



Central Balance Sheet Study | 28 – Analysis of enterprises in the transport sector

10 July 2017

Banco de Portugal has published today the [Central Balance Sheet Study | 28](#), with information on the economic and financial situation of enterprises in the transport sector between 2011 and 2016.

The results, essentially based on data from the Central Balance Sheet Database of Banco de Portugal, are broken down by size class – microenterprises, small and medium-sized enterprises (SMEs) and large enterprises – and economic activity segment ('land transport', 'water transport' and 'air transport') and compared with results for total enterprises. Details are provided on bank loans obtained by these enterprises with the resident financial system in Portugal.

This analysis also compares the sector with a 'broad' transport sector, which incorporates both enterprises belonging to the non-financial corporations institutional sector and the general government.

A specific analysis is carried out for each segment, detailing, where possible, the behaviour of enterprises associated with passenger transport, in contrast with enterprises associated with the transport of goods.

Structure and dynamics

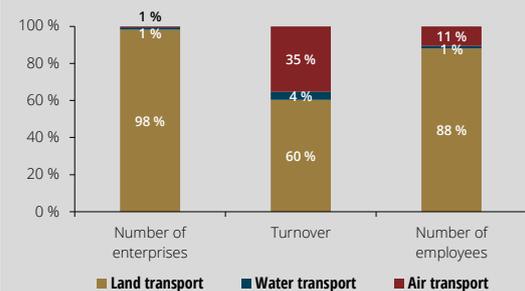
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In 2015 the transport sector comprised 16,000 enterprises, i.e. 4 per cent of total enterprises in Portugal, 3 per cent of turnover and 4 per cent of the number of employees.

The sector was mostly composed of microenterprises (91 per cent). However, SMEs and large enterprises were the most relevant in terms of turnover (42 and 45 per cent respectively) and number of employees (42 and 31 per cent respectively).

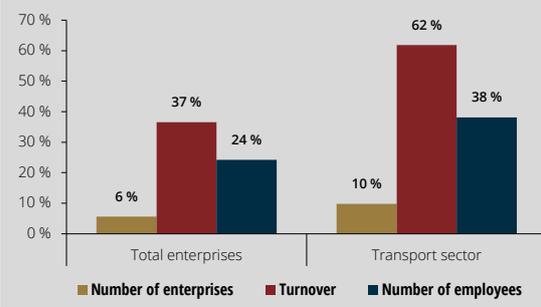
As regards the activities within this sector, land transport was the most relevant segment, with 98 per cent of the number of enterprises, 60 per cent of turnover and 88 per cent of the number of employees (Chart 1).

Chart 1 • Structures | By economic activity segment (2015)



In 2015 the export sector accounted for 10 per cent of enterprises, 62 per cent of turnover and 38 per cent of the number of employees in the transport sector, above the figures seen in total enterprises (Chart 2).

Chart 2 • Share of the export sector (2015)

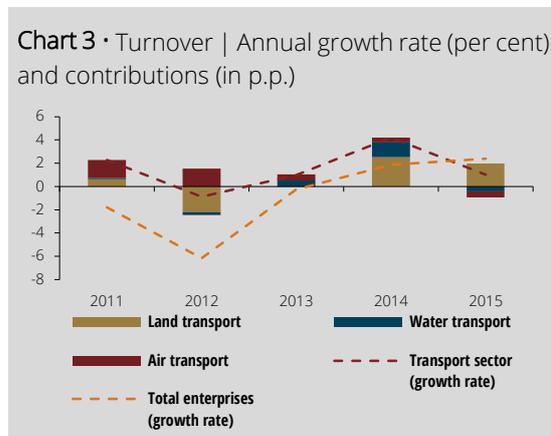


Activity and profitability

Turnover increased by 1 per cent in 2015. Return on equity also rose by 6 p.p., to 9 per cent

Turnover in the transport sector increased by 1 per cent in 2015. For the first time since 2011, the sector grew less than total enterprises (whose turnover increased by 2 per cent in 2015) (Chart 3).

Land transport was the only segment that contributed to the increase in turnover in the transport sector (a 2 p.p. contribution, associated with a growth of 3 per cent). Water transport and air transport posted declines in activity of 9 and 1 per cent respectively, which resulted in negative contributions to aggregate developments in the sector (0.4 and 0.5 p.p. respectively).

