



Analysis of the tourism sector 2011-16

7 December 2016

Banco de Portugal updates today the [Central Balance Sheet Study | 17 - Analysis of the tourism sector](#), with information on the economic and financial situation of enterprises in the tourism sector¹ between 2011 and 2016.

This study was first published in 2014, with information regarding the 2009-14 period.

Results are broken down by size class – microenterprises, small and medium-sized enterprises (SMEs) and large enterprises – and economic activity segment ('transport and logistics', 'accommodation and food service activities' and 'recreational and cultural activities') and compared with results of total enterprises.

Structure and dynamics

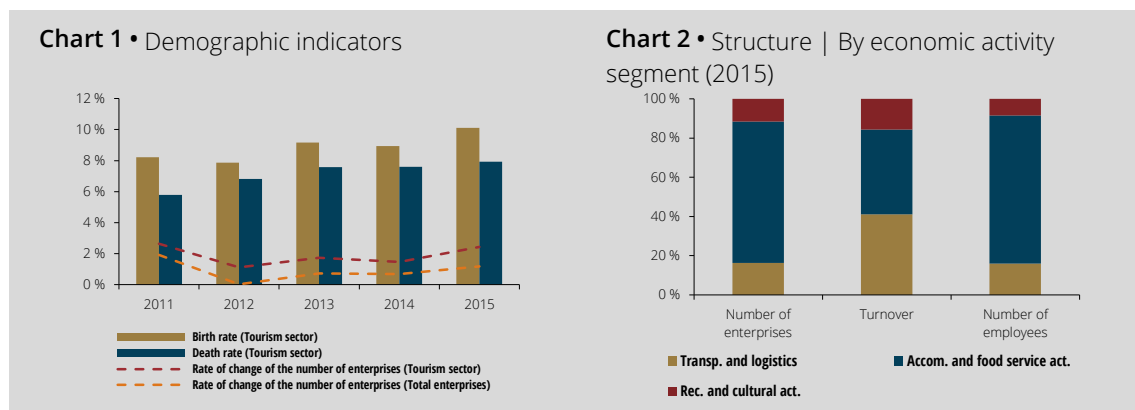
Increase in the number of enterprises. SMEs with the largest shares of turnover and employees

In 2015, the tourism sector comprised 13 per cent of enterprises in Portugal (53,000 enterprises), which aggregated 10 per cent of employees and generated 6 per cent of turnover. Compared with 2011, the sector's relevance increased across all variables, fact also associated with a net creation of enterprises higher than that of total enterprises (increase of the sector's weight by 0.7 percentage points (p.p.) in terms of the number of enterprises, turnover and the number of employees).

In 2015, the number of active enterprises in the tourism sector increased by 2.4 per cent from the previous year, i.e. 1.2 p.p. more than in total enterprises (Chart 1). In that year, 1.3 new enterprises were created for each enterprise ceasing activity (birth/death ratio 0.1 p.p. higher than in total enterprises).

'Accommodation and food service activities' accounted for 72 per cent of the sector's enterprises. This was also the most important segment in terms of turnover and number of employees (43 and 75 per cent respectively). 'Transport and logistics' represented 41 per cent of tourism sector's turnover, while accounting for only 16 per cent of the number of enterprises and employees. 'Recreational and cultural activities' aggregated 16 per cent of the sector's turnover, 12 per cent of enterprises and 9 per cent of employees (Chart 2).

The share of microenterprises in the tourism sector (91 per cent) was similar to that in total enterprises (89 per cent). However, SMEs (9 per cent of enterprises) accounted for the largest share of turnover (40 per cent) and number of employees (45 per cent), shares which were still lower than the ones registered for total enterprises. The importance of large enterprises (39 per cent of tourism sector's turnover and 16 per cent of its employees) was below the one in total enterprises (41 per cent of turnover and 27 per cent of employees) (Chart 3).



The Lisbon and Porto districts aggregated 59 and 11 per cent of the sector's turnover, respectively, compared with 43 and 16 per cent, respectively, in terms of total enterprises. However, the sector was more important in the Faro district, aggregating 25 per cent of the turnover generated by enterprises established therein.

