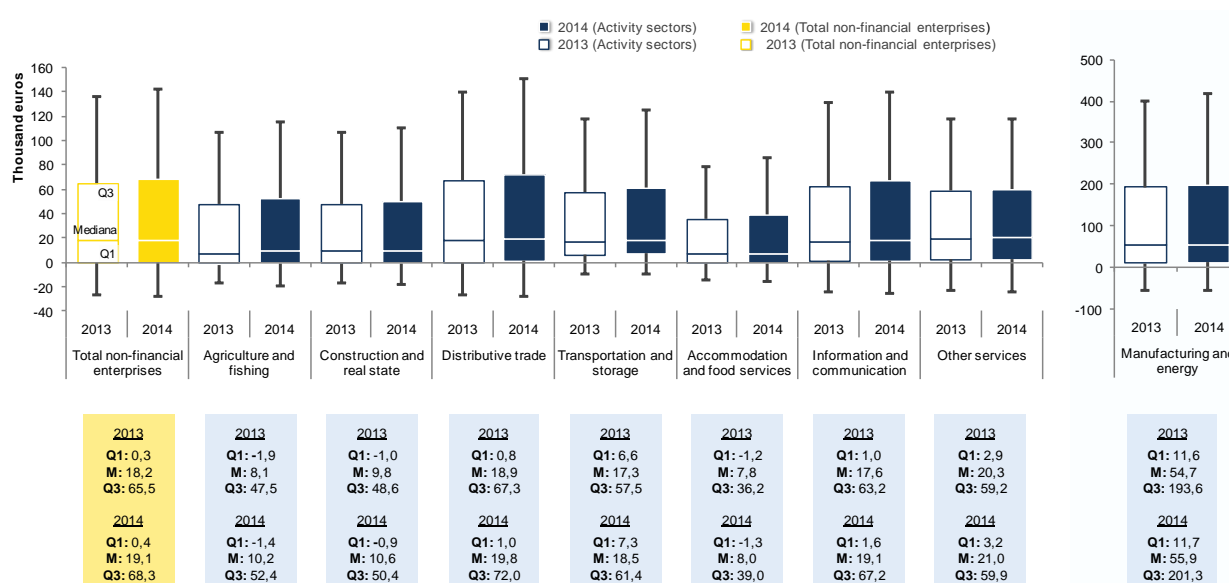
>> Figure 5 – Production, intermediate consumption and personnel costs by activity sector (2013-2014)



## 25% OF MANUFACTURING AND ENERGY COMPANIES WITH GVA HIGHER THAN 201,3 MILLION EUROS

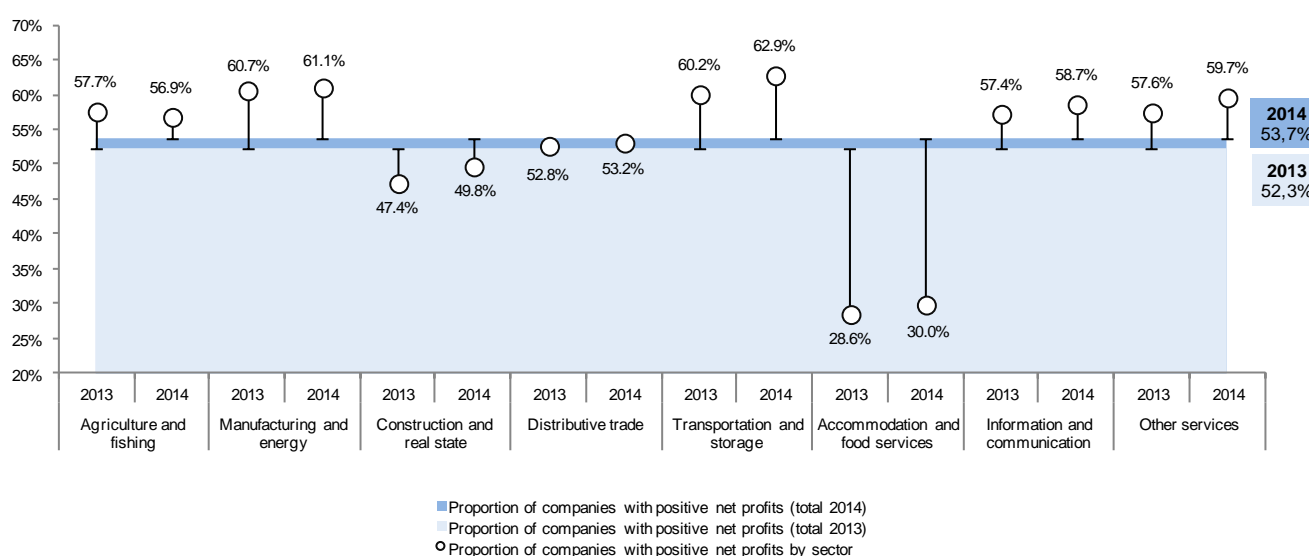
Analyzing the interquartile distribution of GVA of non-financial companies the overall increase of this indicator was evident, with half of the companies presenting GVA levels higher in 2014 vis-à-vis 2013. Comparing the distribution of results for the two years, increases were observed in the median (M), in the first and third quartile (Q1 and Q3) in practically all sectors. Also noteworthy was the Manufacturing and energy sector, where 25% of the companies recorded GVA levels higher than €201.3 million, about €8 million more than in 2013.

