



## STATISTICAL PRESS RELEASE

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# Sectoral analysis of manufacture of food products 2010-15

16 June 2016

Banco de Portugal updates today [Central Balance Sheet Study | 4 – Sectoral Analysis of Manufacture of Food Products](#) with information on the economic and financial situation of enterprises in manufacture of food products<sup>1</sup> from 2010 to 2015.

This study was published for the first time in 2011, with information for the 2006-11 period.

Results, derived from data from Banco de Portugal's Central Balance Sheet Database, are broken down by size class – microenterprises, small and medium-sized enterprises (SMEs) and large enterprises – and compared with results for the manufacturing sector (Section C of CAE-Rev.3) and total enterprises.

### Structure and dynamics

#### The weight of manufacture of food products in total enterprises remained relatively unchanged from 2010 to 2014

In 2014 manufacture of food products comprised approximately 2 per cent of total enterprises in Portugal (5,900 enterprises), accounting for around 4 per cent of the number of employees and 3 per cent of turnover. These weights remained relatively unchanged in the 2010-14 period. The importance of manufacture of food products in the manufacturing sector also remained broadly unchanged, totalling around 14 per cent of the number of enterprises and employees and 15 per cent of their turnover.

Between 2010 and 2014, the number of enterprises which started their activity in the sector was, overall, higher than the number of enterprises which ceased

activity, resulting in a positive demographic balance every year, with the exception of 2012 (Chart 1).

In 2014 for each enterprise in the sector ceasing activity, 1.4 new enterprises were created. The birth/death ratio stood 0.17 percentage points (p.p.) above the ratio of total enterprises, reaching the highest level in the 2010-14 period, due to a decrease of 1.1 p.p. in the death rate (which was higher than the decline seen in the birth rate). The number of active enterprises in manufacture of food products grew by 1.8 per cent in 2014, 0.3 p.p. above total enterprises.

#### In 2014 microenterprises had the highest number of enterprises. SMEs were predominant in turnover and number of employees

In 2014, in manufacture of food products, microenterprises had the highest number of enterprises (71 per cent), but were less relevant in turnover (5 per cent) and number of employees (16 per cent).

Although less important in terms of the number of enterprises (28 per cent), SMEs accounted for the largest share of turnover (59 per cent) and number of employees (64 per cent).

Large enterprises (0.6 per cent) were responsible for 20 per cent of the number of employees and 37 per cent of the sector's turnover (Chart 2).

'Bakery products' (CAE 107) were particularly relevant in the number of enterprises and employees (63 per cent and 43 per cent of the sector respectively). In

Chart 1 • Demographic indicators

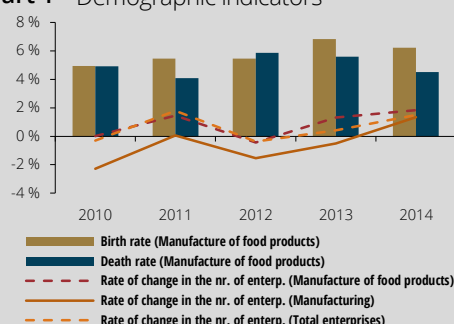
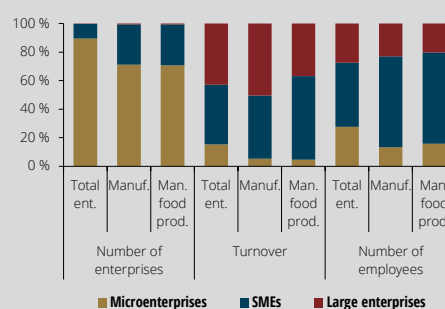


Chart 2 • Structure | By size class (2014)



terms of turnover, ‘meat products’ (CAE 101) were the most relevant (20 per cent of the sector) (Chart 3).

The districts of Lisbon and Porto accounted for 32 per cent and 15 per cent of turnover in the sector respectively. However, the sector was most relevant in the Autonomous Region of the Azores, accounting for 16 per cent of turnover of enterprises headquartered in the region.