Activity and profitability

Activity boosted by 'accommodation and food service activities'

Tourism sector's turnover increased by 6 per cent in 2015, compared with 2014, still posting changes above those of total enterprises (2 per cent growth over the same year).

The positive change in turnover was broadly based across size classes (11 per cent in SMEs, 6 per cent in microenterprises and 2 per cent in large enterprises) and economic activity segments (11 per cent in 'accommodation and food service activities', 5 per cent in 'recreational and cultural activities' and 2 per cent in 'transport and logistics'). The contribution from 'accommodation and food service activities' to the changes in the sector's turnover amounted to 5 p.p., which made it the segment that most determined developments in this aggregate in the 2012-15 period. 'Transport and logistics' also made a consecutive positive contribution to developments in the sector's turnover (1 p.p. in 2015) (Chart 4).

The differential between the export component of turnover and the import content of purchases and supplies and external services amounted, in the tourism sector, to 15 per cent, in 2015, compared with

only 1 per cent in total enterprises. The export sector² generated 36 per cent of turnover in the tourism sector, a weight similar to the one observed in total enterprises and 3 p.p. more than in 2011.

EBITDA in the tourism sector increased by 20 per cent in 2015 (25 per cent in total enterprises), following the recovery trend that started in 2012, although decelerating from 2013 onwards (Chart 5). Smaller enterprises (microenterprises and SMEs) and 'accommodation and food service activities' made the largest contribution to the sector's EBITDA increase in 2015 (8 p.p., in the first two cases; 23 p.p., in the case of 'accommodation and food service activities'). That year, 57 per cent of the sector's enterprises posted positive changes in EBITDA compared with 2014 (54 per cent in total enterprises). The share of enterprises with negative EBITDA in the tourism sector amounted to 45 per cent, i.e. more than in total enterprises (33 per cent), although lower than in 2014 (48 per cent).

Profitability lower than the one of total enterprises

Return on equity in the sector increased by 5 p.p. from 2014, entering into positive territory for the first time in the period under review (2 per cent in 2015), although below the one of total enterprises (7 per cent) (Chart 6). 'Transport and logistics' was the only segment whose profitability was positive (7 per cent, compared with negative profitability of 1 and 2 per cent in 'accommodation and food service activities' and 'recreational and cultural activities', respectively). This was seen over the entire period under review; nevertheless, profitability of 'accommodation and food service activities' recovered, having stood of -25 per cent in 2012.

Chart 3 • Structure | By size class (2015)

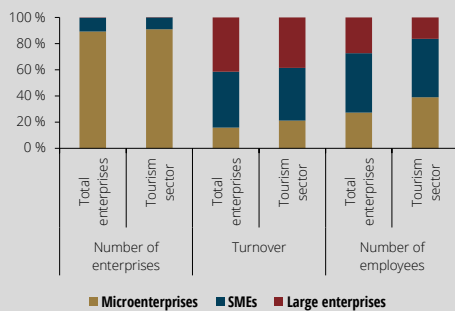


Chart 4 • Turnover | Contributions from the segments (p.p.) to the annual growth rate (per cent)

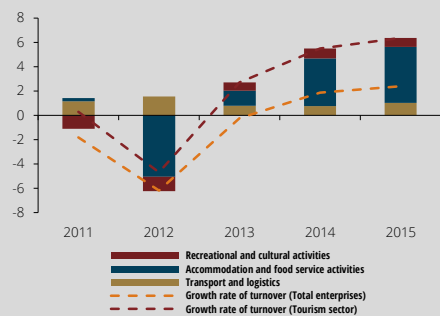


Chart 5 • EBITDA | Annual growth rate

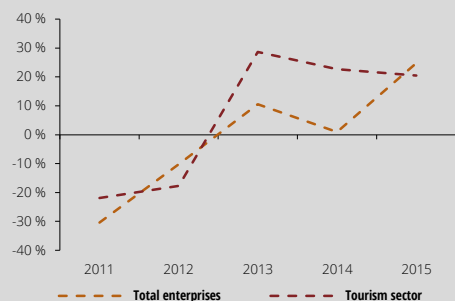
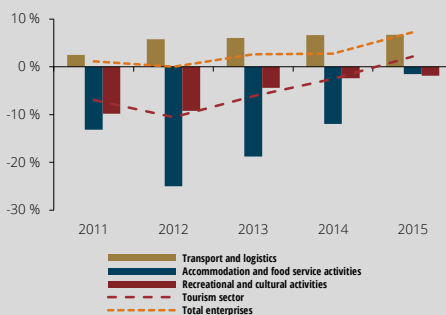