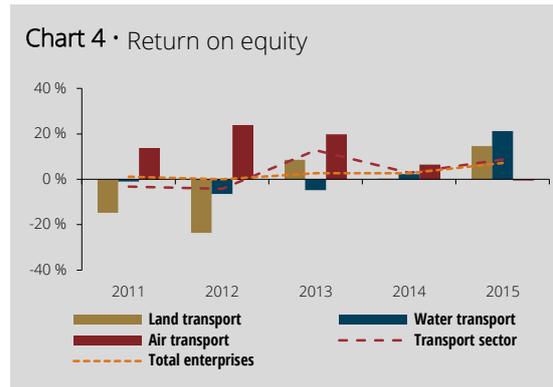


The external market systematically boosted growth in turnover in the transport sector until 2014. However, in 2015, the contribution of the external market to the annual change in turnover was marginally negative (-0.1 p.p.). The positive change in the sector's turnover resulted from the positive contribution from the domestic market (1 p.p.).

Supplies and external services were the most relevant component in the sector's structure of operating expenses (70 per cent), followed by employee expenses (24 per cent). This allocation contrasts with that of total enterprises, where the cost of goods sold and materials consumed had the highest share (59 per cent).

EBITDA in the transport sector increased by 5 per cent in 2015, after declining by 12 per cent in 2014. More than half of the enterprises posted a positive rate of change in EBITDA. The share of enterprises with negative EBITDA in the transport sector (21 per cent) was below that of total enterprises (33 per cent).

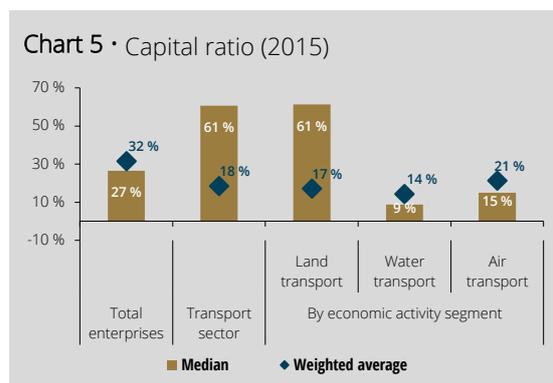
Return on equity in the transport sector stood at 9 per cent in 2015, 6 p.p. more than in 2014 (Chart 4). Following a negative return on equity in 2011 and 2012, the transport sector has posted positive returns since 2013, above those of total enterprises, particularly in water transport (21 per cent) and land transport (15 per cent). Return in air transport recorded a negative figure of 1 per cent in 2015. In the same year, the transport sector recorded an operating margin of 8 per cent and a net margin of 1 per cent, 2 p.p. below the figures seen in total enterprises.



Financial structure

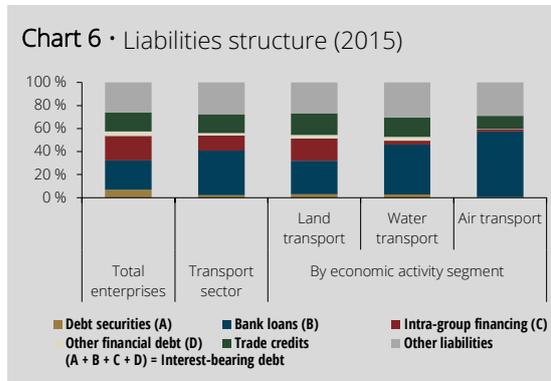
15 per cent of the sector's enterprises had negative equity. Bank loans were the most relevant component of interest-bearing debt

In 2015 the capital ratio of the transport sector stood at 18 per cent, below the 32 per cent seen in total enterprises (Chart 5). Nevertheless, half of the sector's enterprises had a capital ratio of 61 per cent or higher.



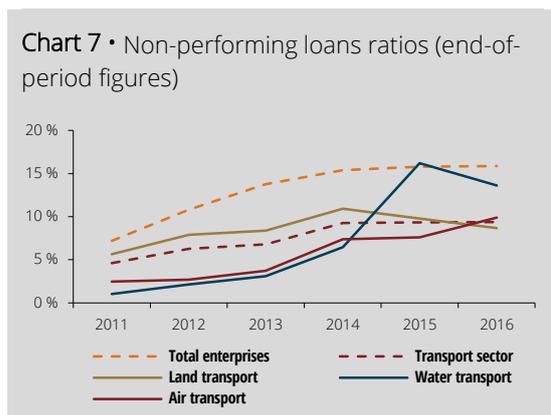
In 2015, 15 per cent of enterprises in the transport sector had negative equity, below the figure for total enterprises (29 per cent) and similar to land transport. The share of enterprises with negative equity was higher in water transport (46 per cent) and air transport (37 per cent).