### Activity and profitability

#### Turnover decreased in 2014, given the contraction observed in the internal market

Turnover in manufacture of food products declined by 0.6 per cent in 2014, as a result of the decrease in turnover of microenterprises (12 per cent) and large enterprises (9 per cent). In SMEs, turnover increased by 7 per cent. These developments have resulted in changes in the sector’s structure, with the increase of the importance of SMEs in terms of turnover.

The internal market contributed negatively 0.5 p.p. to developments in the sector’s turnover.

From 2011 to 2013, exports made a positive contribution to developments in turnover (Chart 4), in contrast with 2014 (with a marginally negative contribution of the external market). In 2014, exports represented 19 per cent of manufacture of food products’ turnover (above the average of 17 per cent in the 2010-14 period).

The sector’s EBITDA increased by 0.8 per cent in 2014,

with 53 per cent of enterprises recording positive changes in this indicator. This share was 13 p.p. higher than in 2010, but similar to the share observed in manufacturing and total enterprises (54 per cent, for both cases) (Chart 5).

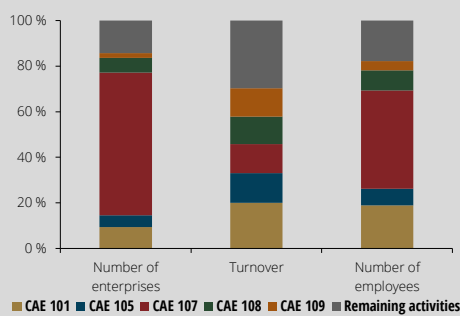
The situation of large enterprises in the sector was particularly relevant: 63 per cent showed positive changes in EBITDA in 2014. Nevertheless, 39 per cent of enterprises in the sector recorded a negative EBITDA, an increase of 11 p.p. from 2010. This share was also higher than in 2014 for total manufacturing (29 per cent) and total enterprises (35 per cent).

#### Return on equity increased marginally in 2014

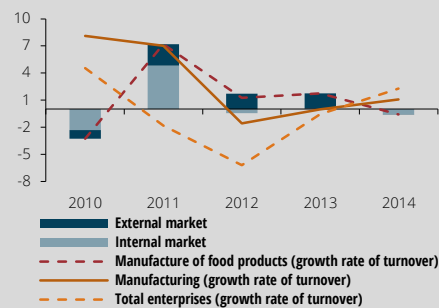
In 2014 the sector’s return on equity (4 per cent) increased marginally from 2013 (0.2 p.p.), but declined by 1 p.p. from 2010 (Chart 6). The sector’s profitability was slightly lower than in manufacturing (4 per cent), but higher than in total enterprises (3 per cent). Large enterprises had the highest profitability (7 per cent).

The sector’s operating margin (EBITDA/Income) reached 6 per cent in 2014, lower than manufacturing and total enterprises by 1 p.p. and 2 p.p. respectively. However, manufacture of food products showed a net margin (Net profit for the period/Income) of 1 per cent, which was lower than in manufacturing (2 per cent), but similar to that of total enterprises (Chart 7). The sector’s operating and net margins in 2014 were lower than in 2010. This decline was observed both in manufacturing and total enterprises.

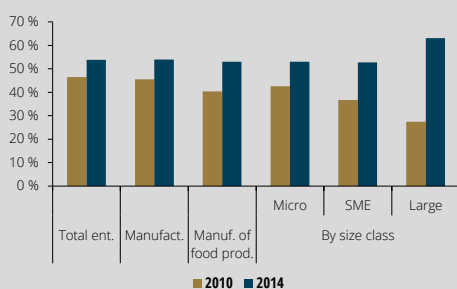
**Chart 3 • Structure | By economic activity segment (2014)**



