



Analysis of the automobile industry 2011-16

2 December 2016

Banco de Portugal updates today the [Central Balance Sheet Study | 14 - Analysis of the automobile industry](#) with information on the economic and financial situation of enterprises in the automobile industry¹ from 2011 to 2016.

This study was published for the first time in 2013, with information for the 2008-13 period.

Results are broken down by size class – microenterprises, small and medium-sized enterprises (SMEs) and large enterprises – and economic activity segment ('manufacture of motor vehicles' and 'sale of motor vehicles'). In addition, these are compared with results for total enterprises.

Structure and dynamics

The number of enterprises increased by 1.7 per cent in 2015. SMEs were predominant in terms of the number of employees

In 2015 the automobile industry comprised 4 per cent of enterprises in Portugal (15,000 enterprises), accounting for 7 per cent of turnover and 4 per cent of the number of employees. The importance of the automobile industry in total enterprises was similar to that of 2011, although the sector's weight increased by 0.6 percentage points (p.p.) in terms of turnover.

The number of active enterprises in the automobile industry increased by 1.7 per cent from 2014 (0.5 p.p. above total enterprises), recovering from the relative stagnation of previous years (Chart 1).

In 2015, for each enterprise that ceased activity in the

sector 1.3 new enterprises were created. That year, the birth/death ratio reached a peak for the period under analysis, the result of a decline in the death rate of 0.5 p.p. and an increase in the birth rate of 1.2 p.p.

Among the economic activity segments in this sector, 'sale of motor vehicles' stood out, as it accounted for 97 per cent of enterprises and 69 per cent of turnover and employees in the sector in 2015 (Chart 2).

Similarly to total enterprises, the sector was mostly comprised of microenterprises (90 per cent of enterprises). However, large enterprises were responsible for the largest share of turnover (47 per cent, although they accounted for only 0.4 per cent of enterprises). SMEs had the largest share of the number of employees (40 per cent) and were responsible for 41 per cent of the sector's turnover, accounting for 10 per cent of enterprises (Chart 3).

The Lisbon district accounted for 35 per cent of turnover in the sector, followed by the districts of Porto (16 per cent) and Setúbal (13 per cent). Nevertheless, the sector was more relevant in Bragança, totalling 37 per cent of turnover generated by enterprises established therein.

Activity and profitability

Turnover increased in all size classes and economic activity segments

Continuing the recovery path that started in 2012, turnover in the automobile industry increased by 14 per cent in 2015, experiencing a level of growth

Chart 1 • Demographic indicators

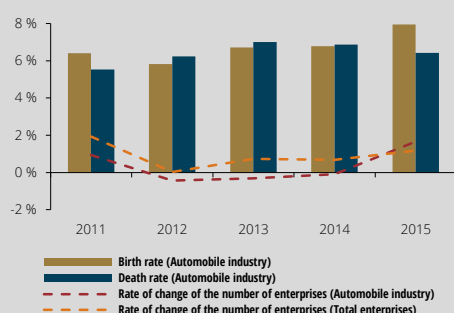
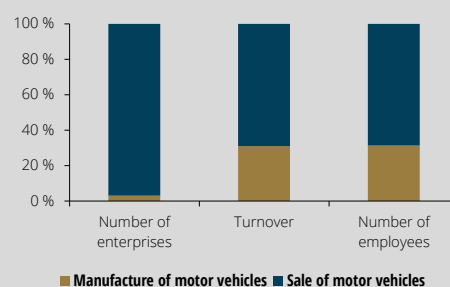


Chart 2 • Structure | By economic activity segment (2015)



above that of total enterprises (2 per cent), although similar to that seen in 2014.

The increase in turnover in the sector was broadly-based across size classes and economic activity segments. In particular, ‘sale of motor vehicles’ recorded an increase in turnover of 16 per cent and made a contribution of 11 p.p. to changes in turnover in the sector.

The domestic market has driven developments in turnover in the sector (a contribution of 11 p.p. in 2015, above the 2 p.p. contribution of the external market) (Chart 4). However, in 2015 the contribution of exports to changes in turnover increased, while that of the domestic market decreased.