>> Figure 6 – Distribution of GVA by activity sector (2013-2014)



In 2014, 53.7% of total non-financial companies showed positive net profits, 1.4 percentage points plus over the previous year. This average was surpassed in five of the eight activity sectors, with highlight for Manufacturing and energy and Transportation and storage sectors, where more than 60% of companies reported positive net profits. Among the sectors which are the average of all companies, noteworthy is the Accommodation and food service sector which recorded a positive net profit, for only 30% of the companies in 2014. Transportation and storage sector was the one that recorded the largest increase in the proportion of firms with positive results, 2.7 percentage points more than in 2013.

>> **Figure 7 – Proportion of companies with positive net profits by activity sector (2013-2014)**



Source: Statistics Portugal, IBAS

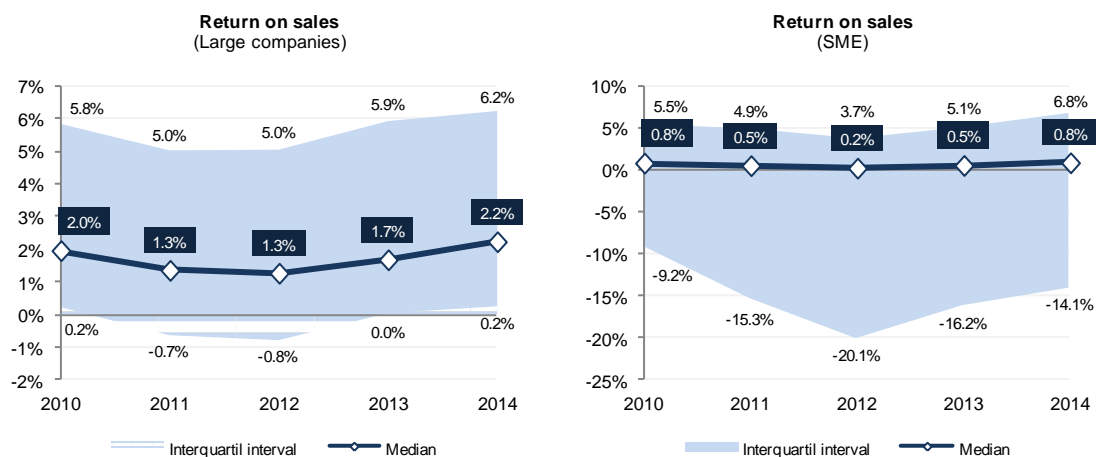
The distribution of the return on sales, during the period 2010-2014, indicates that in 2013 this indicator showed positive signs, having the value in 2014 exceeded even the figure for 2010 (2.2% versus 2.0%, respectively).

**RETURN ON SALES IMPROVED FROM  
2013 ONWARDS**

The large companies had clearly higher values than those of SMEs, being this difference particularly observed by comparing the values of the first quartile and the median. In 2014, 50% of large companies had a return on sales higher than 2.2%, being 0.8% in the case of SMEs. In the same year, 25% of large companies had a return on sales less than 0.2%, being -14.1% for SMEs.



>> **Figure 8 – Distribution of return on sales by company dimension (2010-2014)**



Source: Statistics Portugal, IBAS

## FINANCIAL SITUATION OF COMPANIES

In 2014, the equity ratio of non-financial companies remained unchanged from the previous year, staying stable at 0.29 although with heterogeneous behaviour in the different activity sectors.