Chart 6 • Return on equity



The sector's operating margin (EBITDA/Revenue) amounted to 12 per cent in 2015, i.e. 2 p.p. more than in total enterprises. The net margin (Net income/Revenue) stood at 1 per cent, 2 p.p. below that in total enterprises (Chart 7). This differential was due to a gap of more than 10 p.p. between margins in 'transport and logistics' and 'accommodation and food service activities' (operating margins of 16 and 10 per cent, compared with net margins of 4 and -1 per cent respectively).

Financial situation

Interest-bearing debt accounted for nearly two-thirds of the sector's liabilities

In 2015 the capital ratio of the tourism sector stood at 27 per cent (32 per cent in total enterprises), having increased by 0.2 p.p. from 2011 (Chart 8). However, half of the sector's enterprises had a capital ratio below 7 per cent, due to the performance of 'accommodation and food service activities' (average capital ratio of 23 per cent, with half of the enterprises posting capital ratios below -6 per cent). The sector's microenterprises also had lower capital ratios in 2015: 7 per cent, on average, with half of the enterprises posting capital ratios below 4 per cent. By contrast, SMEs and 'transport and logistics' had the highest average capital ratios in 2015: 35 and 32 per cent respectively.

The sector's liabilities decreased marginally from 2014 (0.5 per cent), less than in total enterprises (3 per cent) (Chart 9). Only intra-group financing moved in the

opposite direction, contributing 1.6 p.p. to an increase in the sector's liabilities. The other components declined, with the contribution from bank loans (-0.9 p.p.) being noteworthy.