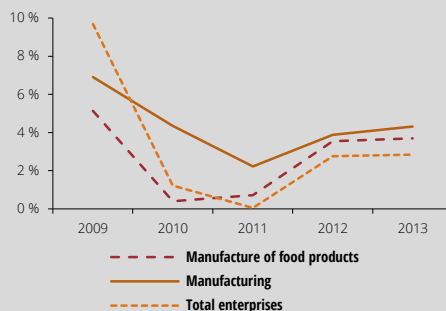
**Chart 4 • Turnover | Contributions from the external and internal markets (p.p.) to the annual growth rate (per cent)**



**Chart 5 • Share of enterprises with EBITDA growth**



**Chart 6 • Return on equity**



## Financial situation

### Interest-bearing debt accounted for 50 per cent of liabilities in 2014, with emphasis on bank loans

In 2014 the capital ratio of manufacture of food products reached 41 per cent (40 per cent in manufacturing and 30 per cent in total enterprises).

Although the average capital ratio increased by 3 p.p. from 2010, it was not representative of most enterprises in the sector, standing considerably above the median (22 per cent) (Chart 8). This was due to the higher capital ratio of large enterprises (49 per cent), when compared with microenterprises (20 per cent). These figures were closer to the median values of individual distributions.

The sector's liabilities declined by 4 per cent in 2014, in tandem with developments in manufacturing (-5 per cent) and total enterprises (-2 per cent). Most of the sector's liability components decreased, with contributions from other liabilities (1.4 p.p.) and other financial debt (1.1 p.p.) being particularly relevant (Chart 9).

In 2014 interest-bearing debt accounted for 50 per cent of liabilities of manufacture of food products, a figure similar to that observed in manufacturing, but below that of total enterprises (57 per cent). Bank loans totalled 33 per cent of the sector's liabilities.

### Financial pressure decreased in 2014, in line with manufacturing and total enterprises

In 2014 interest expenses of manufacture of food products and manufacturing declined on average by 8 per cent (7 per cent in total enterprises). However, half of the sector's enterprises registered decreases by more than 14 per cent (Chart 10).

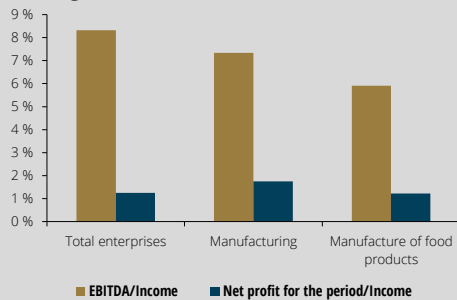
Interest expenses of large enterprises and microenterprises decreased, on average, by 23 per cent and 13 per cent respectively. For SMEs they increased by 2 per cent. These mixed developments are explained by a change in the classification of some large enterprises, which were reclassified as SMEs, due to a decline in their activity and balance sheet levels in 2014.

Due to a decline of 2 p.p. (to 17 per cent) in the sector's weight of interest in EBITDA, compared with 2013, manufacture of food products continued to record less financial pressure than total enterprises, particularly in SMEs (20 per cent) and large enterprises (12 per cent) (Chart 11). Microenterprises also paid less interest in 2014, although their aggregate EBITDA was negative.

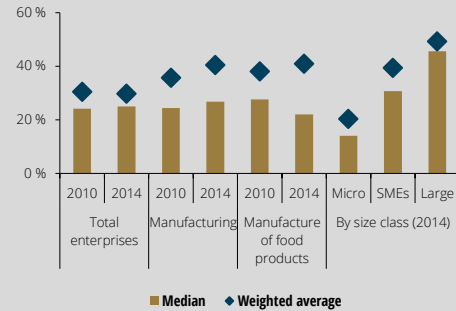
### Loans granted by the financial sector declined by 0.6 per cent in 2015

According to information from Banco de Portugal's Central Credit Register for December 2015, loans to

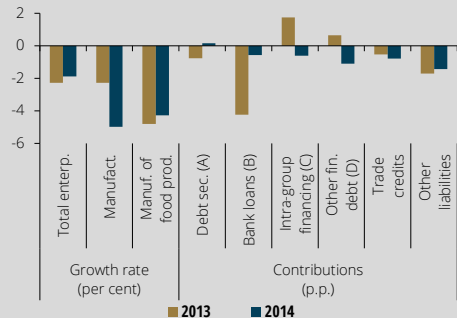
**Chart 7 • Profitability | Operating margin and net margin (2014)**