**EQUITY RATIO OF NONO-FINANCIAL COMPANIES REMAINED UNCHANGED IN 2014**

>> **Figure 9 – Main financial indicators of non-financial companies (2013-2014)**

	Assets		Liabilities		Equity		Equity ratio	
	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14
	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	10 <sup>6</sup> Euros	%	Nº	Nº
Total non-financial companies	483 844	-1.3	341 260	-1.0	142 584	-2.1	0.29	0.00
<i>Size</i>								
Large	168 850	-6.4	119 079	-4.1	49 771	-11.7	0.29	-0.02
SME	314 994	1.6	222 181	0.7	92 813	3.9	0.29	0.01
<i>Activity sector</i>								
Agriculture and fishing	10 611	5.4	6 611	5.7	4 000	4.8	0.38	0.00
Manufacturing and energy	155 593	0.6	103 261	-2.7	52 332	7.7	0.34	0.02
Construction and real state	104 526	-1.8	77 252	-3.7	27 274	4.3	0.26	0.02
Distributive trade	78 053	1.1	53 053	-0.8	25 000	5.3	0.32	0.01
Transportation and storage	35 041	1.8	29 623	3.2	5 418	-5.0	0.15	-0.01
Accommodation and food services	18 342	-2.5	14 103	-5.8	4 240	9.9	0.23	0.03
Information and communication	21 573	-33.3	17 659	-3.0	3 913	-72.3	0.18	-0.26
Other services	60 105	6.4	39 699	8.0	20 406	3.6	0.34	-0.01

Source: Statistics Portugal, IBAS

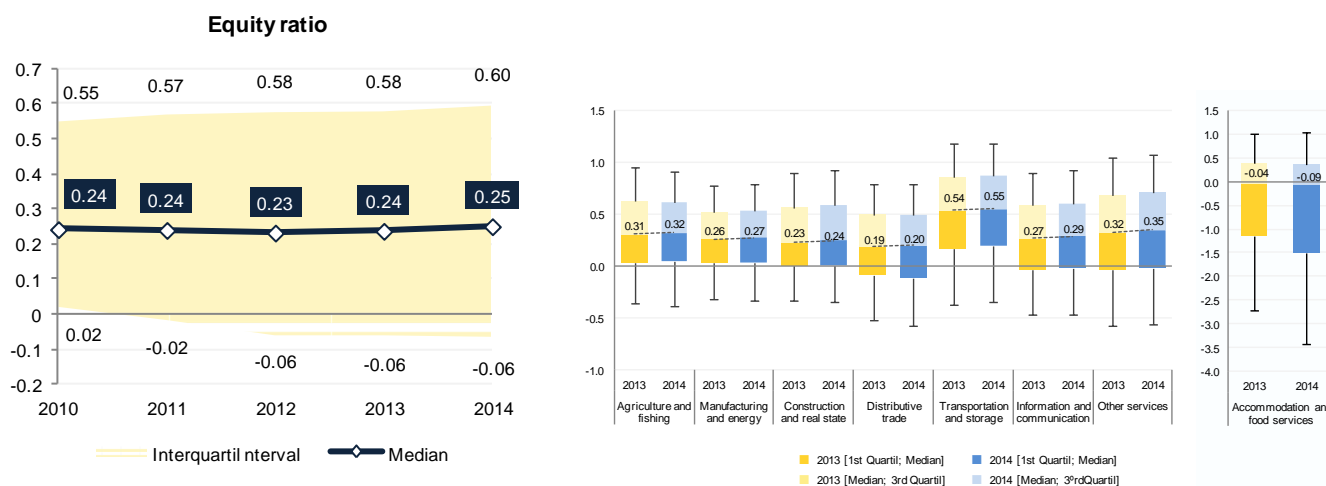
**50% OF THE COMPANIES OF  
TRANSPORTATION AND STORAGE WITH  
AN EQUITY RATIO HIGHER THAN 0,55  
IN 2014**

The evolution of the distribution of the equity ratio of non-financial companies, shows a greater coverage of assets by equity for most of the activity sectors with the exception of Accommodation and food service sector, in which the central point of the distribution registered a slight

decrease from 2013 to 2014.

The highest median was observed in the Transportation and storage sector, with half of the companies showing an equity ratio greater than 0.55, having been the highest median value among all sectors.

