



## Sectoral analysis of accommodation and food service activities 2011-16

29 November 2016

Banco de Portugal updates today the [Central Balance Sheet Study | 5 – Sectoral analysis of accommodation and food service activities](#), which analyses the economic and financial situation of enterprises in accommodation and food service activities<sup>1</sup> between 2011 and 2016.

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

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

### Structure and dynamics

#### SMEs and microenterprises were more significant in terms of turnover and the number of employees

In 2015 the accommodation and food service activities sector comprised 10 per cent of enterprises in Portugal (39,000 enterprises), 8 per cent of the number of employees and 3 per cent of turnover. Compared with 2011, the weight of the sector in the number of enterprises and of employees increased in both cases by 0.5 percentage points (p.p.), a more significant change than in turnover (0.3 p.p.).

Between 2011 and 2015 the number of enterprises that started their business in the sector was higher

than the number of closures, which led to an increase in the number of active enterprises. This increase grew from 2012 onwards. In 2015, 1.3 enterprises were established per every closure. The rate of change in the number of active enterprises in the sector amounted to 2.5 per cent. This figure was higher than the one observed for total enterprises (1.4 p.p. differential in 2015), which continued over the whole period under review (Chart 1).

In 2015 the structure of enterprises by size class in the sector under review was similar to that of total enterprises, with around 89 per cent of microenterprises. However, in terms of turnover and number of employees, microenterprises were more relevant in the accommodation and food service activities (30 and 38 per cent, i.e. 15 p.p. and 11 p.p. above the shares for total enterprises respectively). By contrast, large enterprises (0.1 per cent of the sector's enterprises and 0.3 per cent of total enterprises) aggregated 18 per cent of turnover and 15 per cent of the number of employees (23 p.p. and 12 p.p. below respectively the values recorded when considering total enterprises) (Chart 2).

'Food service activities' had a greater relevance in the sector considering the activity segment breakdown of enterprises (83 per cent), turnover (64 per cent) and number of employees (74 per cent) (Chart 3). This notwithstanding, the weight of 'accommodation' was higher than in 2011 (6 p.p. for

Chart 1 • Demographic indicators

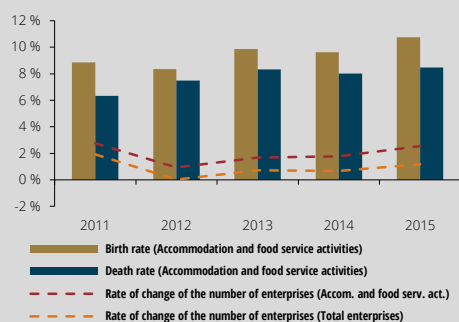
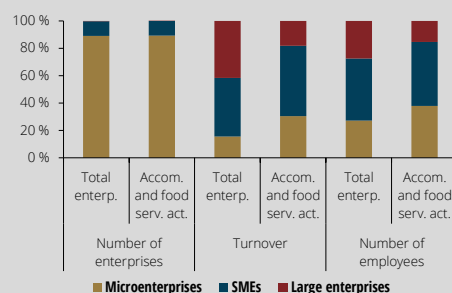


Chart 2 • Structure | By size class (2015)



turnover, 3 p.p. for the number of enterprises and 2 p.p. for the number of employees).

The Lisbon district aggregated 42 per cent of the sector's turnover, followed by the Porto and Faro districts (14 per cent and 13 per cent respectively). Faro and Funchal were the districts where the sector played a more relevant role, accounting for 18 per cent and 8 per cent respectively of the turnover of enterprises established therein.

### Activity and profitability

#### Turnover recovered further and increased in all size classes and activity segments, contributing to almost double the sector's EBITDA

Turnover in accommodation and food service activities grew by 10 per cent in 2015 (2 per cent for total enterprises). The increase in turnover was broadly based across the different size classes (14 per cent in SMEs, 8 per cent in large enterprises, and 6 per cent in microenterprises) and both activity segments (13 per cent in the case of 'accommodation' and 9 per cent in 'food service activities'). The growth of turnover in 'food service activities' led to a 6 p.p. contribution to the change in the sector's turnover (5 p.p. contribution from 'accommodation') (Chart 4). Turnover in 'food service activities', due to growth experienced since 2013, returned to the absolute values recorded in 2011, when it reached the previous peak of the period under review.

Operating costs rose by 8 per cent in 2015 (2 per cent in total enterprises), as a consequence of the growth of supplies and external services (9 per

cent), staff costs (9 per cent) and the cost of goods sold and materials consumed (5 per cent). The weight of supplies and external services in this aggregate rose by 2 p.p. between 2011 and 2015 (accounting for 33 per cent of operating costs in 2015) to the detriment of a reduction in the same period of the weight of staff costs (by 2 p.p., having stood at 30 per cent in 2015).