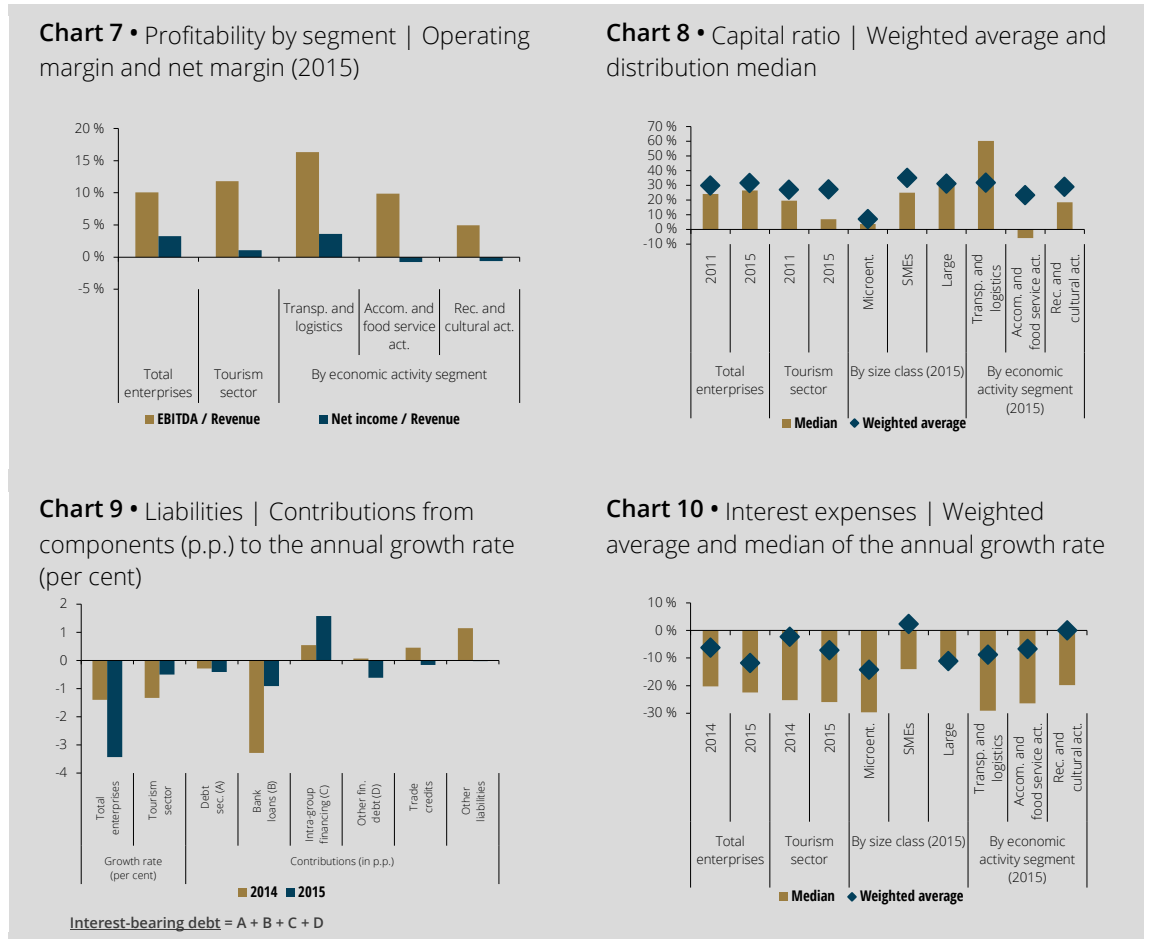
In 2015 interest-bearing debt accounted for 63 per cent of tourism sector's liabilities (58 per cent in total enterprises), with the largest share being accounted by bank loans (33 per cent). Interest-bearing debt was more relevant for 'transport and logistics' (68 per cent of liabilities), by contrast with 'recreational and cultural activities' (53 per cent of the segment's liabilities).

Reduction in interest expenses and increase in EBITDA led to a decrease in financial pressure

In the tourism sector, interest expenses decreased by 7 per cent in 2015 (12 per cent in total enterprises), although half of the enterprises posted declines of more than 26 per cent (22 per cent in total enterprises) (Chart 10).

Excluding SMEs, all size classes and economic activity segments in the sector posted an average change in interest expenses of or below zero (although less marked than that seen by at least half of the enterprises in each aggregate). Interest expenses borne by SMEs increased by 2 per cent, while declining by more than 14 per cent in half of the aggregate's enterprises.

Together with the increase in EBITDA, the reduction in interest expenses borne by the sector led to a fall in financial pressure compared with 2014 (7 p.p.), with interest expenses consuming, in 2015, 23 per cent of



the sector's EBITDA, a larger share than in total enterprises (20 per cent) (Chart 11). The reduction in financial pressure, also registered when comparing its 2015 level with that seen in 2011, was broadly based across size classes and economic activity segments. Microenterprises posted the highest financial pressure, due to the fact that interest expenses were much higher than the aggregate's EBITDA (both in 2011 and 2015, the operating margin in this group of enterprises was of only 1 per cent). A similar situation was seen in 'accommodation and food service activities' in 2011, when the operating margin stood at 3 per cent.

According to information from Banco de Portugal's Central Credit Register, loans granted to the tourism sector by the resident financial sector decreased in 2015, compared with 2014, 2.2 per cent (3.7 per cent in total enterprises), having increased by 0.3 per cent up to the end of the first half of 2016 (2.1 per cent decrease in total enterprises).

At the end of the first half of 2016, 9.7 per cent of loans granted to the sector were non-performing, a figure below the one of total enterprises (16.7 per cent) (Chart 12). In the period under review, the non-performing loans ratio posted more moderate developments in the tourism sector than in total

enterprises. In June 2016, 'recreational and cultural activities' had the highest non-performing loans ratio (12.3 per cent, compared with 10.5 per cent in 'accommodation and food service activities' and 7.1 per cent in 'transport and logistics', which, regardless the increase in this indicator in the period under review, continued to post the lowest indebtedness levels).