>> **Figure 10 – Distribution of the equity ratio of non-financial companies by activity sector (2010-2014)**



Source: Statistics Portugal, IBAS

## EMPLOYMENT AND PRODUCTIVITY OF COMPANIES

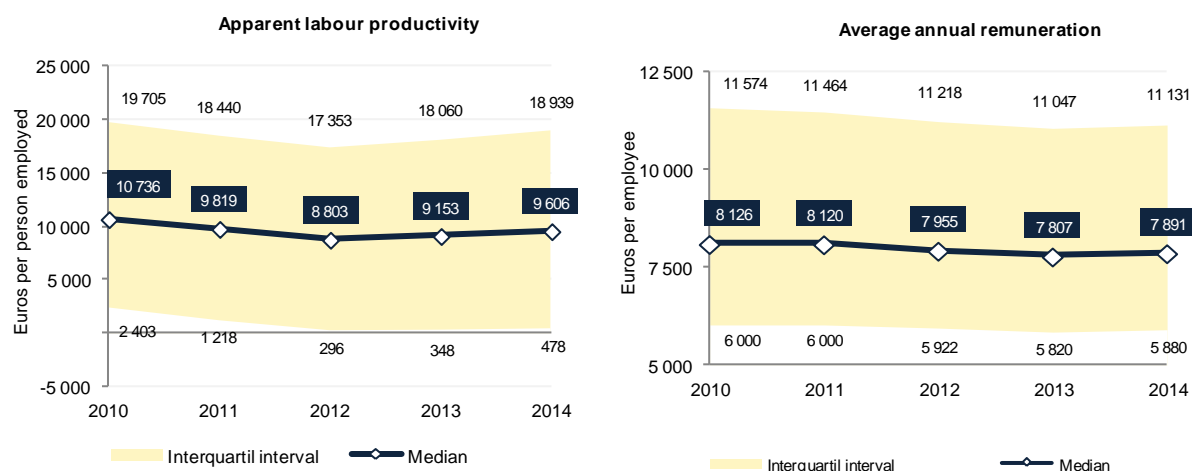
The year 2013 marked the beginning of an improved performance of non-financial companies in Portugal, namely, the apparent labour productivity and average annual remuneration, visible through the moving up of the median and the first and third quartiles of the distribution.

From 2013 to 2014 the median of the distribution of apparent labour productivity increased by €453 per person, corresponding to an increase of 4.95%. Concerning the average annual remuneration in 2014, 50% of companies paid salaries between €5 880 and €11 131 per person showing a greater interquartile range compared to 2013, explained by an increase in the third quartile (Q3) higher than the increase in the first quartile (Q1). Concerning the median evolution an increase of 1.08% was recorded in 2014, 3.9 percentage points below the growth observed in the apparent labour productivity, consequently reflecting an increase in the gross profit margin.

## IMPROVEMENT IN THE APPARENT LABOUR PRODUCTIVITY AND AVERAGE ANNUAL REMUNERATION OF COMPANIES IN 2014



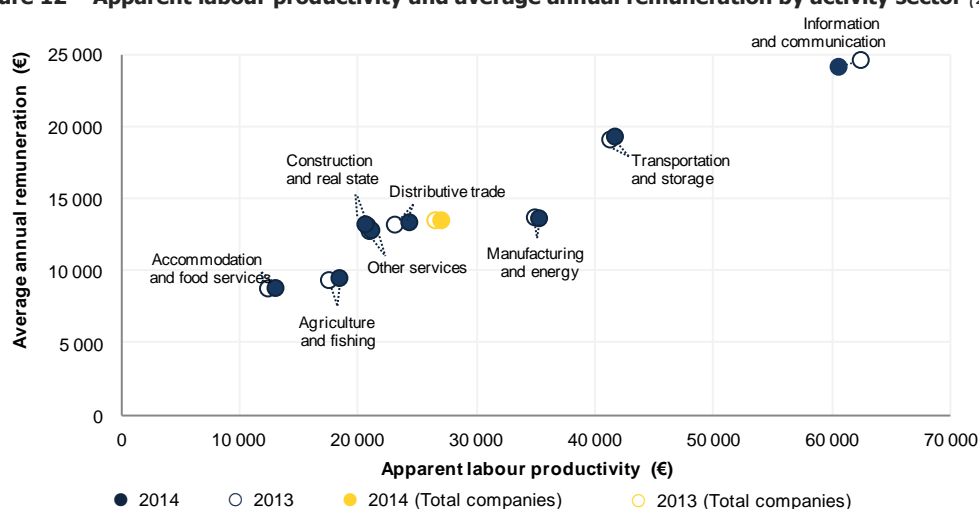
>> **Figure 11 – Distribution of the apparent labour productivity and average annual remuneration (2010-2014)**



Source: Statistics Portugal, IBAS

Most of the activity sectors recorded increases both for the apparent labour productivity and for the average annual remuneration from 2013 to 2014. The exceptions were the Information and communication sector with decreases in both indicators, the Manufacturing and energy sector which recorded a decrease in the average annual remuneration and the Construction and real estate sector that reduced the apparent labour productivity.