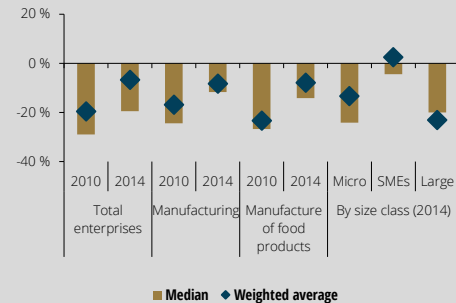
**Chart 8 • Capital ratio | Weighted average and distribution median**



**Chart 9 • Liabilities | Contributions from components (p.p.) to the annual growth rate (per cent)**



**Chart 10 • Interest expenses | Weighted average and median of the annual growth rate**



Interest-bearing debt = A + B + C + D

manufacture of food products by the resident financial sector decreased by 0.6 per cent from 2014. This decline was lower than in manufacturing and total enterprises (1.3 and 3.8 per cent respectively).

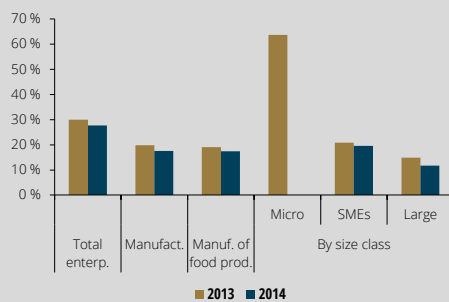
At the end of 2015, around 6.8 per cent of loans granted to the sector were non-performing, a figure below that of manufacturing (11.5 per cent) and total enterprises (16.2 per cent).

Microenterprises had the highest non-performing loans ratio: 25.3 per cent at the end of 2015, after a peak of 27.5 per cent at the end of 2014. In large enterprises, the non-performing loans ratio was practically nil over the 2011-15 period as a whole, hovering around 7 per cent in SMEs. SMEs determined, to a large extent, the decline in the sector's non-performing loans ratio, given their share

in credit granted to manufacture of food products by the resident financial sector (68.4 per cent at the end of 2015) (Chart 12).

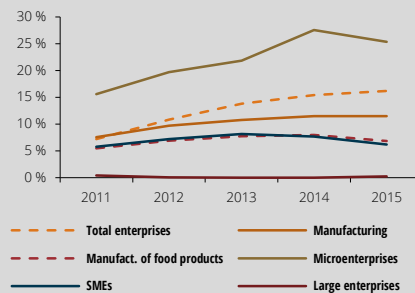
Trade credits accounted for 29 per cent of the liabilities of manufacture of food products in 2014, a share above that recorded in manufacturing (27 per cent) and total enterprises (16 per cent). Nevertheless, similarly to most economic activity sectors, manufacture of food products was unable to obtain net trade credit financing, as a result of the negative differential between accounts payable and accounts receivable (equivalent to 4 per cent of the sector's turnover). Nonetheless, microenterprises obtained financing through this means, recording a positive differential between accounts payable and receivable equivalent to 2 per cent of turnover.

**Chart 11 • Weight of interest in EBITDA (2013 and 2014)**



*Note:* The indicator was not calculated for the microenterprises aggregate in 2014, given that its aggregate EBITDA was negative.

**Chart 12 • Non-performing loans ratios (end-of-period figures)**



<sup>1</sup> For the purposes of this analysis, manufacture of food products corresponds to Division 10 of CAE-Rev.3, an economic activity included in manufacturing. This sector comprises activities associated with CAE 101 (processing and preserving of meat and production of meat products or, in short, 'meat products'), CAE 102 (processing and preserving of fish, crustaceans and molluscs), CAE 103 (processing and preserving of fruit and vegetables), CAE 104 (manufacture of vegetable and animal oils and fats), CAE 105 (manufacture of dairy products), CAE 106 (manufacture of grain mill products, starches and starch products), CAE 107 (manufacture of bakery and farinaceous products or, in short, 'bakery products'), CAE 108 (manufacture of other food products) and CAE 109 (manufacture of prepared animal feeds).