In 2015, 3 per cent of enterprises belonged to the export sector². These enterprises were responsible for 33 per cent of turnover in the sector, comparing with 6 per cent and 37 per cent in total enterprises respectively. These enterprises accounted for 32 per cent of the number of employees in the automobile industry, a share above that of total enterprises (24 per cent).

The sector’s EBITDA declined by 1 per cent in 2015, after increasing by 30 per cent in 2014 and 29 per cent in 2013 (EBITDA in total enterprises increased by 25 per cent in 2015, following an increase of 1 per cent in 2014).

In 2015 EBITDA increased in 59 per cent of enterprises in the automobile industry, 3 p.p. more than in 2014 and 17 p.p. above the share seen in 2011 (Chart 5). The share of enterprises with negative EBITDA in the

sector stood at 35 per cent in 2015, 7 p.p. less than in 2011.

‘Manufacture of motor vehicles’ posted the highest level of profitability

Return on equity in the sector was of 6 per cent in 2015, the same level as in 2014 and below that of total enterprises (7 per cent) (Chart 6). ‘Manufacture of motor vehicles’, however, had a higher profitability: 14 per cent, compared with 0.6 per cent for ‘sale of motor vehicles’.

By size class, microenterprises posted negative profitability levels of 10 per cent, in contrast to the other size classes, which recorded positive profitability levels (4 per cent for SMEs and 10 per cent for large enterprises).

The sector’s operating margin (EBITDA/revenue) totalled 4 per cent in 2015 and the net margin (net income/revenue) 1 per cent, below total enterprises (10 per cent and 3 per cent respectively) (Chart 7). In 2015 ‘manufacture of motor vehicles’ had the best performance in the sector, with an operating margin of 7 per cent (2 per cent in ‘sale of motor vehicles’) and a net margin of 3 per cent (0.1 per cent in ‘sale of motor vehicles’).

Financial situation

The sector’s liabilities increased by 6 per cent, in contrast to total enterprises

In 2015 the sector’s capital ratio stood at 30 per cent (32 per cent in total enterprises), a figure which

Chart 3 • Structure | By size class (2015)

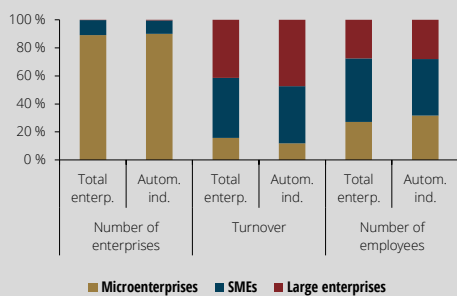


Chart 4 • Turnover | Contributions from external and internal markets (in p.p.) to the annual growth rate (per cent)

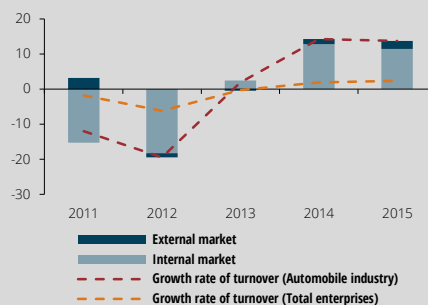


Chart 5 • Share of enterprises with EBITDA growth

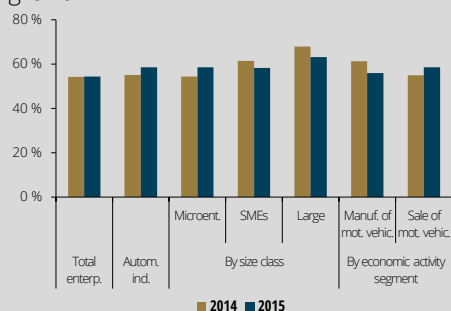
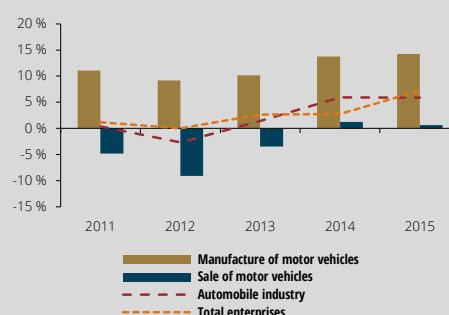


Chart 6 • Return on equity



remained relatively unchanged in the 2011-15 period (Chart 8). Nevertheless, the sector's average capital ratio in 2015 was higher than that of at least half of its enterprises (15 per cent). The higher capital ratio of large enterprises (36 per cent) and SMEs (32 per cent) contributed to this situation, when compared with microenterprises (12 per cent). These figures are closer to the respective distribution medians of individual values.