>> **Figure 12 – Apparent labour productivity and average annual remuneration by activity sector (2013-2014)**



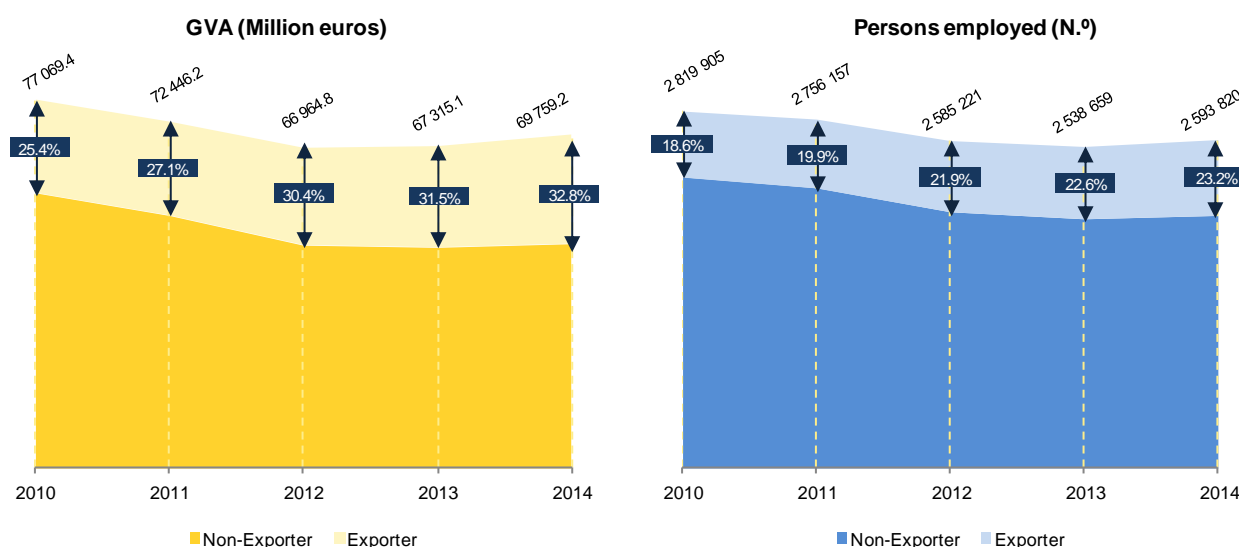
Source: Statistics Portugal, IBAS

## EXPORTING PROFILE COMPANIES

Over the period 2010-2014, in 2013 there was an inversion of the downward trend in the total GVA of non-financial companies. Despite that, the contribution of exporting profile companies for the generation of GVA of all companies increased throughout the period, from 25.4% in 2010 to 32.8% in 2014. A similar situation occurred in relation to the contribution of exporting profile companies, to the number of persons employed in total companies, which grew from 18.6% in 2010 to 23.2% in 2014.

**EXPORTING PROFILE COMPANIES  
REPRESENTED 32,8% OF GVA AND  
23,2% OF THE NUMBER OF PERSONS  
EMPLOYED IN 2014**

>> **Figure 13 – GVA and number of persons employed per exporter and non-exporter company (2010-2014)**



Source: Statistics Portugal, IBAS

The activity sectors that concentrated the highest number of exporting companies and where they mostly contributed to the total number of persons employed in 2014 were the Manufacturing and energy, Information and Communication and Transportation and storage.

With regard to the contribution of exporting companies for the turnover and GVA, the Information and communication sector lost some importance giving the place to the Construction and real estate sector in the ranking of the top three. In terms of evolution over the previous year, highlight for the exporting companies of the Accommodation and food services sector, with increases of 15.1% in the number of companies, 21.4% in turnover and 24.1% in GVA. The information and communication sector has recorded the largest increase of persons employed (18.6%).