Interest-bearing debt accounted for 56 per cent of the sector's liabilities, in particular bank loans (39 per cent of liabilities) (Chart 6). The liabilities of the transport sector posted a marginally positive change in 2015 (0.1 per cent) compared with 2014.



According to the information available at the Central Credit Register of Banco de Portugal, in December 2016, loans granted by the resident financial sector to the transport sector accounted for 4 per cent of loans granted to total enterprises, totalling €2,891 million. Land transport had the highest share of loans granted to the sector (58 per cent).

At the end of 2016, the non-performing loan ratio of the transport sector stood at 9.4 per cent. Land transport had a non-performing loan ratio below that of the sector (8.7 per cent), while water transport and air transport recorded higher figures (13.6 per cent and 9.9 per cent respectively) (Chart 7).

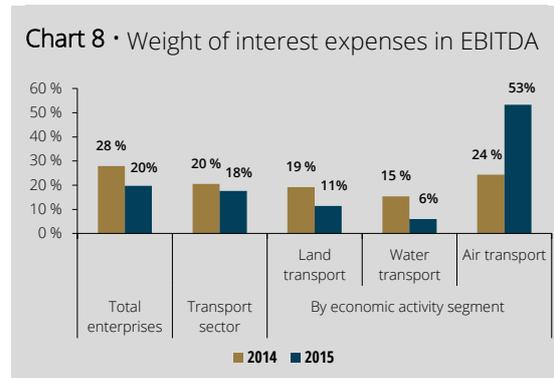


Financial costs and solvency

Financial pressure declined in 2015, as a result of a decrease in interest expenses and a rise in EBITDA

Interest expenses for the transport sector declined by 10 per cent on average, compared with 2014. Nevertheless, half of the enterprises in the sector posted declines of 21 per cent or higher.

As a result of the increase in EBITDA and the decline in the sector's interest expenses, the financial pressure ratio of the transport sector, assessed by the weight of interest expenses in EBITDA, declined by 3 p.p. in 2015, compared with 2014, to 18 per cent. Similarly to what was registered during the period under review as a whole, this ratio was below that of total enterprises (20 per cent in 2015) (Chart 8).



By economic activity segment, in 2015 interest expenses accounted for 53 per cent of the EBITDA generated by air transport, 29 p.p. more than in 2014. Financial pressure decreased in the other segments, standing at 11 per cent in land transport and 6 per cent in water transport in 2015.

Despite the decline in financial pressure, 19 per cent of enterprises in the transport sector did not generate enough EBITDA in 2015 to cover interest expenses. By contrast, 79 per cent of enterprises in the sector had interest expenses below half of the EBITDA generated.

Trade credit financing

Air transport was the only segment in the sector to obtain net trade credit financing

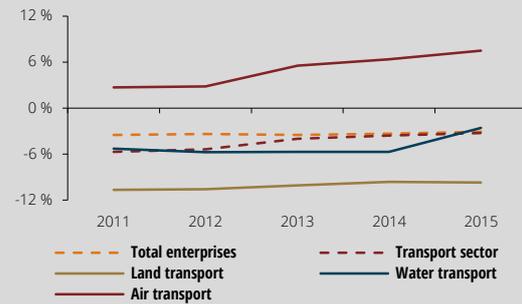
In 2015, 16 per cent of liabilities in the transport sector corresponded to trade credits, a value close to that observed for total enterprises.

On average, enterprises in the sector took six more days to pay their suppliers than to receive from their customers, similarly to total enterprises, which had five more days for days payable outstanding than days sales outstanding.

The indicator of net trade credit financing, as a percentage of turnover, recorded a negative figure of 3 per cent in 2015, which shows the transport sector did not obtain net financing this way. This figure was similar to that observed for total enterprises in the year under review (Chart 9).

By economic activity segment, air transport was the only segment showing positive net trade credit financing (7 per cent of turnover in 2015). Land transport and water transport posted negative figures for this indicator (10 and 3 per cent respectively).

Chart 9 • Net trade credit financing | As a percentage of turnover



Note: Net trade credit financing was calculated as the difference between accounts payable (net of advances) and accounts receivable (net of advances and adjustments).

Additional information available at:

[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](#)

[Central Balance Sheet Study No 28 on enterprises in the transport sector](#)

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