By economic activity segment, in 2015 'manufacture of motor vehicles' posted average values (43 per cent) and median values (30 per cent) in the capital ratio above those of 'sale of motor vehicles' (25 and 15 per cent respectively).

In contrast to total enterprises, the sector's liabilities increased in 2015 (6 per cent), after having also increased in 2014 (4 per cent) (Chart 9). With the exception of bank loans, which declined by 2 per cent, all liability components in the sector recorded an increase, in particular trade credits (2.5 p.p.), other liabilities (1.9 p.p.) and intra-group financing (1.8 p.p.).

Interest-bearing debt accounted for 37 per cent of the sector's liabilities, below total enterprises (58 per cent) and the share of the sector in 2011 (44 per cent). Bank loans corresponded to 49 per cent of the sector's interest-bearing debt in 2015 and accounted for 18 per cent of its liabilities.

Financial pressure stood below that of total enterprises for the third year in a row

Interest expenses in the automobile industry declined, on average, by 7 per cent in 2015 (12 per cent in total enterprises). Half of the enterprises in the sector recorded declines of more than 19 per cent (22 per cent for total enterprises) (Chart 10). The decline in interest expenses was higher in large enterprises and 'manufacture of motor vehicles' (decreases of 21 per cent and 20 per cent respectively). In microenterprises, interest expenses decreased by 2 per cent and increased by 1 per cent in SMEs. 'Sale of motor vehicles' posted a decline of 4 per cent.

The financial pressure ratio in the automobile industry, measured by the weight of interest expenses in the sector's aggregate EBITDA decreased by 1 p.p. from the previous year, to 18 per cent (Chart 11), standing below the level of total enterprises for the third year in a row (20 per cent in 2015).

The decline in financial pressure was similar in both segments of the sector. In 2015 interest expenses in 'sale of motor vehicles' absorbed 35 per cent of EBITDA, above the share of 'manufacture of motor vehicles' (5 per cent).

The average level of financial pressure was higher for smaller-sized enterprises: 59 per cent in microenterprises, 24 per cent in SMEs and 9 per cent

Chart 7 • Profitability by segment | Operating margin and net margin (2015)

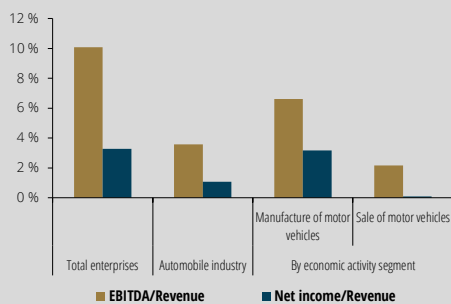


Chart 8 • Capital ratio | Weighted average and distribution median

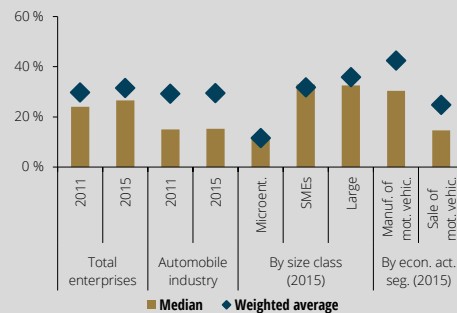


Chart 9 • Liabilities | Contributions from components (in p.p.) to the annual growth rate (per cent)

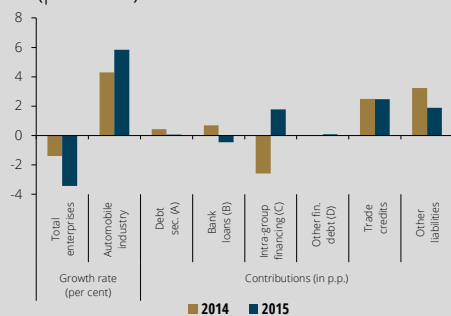
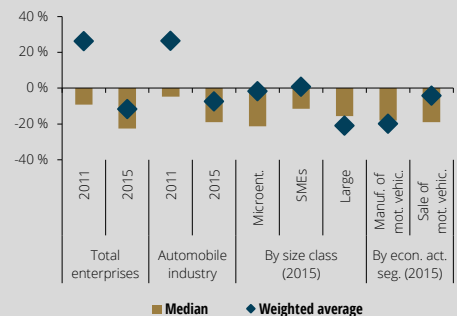