Trade credits were less important to the tourism sector than to total enterprises (7 per cent of liabilities, compared with 16 per cent in 2015, respectively), although their weight was higher in 'recreational and cultural activities' (12 per cent of liabilities). However, unlike most economic activity sectors, the tourism sector was able to obtain net trade credit financing, due to the positive differential between accounts payable and accounts receivable (corresponding to 3 per cent of the sector's turnover, compared with a negative differential of a similar relative magnitude in total enterprises). This was due to the 7 per cent positive differential of 'accommodation and food service activities', to the extent that the differential between accounts payable and receivable weighted by turnover was negative in 'recreational and cultural activities' (-4 per cent) and null in 'transport and logistics'.

Chart 11 • Weight of interest expenses in EBITDA

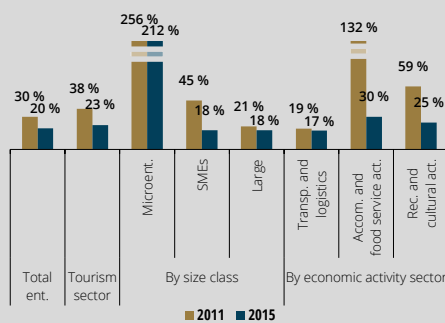
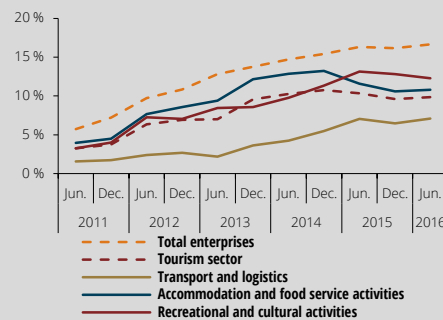


Chart 12 • Non-performing loans ratios (end-of-period figures)



¹ For the purposes of this analysis, the tourism sector includes economic activities more exposed to tourist activity. In this context, the sector includes the 'transport and logistics', 'accommodation and food service activities' and 'recreational and cultural activities' segments. The list of economic activity sectors (on the basis of CAE-Rev.3) included in the tourism sector is presented in [Central Balance Sheet Study | 17 – Analysis of the tourism sector](#), October 2014.

² The definition of export sector is detailed in [Central Balance Sheet Study | 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 17 on enterprises in the tourism sector](#)
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Annex – Main indicators of the tourism sector