>> **Figure 14 – Main economic indicators by exporting and non-exporting company and by activity sector (2013-2014)**

	Agriculture and fishing		Manufacturing and energy		Construction and real state		Distributive trade		Transportation and storage		Accommodation and food services		Information and communication		Other services	
	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14	2014	Var. 13-14
<b>Exporter companies</b>																
Number of companies (n°)	556	6.9	6 300	3.1	2 534	5.0	5 762	5.4	1 898	-2.9	213	15.1	1 079	14.2	3 720	10.2
(% total) <sup>1</sup>	4.2	0.0	15.5	0.3	4.0	0.2	6.1	0.3	10.9	-0.1	0.6	0.1	11.6	1.1	4.2	0.3
Persons employed (n°)	7 803	3.4	347 264	3.1	64 358	-0.3	52 667	4.8	49 139	11.3	5 145	16.1	24 620	18.6	51 832	12.2
(% total) <sup>1</sup>	13.4	-0.4	52.8	0.6	22.5	0.5	9.3	0.3	33.7	2.8	2.5	0.3	30.9	4.0	8.7	0.6
Turnover (10 <sup>6</sup> euros)	722	4.2	68 114	6.2	5 958	-5.1	16 345	2.5	9 628	5.1	327	21.4	2 520	-16.4	5 049	2.8
(% total) <sup>1</sup>	17.8	-0.4	64.9	3.4	27.9	-0.2	14.3	-0.1	54.1	1.7	4.2	0.4	22.3	-3.7	19.0	-0.2
GVA (10 <sup>6</sup> euros)	171	0.3	13 254	12.8	1 949	-6.6	2 095	6.1	2 102	7.1	137	24.1	1 177	-1.4	2 002	2.6
(% total) <sup>1</sup>	20.4	-3.0	57.0	5.0	31.6	-1.0	15.1	0.0	34.8	1.2	5.1	0.6	24.2	-0.4	15.7	-0.6
<b>Non-Exporter companies</b>																
Number of companies (n°)	12 778	6.6	34 254	0.6	60 816	-0.5	89 133	-0.2	15 530	-1.9	33 456	2.6	8 248	2.0	83 997	2.7
Persons employed (n°)	50 231	7.0	310 986	0.6	222 068	-3.1	513 720	0.6	96 567	-2.2	201 632	3.2	55 107	-2.3	540 681	4.4
Turnover (10 <sup>6</sup> euros)	3 325	6.9	36 849	-8.3	15 369	-4.2	98 166	3.2	8 156	-1.8	7 428	9.0	8 802	4.4	21 577	4.2
GVA (10 <sup>6</sup> euros)	666	19.3	10 002	-7.9	4 226	-2.1	11 812	5.4	3 943	1.7	2 575	8.1	3 682	-27.0	9 967	6.8

<sup>1</sup> Variation in percentual points

Source: Statistics Portugal, IBAS

### Methodological note:

The disseminated statistical data correspond to the preliminary data from the Integrated Business Accounts System (IBAS), to non-financial enterprises, for the reference year 2014. This data was obtained from IBAS, which results from a business statistics integration process, based on administrative data, with a focus on the Simplified Business Information (IES). The results obtained are based in the accounting information of enterprises and are not subject to the statistic treatment inherent to the national accounts. However, due to the implementation of SEC2010 in National Accounts, which implied changes in the classification of the institutional sector of entities affecting the delimitation of the enterprises sector, the business statistics data series have been revised. In this context, this press release shows the main business statistical findings already revised for the period 2010-2014.

In this study, only companies from section A to S (except K and O) of NACE-Rev.2 were considered. The sectors were aggregated in 8 larger groups: Agriculture and fishing (section A of NACE-Rev.2), manufacturing and energy (sections B to E), construction and real estate (sections F to L), distributive trade (section G), transportation and storage (section H), accommodation and food services (section I), information and communication (section J) and other services (sections M to S).

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 and total assets above €43 million

The remaining companies were considered **SME**.

In this study, companies were considered to be **exporting companies** when observing the following criteria

- Companies where at least 50% of the turnover originates from the export of goods and services, **or**;
- Companies where at least 10% of the turnover originates from the export of goods and services and the total value of exports is above €150 000.

The distribution of variables was explored in this study. In a distribution of a variable, sorted in 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%.

### Economic and financial ratios:

Equity ratio = Total equity / Total assets

Apparent labour productivity = GVA / Persons employed

Average monthly salary = (Salaries / Total employees) / 14 months

Return on sales = Net income / Turnover\* 100

Investment rate = Gross fixed capital formation / GVA \* 100