Chart 10 • Interest expenses | Weighted average and median of the annual growth rate



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

in large enterprises. The considerable decline in this indicator for microenterprises in 2015 was associated with a marginally positive operating margin in 2014 (0.2 per cent).

According to information from Banco de Portugal's Central Credit Register, in the first half of 2016, loans granted to the automobile industry by the resident financial sector increased by 4.9 per cent (drop of 2.1 per cent in total enterprises).

At the end of the first half of 2016, 11.6 per cent of loans granted to the sector were non-performing (7.4 per cent at the end of 2011), below that of total enterprises (16.7 per cent, compared with 7.2 per cent at the end of 2011) (Chart 12). The share of non-performing loans in the automobile industry decreased from 2013 onwards, in contrast to the consecutive increases seen in total enterprises. 'Sale of motor vehicles' had a higher non-performing loans ratio than 'manufacture of motor vehicles' (12.8 per

cent and 4.6 per cent respectively). By size class, the non-performing loans ratio was higher in microenterprises (27.6 per cent).

Trade credits were the main liability component of the sector (36 per cent in 2015, compared with 16 per cent in total enterprises). This type of financing was more important for 'manufacture of motor vehicles' (44 per cent of liabilities; 33 per cent in 'sale of motor vehicles'). In contrast to most economic activity sectors, the automobile industry obtained net trade credit financing, recording a positive differential between accounts payable and accounts receivable equivalent to 3 per cent of its turnover. This situation was broadly-based across economic activity segments and size classes, and particularly significant in large enterprises and 'sale of motor vehicles' (a 4 per cent in both cases).

Chart 11 • Weight of interest expenses in EBITDA

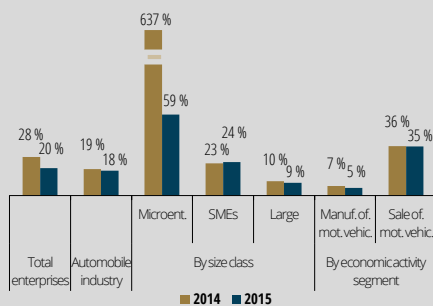
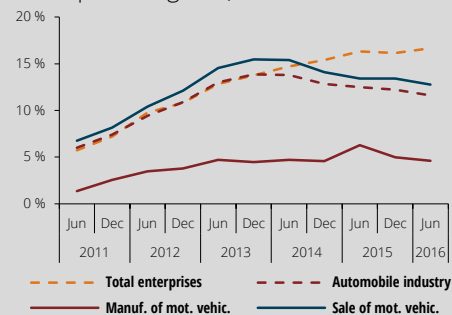


Chart 12 • Non-performing loans ratios (end-of-period figures)



¹ For the purposes of this analysis, the automobile industry includes not only the manufacture of motor vehicles and its components but also downstream activities, namely the sale and maintenance of motor vehicles. Therefore, this sector covers enterprises classified under CAE-Rev.3 Groups 291, 292, 293 ('manufacture of motor vehicles') and 451, 452 and 453 ('sale of motor vehicles'), economic activities that are part of Sections C – Manufacturing and G – Wholesale and retail trade; repair of motor vehicles and motorcycles.

² The definition of export sector is detailed in *Central Balance Sheet Study No 22 - Analysis of enterprises in the export sector in Portugal*, June 2015.