For more information, see:

[Statistical domain of Central Balance Sheet Database statistics in BPstat | Statistics online](#)

[Supplement to the Statistical Bulletin 2/2013 on statistics on non-financial corporations of the Central Balance Sheet Database](#)

[Central Balance Sheet Study No 23 on non-financial corporations](#)

[Central Balance Sheet Study No 4 on enterprises in manufacture of food products](#)

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## Annex – Main indicators for manufacture of food products

Chart	Series	2010	2011	2012	2013	2014	2015
1 Demographic indicators	Manufacture of food products						
	Birth rate	4.9	5.5	5.5	6.8	6.2	
	Death rate	4.9	4.1	5.9	5.6	4.5	
	Rate of change in the number of enterprises	0.0	1.4	-0.4	1.3	1.8	
	Rate of change in the number of enterprises / Total enterprises	-0.3	1.8	-0.4	0.4	1.5	
	Rate of change in the number of enterprises / Manufacturing	-2.3	0.1	-1.5	-0.5	1.3	
2 Structure   By size class	Weight of microenterprises in the aggregate's number of enterprises						
	Total enterprises	87.4	88.2	89.1	89.6	89.5	
	Manufacturing	68.6	69.6	71.0	71.7	71.3	
	Manufacture of food products	66.8	67.8	69.3	70.7	70.9	
	Weight of microenterprises in the aggregate's turnover						
	Total enterprises	15.8	15.2	15.2	15.3	15.4	
	Manufacturing	5.9	5.1	5.1	5.2	5.2	
	Manufacture of food products	5.1	4.8	5.0	5.0	4.6	
	Weight of microenterprises in the aggregate's number of employees						
	Total enterprises	27.2	27.7	28.2	28.0	27.7	
	Manufacturing	13.9	13.8	14.0	13.8	13.4	
	Manufacture of food products	15.5	15.5	16.0	16.2	15.8	
	Weight of small and medium-sized enterprises in the aggregate's number of enterprises						
	Total enterprises	12.3	11.6	10.6	10.2	10.3	
	Manufacturing	30.7	29.6	28.3	27.5	28.0	
	Manufacture of food products	32.5	31.5	30.0	28.6	28.5	
	Weight of small and medium-sized enterprises in the aggregate's turnover						
	Total enterprises	43.3	42.2	41.5	41.5	41.7	
	Manufacturing	45.9	44.0	42.7	42.6	44.2	
	Manufacture of food products	57.1	56.3	55.1	54.6	58.6	
	Weight of small and medium-sized enterprises in the aggregate's number of employees						
	Total enterprises	46.7	46.1	45.3	44.8	44.9	
	Manufacturing	65.1	64.1	63.4	63.2	63.6	
	Manufacture of food products	65.3	64.4	63.7	63.4	63.9	
	Weight of large enterprises in the aggregate's number of enterprises						
	Total enterprises	0.3	0.3	0.2	0.2	0.3	
	Manufacturing	0.7	0.7	0.7	0.7	0.7	
	Manufacture of food products	0.7	0.7	0.7	0.7	0.6	
	Weight of large enterprises in the aggregate's turnover						
	Total enterprises	40.9	42.6	43.3	43.2	42.8	
	Manufacturing	48.2	50.9	52.2	52.2	50.5	
	Manufacture of food products	37.8	39.0	39.9	40.4	36.8	
	Weight of large enterprises in the aggregate's number of employees						
	Total enterprises	26.0	26.2	26.5	27.1	27.4	
	Manufacturing	21.0	22.1	22.6	23.0	23.0	
	Manufacture of food products	19.1	20.1	20.3	20.3	20.3	
3 Structure   By economic activity segment	CAE 101 – Meat products						
	Number of enterprises	9.3	9.5	9.5	9.1	9.4	
	Turnover	19.2	18.9	18.4	18.9	20.0	
	Number of employees	18.5	18.6	18.6	18.7	18.9	
	CAE 105 – Manufacture of dairy products						
	Number of enterprises	5.1	5.0	4.8	4.9	5.1	
	Turnover	14.1	13.1	13.0	13.3	13.1	
	Number of employees	7.7	7.6	7.5	7.5	7.2	
	CAE 107 – Bakery products						
	Number of enterprises	63.3	63.3	63.3	63.4	62.8	
	Turnover	14.1	13.3	12.9	12.4	12.7	
	Number of employees	44.7	44.6	44.9	43.8	43.2	
	CAE 108 – Manufacture of other food products						
	Number of enterprises	5.8	5.8	5.9	6.2	6.4	
	Turnover	12.7	11.8	12.3	12.7	12.1	
	Number of employees	8.5	8.4	8.7	8.9	8.9	
	CAE 109 – Manufacture of prepared animal feeds						
	Number of enterprises	2.2	2.1	2.1	2.1	2.1	
	Turnover	11.4	12.3	12.8	12.9	12.5	
	Number of employees	4.0	3.9	3.9	4.2	4.1	
	Remaining activities of manufacture of food products						
	Number of enterprises	14.3	14.1	14.4	14.2	14.3	
	Turnover	28.6	30.5	30.7	29.8	29.7	
	Number of employees	16.5	16.9	16.4	16.9	17.7	
4 Turnover   Contributions from the external and internal markets (p.p.) to the annual growth rate (per cent)	Growth rate of turnover / Manufacture of food products	-3.3	7.2	1.3	1.7	-0.6	
	Contribution from the external market	-0.9	2.4	1.7	1.7	0.0	
	Contribution from the internal market	-2.3	4.8	-0.5	0.0	-0.5	
	Growth rate of turnover / Total enterprises	4.5	-1.8	-6.2	-0.5	2.3	
	Growth rate of turnover / Manufacturing	8.1	7.0	-1.6	0.0	1.1	