Chart	Series	2011	2012	2013	2014	2015	2016
1 Demographic indicators	Tourism sector						
	Birth rate	8.2	7.9	9.2	8.9	10.1	
	Death rate	5.8	6.8	7.6	7.6	7.9	
	Rate of change of the number of enterprises	2.6	1.1	1.7	1.5	2.4	
	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	Transport and logistics						
	Number of enterprises	18.3	18.2	17.6	17.1	16.4	
	Turnover	41.0	44.5	44.0	42.6	41.1	
	Number of employees	16.0	16.9	17.0	17.0	16.1	
	Accommodation and food service activities						
	Number of enterprises	71.6	71.5	71.6	71.8	72.0	
	Turnover	42.9	39.8	40.0	41.5	43.2	
	Number of employees	75.9	74.8	74.7	74.8	75.4	
	Recreational and cultural activities						
	Number of enterprises	10.1	10.4	10.8	11.1	11.6	
	Turnover	16.1	15.7	16.0	15.9	15.7	
	Number of employees	8.2	8.3	8.3	8.2	8.6	
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	
	Tourism sector	90.9	91.6	91.7	91.6	91.1	
	Share of microenterprises in the aggregate's turnover						
	Total enterprises	15.4	15.5	15.6	15.7	15.8	
	Tourism sector	22.1	20.8	20.6	21.0	21.2	
	Share of microenterprises in the number of employees in the aggregate						
	Total enterprises	27.5	28.1	28.1	27.8	27.2	
	Tourism sector	40.3	41.2	40.7	40.2	39.0	
	Share of small and medium-sized enterprises in the number of enterprises in the aggregate						
	Total enterprises	11.7	10.9	10.4	10.3	10.6	
	Tourism sector	9.0	8.3	8.1	8.2	8.8	
	Share of small and medium-sized enterprises in the aggregate's turnover						
	Total enterprises	42.6	42.1	42.0	42.1	42.7	
	Tourism sector	40.5	39.2	39.1	39.0	40.1	
	Share of small and medium-sized enterprises in the number of employees in the aggregate						
	Total enterprises	46.6	46.1	45.6	45.4	45.4	
	Tourism sector	43.9	43.1	43.1	43.4	44.8	
	Share of large enterprises in the number of enterprises in the aggregate						
	Total enterprises	0.3	0.2	0.2	0.2	0.3	
	Tourism sector	0.1	0.1	0.1	0.1	0.1	
	Share of large enterprises in the aggregate's turnover						
	Total enterprises	42.0	42.4	42.3	42.2	41.5	
	Tourism sector	37.4	40.0	40.3	39.9	38.6	
	Share of large enterprises in the number of employees in the aggregate						
	Total enterprises	25.8	25.8	26.3	26.8	27.5	
	Tourism sector	15.8	15.7	16.3	16.4	16.3	
	4 Turnover Contributions from the segments (p.p.) to the annual growth rate (per cent)	Growth rate of turnover / Tourism sector	0.3	-4.7	2.7	5.5	6.4
Contribution from transport and logistics		1.2	1.6	0.8	0.8	1.0	
Contribution from accommodation and food service activities		0.2	-5.0	1.2	3.9	4.6	
Contribution from recreational and cultural activities		-1.1	-1.2	0.7	0.8	0.7	
Growth rate of turnover / Total enterprises		-1.8	-6.2	-0.2	1.9	2.4	
5 EBITDA Annual growth rate	Total enterprises	-30.4	-10.2	10.6	1.0	24.8	
	Tourism sector	-21.9	-17.7	28.7	22.7	20.5	
6 Return on equity	Total enterprises	1.2	0.0	2.7	2.7	7.2	
	Tourism sector	-6.9	-10.5	-6.2	-2.5	2.1	
	Transport and logistics	2.5	5.8	6.1	6.7	6.7	
	Accommodation and food service activities	-13.2	-25.0	-18.8	-11.9	-1.5	
	Recreational and cultural activities	-9.8	-9.2	-4.4	-2.4	-1.8	
7 Profitability by segment Operating margin and net margin	EBITDA / Revenue						
	Total enterprises	7.9	7.6	8.4	8.3	10.1	
	Tourism sector	8.4	7.3	9.1	10.6	11.8	
	Transport and logistics	16.0	16.3	16.5	17.6	16.3	
	Accommodation and food service activities	2.8	-1.6	2.6	5.4	9.9	
	Recreational and cultural activities	3.5	3.7	4.6	4.7	4.9	
	Net income / Revenue						
	Total enterprises	0.5	0.0	1.2	1.2	3.3	
	Tourism sector	-3.6	-5.3	-3.0	-1.2	1.1	
	Transport and logistics	1.2	2.7	3.0	3.5	3.6	
	Accommodation and food service activities	-8.4	-15.1	-10.2	-6.3	-0.8	
	Recreational and cultural activities	-3.1	-3.3	-1.5	-0.8	-0.6	