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 26 on non-financial corporations \(in Portuguese only\)](#)

[Central Balance Sheet Study No 14 on enterprises in the automobile industry](#)

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Annex – Main indicators of the automobile industry

| Chart | Series | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---|---|-------|-------|------|------|------|
| 1 Demographic indicators | Automobile industry | | | | | | |
| | Birth rate | 6.4 | 5.8 | 6.7 | 6.8 | 7.9 | |
| | Death rate | 5.5 | 6.2 | 7.0 | 6.9 | 6.4 | |
| | Rate of change of the number of enterprises | 0.9 | -0.4 | -0.3 | -0.1 | 1.7 | |
| | Rate of change of the number of enterprises / Total enterprises | 1.9 | 0.0 | 0.7 | 0.7 | 1.2 | |
| 2 Structure By economic activity segment | Manufacture of motor vehicles | | | | | | |
| | Number of enterprises | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 | |
| | Turnover | 32.4 | 36.5 | 34.3 | 32.2 | 31.1 | |
| | Number of employees | 27.8 | 29.5 | 30.6 | 31.1 | 31.4 | |
| | Sale of motor vehicles | | | | | | |
| | Number of enterprises | 96.8 | 96.8 | 96.9 | 96.9 | 96.9 | |
| | Turnover | 67.6 | 63.5 | 65.7 | 67.8 | 68.9 | |
| Number of employees | 72.2 | 70.5 | 69.4 | 68.9 | 68.6 | | |
| 3 Structure By size class | Share of microenterprises in the number of enterprises in the aggregate | | | | | | |
| | Total enterprises | 88.0 | 88.9 | 89.4 | 89.4 | 89.1 | |
| | Automobile industry | 88.7 | 89.5 | 90.1 | 90.2 | 90.1 | |
| | Share of microenterprises in the aggregate's turnover | | | | | | |
| | Total enterprises | 15.4 | 15.5 | 15.6 | 15.7 | 15.8 | |
| | Automobile industry | 11.9 | 13.0 | 13.1 | 12.3 | 11.9 | |
| | Share of microenterprises in the number of employees in the aggregate | | | | | | |
| | Total enterprises | 27.5 | 28.1 | 28.1 | 27.8 | 27.2 | |
| | Automobile industry | 31.8 | 32.2 | 32.5 | 32.2 | 31.8 | |
| | Share of SMEs in the number of enterprises in the aggregate | | | | | | |
| | Total enterprises | 11.7 | 10.9 | 10.4 | 10.3 | 10.6 | |
| | Automobile industry | 10.9 | 10.1 | 9.5 | 9.4 | 9.5 | |
| | Share of SMEs in the aggregate's turnover | | | | | | |
| | Total enterprises | 42.6 | 42.1 | 42.0 | 42.1 | 42.7 | |
| | Automobile industry | 42.2 | 42.3 | 44.3 | 40.4 | 40.8 | |
| | Share of SMEs in the number of employees in the aggregate | | | | | | |
| | Total enterprises | 46.6 | 46.1 | 45.6 | 45.4 | 45.4 | |
| | Automobile industry | 43.3 | 42.2 | 40.9 | 39.9 | 40.2 | |