Chart	Series	2010	2011	2012	2013	2014	2015
5 Share of enterprises with EBITDA growth	Total enterprises	46.5	45.4	44.5	53.6	53.9	
	Manufacturing	45.6	44.8	46.1	56.0	54.0	
	Manufacture of food products	40.3	43.5	41.7	50.1	53.0	
	Microenterprises	42.5	44.7	42.5	48.9	53.0	
	Small and medium-sized enterprises	36.7	41.4	40.1	52.6	52.8	
	Large enterprises	27.5	35.7	42.9	55.0	63.2	
6 Return on equity	Total enterprises	9.7	1.2	0.1	2.8	2.8	
	Manufacturing	6.9	4.4	2.2	3.9	4.3	
	Manufacture of food products	5.1	0.4	0.7	3.5	3.7	
7 Profitability   Operating margin and net margin	EBITDA / Income						
	Total enterprises	11.0	7.9	7.6	8.5	8.3	
	Manufacturing	8.8	7.6	6.6	7.1	7.3	
	Manufacture of food products	6.6	5.0	5.0	5.8	5.9	
	Net profit for the period / Income						
	Total enterprises	4.3	0.5	0.0	1.3	1.2	
Manufacturing	2.7	1.6	0.8	1.5	1.8		
Manufacture of food products	1.7	0.1	0.2	1.1	1.2		
8 Capital ratio   Weighted average and distribution median	Capital ratio (weighted average)						
	Total enterprises	30.5	29.8	29.4	29.9	29.7	
	Manufacturing	35.7	35.9	36.5	37.3	40.5	
	Manufacture of food products	38.1	36.8	36.7	38.8	40.9	
	Microenterprises	26.7	24.5	19.7	19.0	20.4	
	Small and medium-sized enterprises	36.2	34.9	35.0	38.3	39.4	
	Large enterprises	44.3	43.2	44.3	45.5	49.2	
	Capital ratio (median)						
	Total enterprises	24.2	24.1	23.3	23.6	25.0	
	Manufacturing	24.4	24.8	24.8	25.5	26.8	
	Manufacture of food products	27.6	26.5	24.0	22.2	22.1	
	Microenterprises	25.1	23.9	18.3	14.4	14.1	
Small and medium-sized enterprises	30.5	29.5	29.7	30.2	30.7		
Large enterprises	35.3	36.8	39.8	41.5	45.5		
9 Liabilities   Contributions from components (p.p.) to the annual growth rate (per cent)	Growth rate of liabilities / Total enterprises	8.5	1.2	-2.2	-2.3	-1.9	
	Growth rate of liabilities / Manufacturing	10.7	0.3	-3.6	-2.3	-5.0	
	Growth rate of liabilities / Manufacture of food products	11.3	4.0	1.8	-4.8	-4.3	
	Contribution from debt securities	-0.2	-0.6	-0.8	-0.8	0.2	
	Contribution from bank loans	5.0	1.6	0.3	-4.2	-0.6	
	Contribution from intra-group financing	-2.2	0.0	1.2	1.8	-0.6	