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	
	Tourism sector	26.9	24.1	24.2	25.5	27.1	
	Microenterprises	17.0	12.7	8.6	7.4	7.0	
	Small and medium-sized enterprises	32.5	30.2	32.1	35.8	35.0	
	Large enterprises	25.7	23.7	25.2	25.6	31.1	
	Transport and logistics	28.5	27.1	29.2	30.8	31.8	
	Accommodation and food service activities	26.2	21.6	20.1	21.5	23.3	
	Recreational and cultural activities	25.1	26.8	27.6	26.3	28.8	
	Capital ratio (median)						
	Total enterprises	24.1	23.3	23.6	25.0	26.6	
	Tourism sector	19.5	12.0	8.0	6.4	6.8	
	Microenterprises	18.4	10.2	5.7	3.5	3.6	
	Small and medium-sized enterprises	25.2	22.7	23.1	24.9	25.0	
	Large enterprises	25.3	22.8	25.7	30.1	31.6	
	Transport and logistics	62.3	61.2	58.3	59.8	60.2	
	Accommodation and food service activities	10.9	1.8	-3.0	-7.2	-6.1	
Recreational and cultural activities	20.4	17.8	17.5	18.1	18.4		
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 / Tourism sector	7.2	8.0	0.3	-1.3	-0.5	
	Contribution from debt securities	0.4	0.1	2.8	-0.3	-0.4	
	Contribution from bank loans	-0.8	-1.6	-1.4	-3.3	-0.9	
	Contribution from intra-group financing	2.7	2.9	2.0	0.5	1.6	
	Contribution from other financial debt	1.0	1.2	0.1	0.1	-0.6	
	Contribution from trade credits	0.3	-0.3	0.0	0.5	-0.2	
	Contribution from other liabilities	3.6	5.7	-3.1	1.2	0.0	
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	
	Tourism sector	24.0	5.5	-1.5	-2.4	-7.2	
	Microenterprises	16.8	5.9	38.0	3.4	-14.3	
	Small and medium-sized enterprises	35.0	9.3	-24.6	-17.2	2.3	
	Large enterprises	12.4	-1.2	17.8	11.3	-11.1	
	Transport and logistics	12.7	-0.6	5.7	6.2	-8.8	
	Accommodation and food service activities	36.1	10.6	-2.2	-6.6	-6.8	
	Recreational and cultural activities	20.1	4.7	-25.0	-19.6	0.0	
	Growth rate of interest expenses (median)						
	Total enterprises	-9.3	-22.4	-31.5	-20.2	-22.5	
	Tourism sector	-17.9	-26.4	-35.1	-25.2	-26.0	
	Microenterprises	-25.1	-30.4	-38.9	-29.6	-29.7	
	Small and medium-sized enterprises	9.5	-6.8	-19.3	-10.2	-14.0	
	Large enterprises	14.2	-10.6	-16.3	-8.7	-12.3	
	Transport and logistics	-29.4	-30.5	-40.3	-28.2	-29.1	
	Accommodation and food service activities	-16.4	-26.1	-34.6	-25.4	-26.4	
Recreational and cultural activities	-9.5	-22.6	-30.5	-18.8	-19.8		
11 Weight of interest expenses in EBITDA	Total enterprises	30.5	35.5	30.0	27.9	19.7	
	Tourism sector	37.7	48.4	37.1	29.5	22.7	
	Microenterprises	255.9	N.A.	N.A.	N.A.	212.2	
	Small and medium-sized enterprises	45.5	49.1	28.9	20.1	17.8	
	Large enterprises	21.3	20.3	23.1	21.5	17.7	
	Transport and logistics	19.3	18.3	18.9	18.3	17.5	
	Accommodation and food service activities	131.6	N.A.	164.2	67.6	30.4	
Recreational and cultural activities	58.6	63.0	36.6	27.7	25.0		
12 Non-performing loans ratios (end-of-period figures)	Total enterprises	7.2	10.8	13.8	15.4	16.2	16.7
	Tourism sector	3.8	6.9	9.6	10.8	9.6	9.8
	Transport and logistics	1.7	2.7	3.6	5.5	6.5	7.1
	Accommodation and food service activities	4.5	8.6	12.2	13.2	10.6	10.8
	Recreational and cultural activities	4.0	7.1	8.6	11.3	12.8	12.3

NOTES:

The aggregates 'Microenterprises', 'Small and medium-sized enterprises', 'Large enterprises', 'Transport and logistics', 'Accommodation and food service activities' and 'Recreational and cultural activities' refer to components of the tourism sector, unless where indicated. Similarly, contributions shown always relate to contributions to the total of the sector under review. All values 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 shown as 'N.A.'. Figures for Chart 12 refer to December of each period, except for the last figure shown, which refers to June.