| | Share of large enterprises in the number of enterprises in the aggregate | | | | | | |
| | Total enterprises | 0.3 | 0.2 | 0.2 | 0.2 | 0.3 | |
| | Automobile industry | 0.4 | 0.4 | 0.3 | 0.4 | 0.4 | |
| | Share of large enterprises in the aggregate's turnover | | | | | | |
| | Total enterprises | 42.0 | 42.4 | 42.3 | 42.2 | 41.5 | |
| | Automobile industry | 45.9 | 44.7 | 42.6 | 47.3 | 47.3 | |
| | Share of large enterprises in the number of employees in the aggregate | | | | | | |
| | Total enterprises | 25.8 | 25.8 | 26.3 | 26.8 | 27.5 | |
| | Automobile industry | 24.9 | 25.6 | 26.7 | 27.9 | 28.1 | |
| | 4 Turnover Contributions from the external and internal markets (p.p.) to the annual growth rate (per cent) | Growth rate of turnover / Automobile industry | -12.0 | -19.5 | 1.9 | 14.2 | 13.7 |
| Contribution from the external market | | 3.2 | -1.2 | -0.5 | 1.5 | 2.3 | |
| Contribution from the domestic market | | -15.2 | -18.3 | 2.4 | 12.7 | 11.4 | |
| Growth rate of turnover / Total enterprises | | -1.8 | -6.2 | -0.2 | 1.9 | 2.4 | |
| 5 Share of enterprises with EBITDA growth | | Total enterprises | 45.4 | 44.6 | 53.7 | 54.2 | 54.4 |
| | Automobile industry | 41.2 | 42.9 | 56.1 | 55.1 | 58.5 | |
| | Microenterprises | 42.2 | 43.9 | 55.6 | 54.3 | 58.5 | |
| | Small and medium-sized enterprises | 33.5 | 35.2 | 60.0 | 61.4 | 58.3 | |
| | Large enterprises | 48.3 | 35.8 | 76.5 | 67.9 | 63.2 | |
| | Manufacture of motor vehicles | 47.9 | 44.4 | 60.9 | 61.3 | 56.0 | |
| | Sale of motor vehicles | 41.0 | 42.8 | 56.0 | 54.9 | 58.6 | |
| 6 Return on equity | Total enterprises | 1.2 | 0.0 | 2.7 | 2.7 | 7.2 | |
| | Automobile industry | 0.4 | -2.7 | 1.4 | 5.9 | 5.9 | |
| | Manufacture of motor vehicles | 11.0 | 9.2 | 10.1 | 13.8 | 14.2 | |
| | Sale of motor vehicles | -4.8 | -9.1 | -3.5 | 1.2 | 0.6 | |
| 7 Profitability by segment Operating margin and net margin | EBITDA / Revenue | | | | | | |
| | Total enterprises | 7.9 | 7.6 | 8.4 | 8.3 | 10.1 | |
| | Automobile industry | 3.1 | 2.8 | 3.6 | 4.1 | 3.6 | |
| | Manufacture of motor vehicles | 6.3 | 6.0 | 6.6 | 7.2 | 6.6 | |
| | Sale of motor vehicles | 1.6 | 0.9 | 2.0 | 2.6 | 2.2 | |
| | Net income / Revenue | | | | | | |
| | Total enterprises | 0.5 | 0.0 | 1.2 | 1.2 | 3.3 | |
| | Automobile industry | 0.1 | -0.6 | 0.3 | 1.2 | 1.1 | |
| | Manufacture of motor vehicles | 2.2 | 1.9 | 2.2 | 3.1 | 3.2 | |
| Sale of motor vehicles | -1.0 | -2.0 | -0.7 | 0.2 | 0.1 | | |