	Contribution from other financial debt	3.2	0.6	-0.3	0.7	-1.1	
	Contribution from trade credits	1.6	2.3	0.2	-0.5	-0.8	
	Contribution from other liabilities	3.8	0.1	1.2	-1.7	-1.4	
10 Interest expenses   Weighted average and median of the annual growth rate	Growth rate of interest expenses (weighted average)						
	Total enterprises	-19.6	25.7	4.5	-6.4	-6.7	
	Manufacturing	-16.9	27.4	4.4	-5.2	-8.2	
	Manufacture of food products	-23.4	42.0	3.9	-6.7	-7.9	
	Microenterprises	-37.5	52.5	2.4	-15.9	-13.4	
	Small and medium-sized enterprises	-16.3	28.3	3.8	-13.2	2.4	
	Large enterprises	-34.2	76.7	4.6	8.7	-23.1	
	Growth rate of interest expenses (median)						
	Total enterprises	-28.9	-9.2	-22.3	-31.4	-19.5	
	Manufacturing	-24.4	-1.4	-14.0	-23.2	-11.7	
	Manufacture of food products	-26.8	0.0	-13.2	-24.1	-14.2	
	Microenterprises	-33.8	-15.6	-23.1	-34.4	-24.1	
Small and medium-sized enterprises	-19.3	14.5	-0.5	-12.7	-4.4		
Large enterprises	-27.1	52.0	-5.1	-6.6	-19.9		
11 Weight of interest in EBITDA	Total enterprises	16.8	30.3	35.3	29.9	27.7	
	Manufacturing	13.3	18.4	22.5	19.8	17.5	
	Manufacture of food products	13.3	23.1	23.8	19.0	17.4	
	Microenterprises	29.6	75.3	76.3	63.7	N.A.	
	Small and medium-sized enterprises	17.3	26.9	29.0	20.8	19.6	
	Large enterprises	7.3	15.8	15.5	14.9	11.8	
12 Non-performing loans ratios (end-of-period figures)	Total enterprises	4.8	7.2	10.8	13.8	15.4	16,2
	Manufacturing	5.7	7.5	9.7	10.8	11.5	11,5
	Manufacture of food products	3.2	5.5	6.9	7.7	8.0	6,8
	Microenterprises	11.8	15.6	19.7	21.8	27.5	25,3
	Small and medium-sized enterprises	3.0	5.7	7.2	8.1	7.6	6,2
	Large enterprises	0.1	0.4	0.0	0.0	0.0	0,3

## NOTES:

The aggregates 'Microenterprises', 'Small and medium-sized enterprises' and 'Large enterprises' refer to components included in *Manufacture of food products*, except where indicated. Similarly, the shown contributions always refer to contributions to the total of the sector under review. All figures are shown as a percentage, except where the indicator refers to contributions (p.p.). Shaded cells are not represented in the charts. Indicators that have not been calculated are signalled with 'N.A'.