| Chart | Series | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|-------|-------|-------|-------|-------|------|
| 8 Capital ratio Weighted average and distribution median | Capital ratio (weighted average) | | | | | | |
| | Total enterprises | 29.7 | 29.3 | 29.8 | 29.6 | 31.5 | |
| | Automobile industry | 29.2 | 29.2 | 29.2 | 29.6 | 29.5 | |
| | Microenterprises | 12.1 | 8.9 | 10.4 | 10.1 | 11.6 | |
| | Small and medium-sized enterprises | 26.9 | 29.7 | 31.8 | 31.9 | 31.8 | |
| | Large enterprises | 38.7 | 40.3 | 38.0 | 37.5 | 35.8 | |
| | Manufacture of motor vehicles | 37.7 | 39.4 | 39.4 | 41.4 | 42.5 | |
| | Sale of motor vehicles | 26.3 | 25.6 | 25.6 | 25.3 | 24.8 | |
| | Capital ratio (median) | | | | | | |
| | Total enterprises | 24.1 | 23.3 | 23.6 | 25.0 | 26.6 | |
| | Automobile industry | 15.0 | 13.6 | 12.9 | 13.6 | 15.2 | |
| | Microenterprises | 12.3 | 10.6 | 10.0 | 10.5 | 12.1 | |
| | Small and medium-sized enterprises | 27.7 | 28.5 | 29.0 | 31.9 | 32.9 | |
| | Large enterprises | 34.7 | 38.4 | 31.6 | 33.9 | 32.6 | |
| Manufacture of motor vehicles | 26.8 | 27.2 | 28.6 | 31.2 | 30.4 | | |
| Sale of motor vehicles | 14.7 | 13.1 | 12.3 | 13.0 | 14.7 | | |
| 9 Liabilities Contributions from components (p.p.) to the annual growth rate (per cent) | Growth rate of liabilities / Total enterprises | 1.4 | -1.9 | -1.8 | -1.4 | -3.4 | |
| | Growth rate of liabilities / Automobile industry | -8.8 | -10.7 | -2.1 | 4.3 | 5.8 | |
| | Contribution from debt securities | -0.1 | -0.4 | -0.3 | 0.4 | 0.1 | |
| | Contribution from bank loans | -1.7 | -4.0 | -2.3 | 0.7 | -0.5 | |
| | Contribution from intra-group financing | -0.5 | 0.8 | -1.3 | -2.6 | 1.8 | |
| | Contribution from other financial debt | 0.8 | -0.5 | -0.5 | 0.0 | 0.1 | |
| | Contribution from trade credits | -5.3 | -4.5 | 1.8 | 2.5 | 2.5 | |
| | Contribution from other liabilities | -1.8 | -2.0 | 0.6 | 3.2 | 1.9 | |
| 10 Interest expenses Weighted average and median of the annual growth rate | Growth rate of interest expenses (weighted average) | | | | | | |
| | Total enterprises | 26.2 | 4.7 | -6.4 | -6.3 | -11.8 | |
| | Automobile industry | 26.3 | -7.8 | -12.7 | -8.7 | -7.4 | |
| | Microenterprises | 13.2 | 88.7 | -17.8 | -14.8 | -1.7 | |
| | Small and medium-sized enterprises | 14.9 | -22.8 | -12.5 | -8.2 | 0.8 | |
| | Large enterprises | 52.4 | -21.1 | -8.7 | -4.8 | -20.9 | |
| | Manufacture of motor vehicles | 19.7 | 2.8 | -6.2 | -14.8 | -20.0 | |
| | Sale of motor vehicles | 27.9 | -10.1 | -14.3 | -7.0 | -4.2 | |
| | Growth rate of interest expenses (median) | | | | | | |
| | Total enterprises | -9.3 | -22.4 | -31.5 | -20.2 | -22.5 | |
| | Automobile industry | -4.8 | -17.2 | -27.6 | -17.4 | -18.9 | |
| | Microenterprises | -12.2 | -22.2 | -31.3 | -21.9 | -21.4 | |
| | Small and medium-sized enterprises | 20.9 | 2.4 | -14.1 | -8.4 | -11.5 | |
| | Large enterprises | 45.3 | -12.6 | -9.4 | -3.7 | -15.7 | |
| Manufacture of motor vehicles | 2.7 | -11.9 | -21.0 | -12.9 | -18.2 | | |
| Sale of motor vehicles | -5.3 | -17.4 | -27.7 | -17.8 | -19.0 | | |
| 11 Weight of interest expenses in EBITDA | Total enterprises | 30.5 | 35.5 | 30.0 | 27.9 | 19.7 | |
| | Automobile industry | 32.0 | 40.6 | 27.4 | 19.2 | 18.0 | |
| | Microenterprises | N.A. | N.A. | N.A. | 637.3 | 58.6 | |
| | Small and medium-sized enterprises | 58.5 | 71.2 | 35.5 | 23.3 | 24.1 | |
| | Large enterprises | 16.2 | 15.6 | 13.4 | 10.4 | 9.2 | |
| | Manufacture of motor vehicles | 8.8 | 10.5 | 9.3 | 6.8 | 5.4 | |
| | Sale of motor vehicles | 77.4 | 153.6 | 60.6 | 35.8 | 35.5 | |
| 12 Non-performing loans ratios (end-of-period figures) | Total enterprises | 7.2 | 10.8 | 13.8 | 15.4 | 16.2 | 16.7 |
| | Automobile industry | 7.4 | 10.9 | 13.8 | 12.8 | 12.2 | 11.6 |
| | Manufacture of motor vehicles | 2.6 | 3.8 | 4.5 | 4.6 | 5.0 | 4.6 |
| | Sale of motor vehicles | 8.2 | 12.1 | 15.5 | 14.1 | 13.4 | 12.8 |

NOTES:

The aggregates 'Microenterprises', 'Small and medium-sized enterprises', 'Large enterprises', 'Manufacture of motor vehicles' and 'Sale of motor vehicles' refer to components of the automobile industry, except where indicated. Similarly, contributions shown 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. Non-calculated indicators are signalled with 'N.A.'. Figures for Chart 12 refer to December in each period, except for the last figure shown, which refers to June.