As a consequence of joint developments in turnover and operating costs, the sector's EBITDA almost doubled in 2015 (95 per cent growth). That year, 58 per cent of the sector's enterprises recorded positive changes in their EBITDA (46 per cent in 2011), 4 p.p. above the proportion observed for total enterprises (Chart 5).

In 2015, 51 per cent of the sector's enterprises registered negative EBITDA, a value considerably above the one observed for total enterprises (33 per cent). Among large enterprises and SMEs this share was of 2 per cent and of 24 per cent respectively, in contrast to 55 per cent in microenterprises. In all economic activity segments and size classes, the share of enterprises in this situation declined in 2015, in comparison with 2014.

#### Despite the recovery, the sector's profitability remained negative at 1 per cent

In 2015 the sector's return on equity was 10 p.p. higher than that observed in 2014, maintaining the recovery path recorded since 2012 (when it stood at -25 per cent). However, the sector's profitability continued to be negative (1 per cent) and below the profitability of total enterprises (positive at 7 per cent) (Chart 6). While large enterprises, SMEs and

Chart 3 • Structure | By economic activity segment (2015)

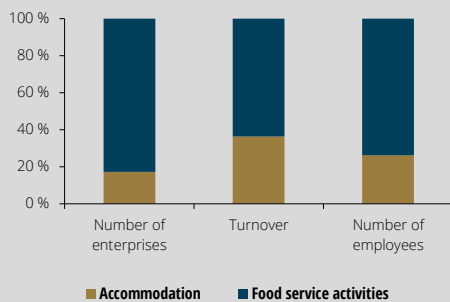


Chart 4 • Turnover | Contributions from activity segments (in p.p.) to the annual growth rate (per cent)

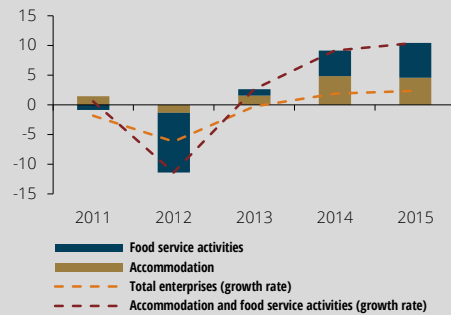


Chart 5 • Share of enterprises with EBITDA growth

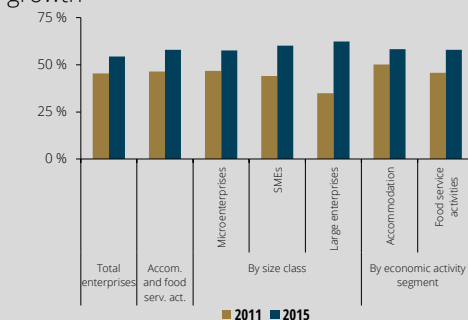
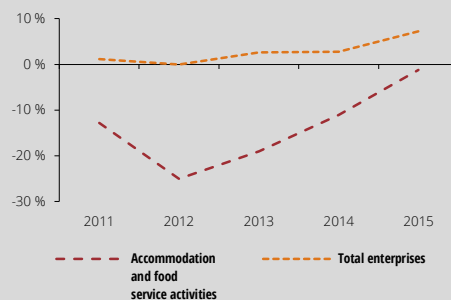


Chart 6 • Return on equity



'accommodation' showed positive values for this indicator (17 per cent, 3 per cent and 1 per cent respectively), profitability in microenterprises and 'food service activities' was negative.

In 2015, in spite of the operating margin (EBITDA/revenue) presenting positive values in both activity segments, the net margin (net income/revenue) was negative in the 'food service activities' (in contrast to total enterprises) (Chart 7). However, both the sector's operating margin and the net margin grew in 2015 (4 p.p. and 5 p.p. respectively), continuing the recovery trend observed from 2012 onwards, with the 8 p.p. increase in the net margin of 'accommodation' being noteworthy. In addition, 'accommodation' showed an operating margin 17 p.p. above 'food service activities'. This notwithstanding, a comparison of net margins shows a differential of only 4 p.p.

### Financial situation

#### The sector's liabilities declined marginally in 2015

The sector's capital ratio grew by 2 p.p. in 2015 compared to 2014, amounting to 23 per cent (26 per cent in 2011), i.e. 8 p.p. below the value for total enterprises in the same year (Chart 8). The sector's capital ratio in 2015 was, however, higher than the value recorded by at least half its enterprises (-6 per cent), due to the performance of microenterprises and 'food service activities'. In 2015 around 53 per cent of the sector's enterprises recorded negative equity, a share that stood at

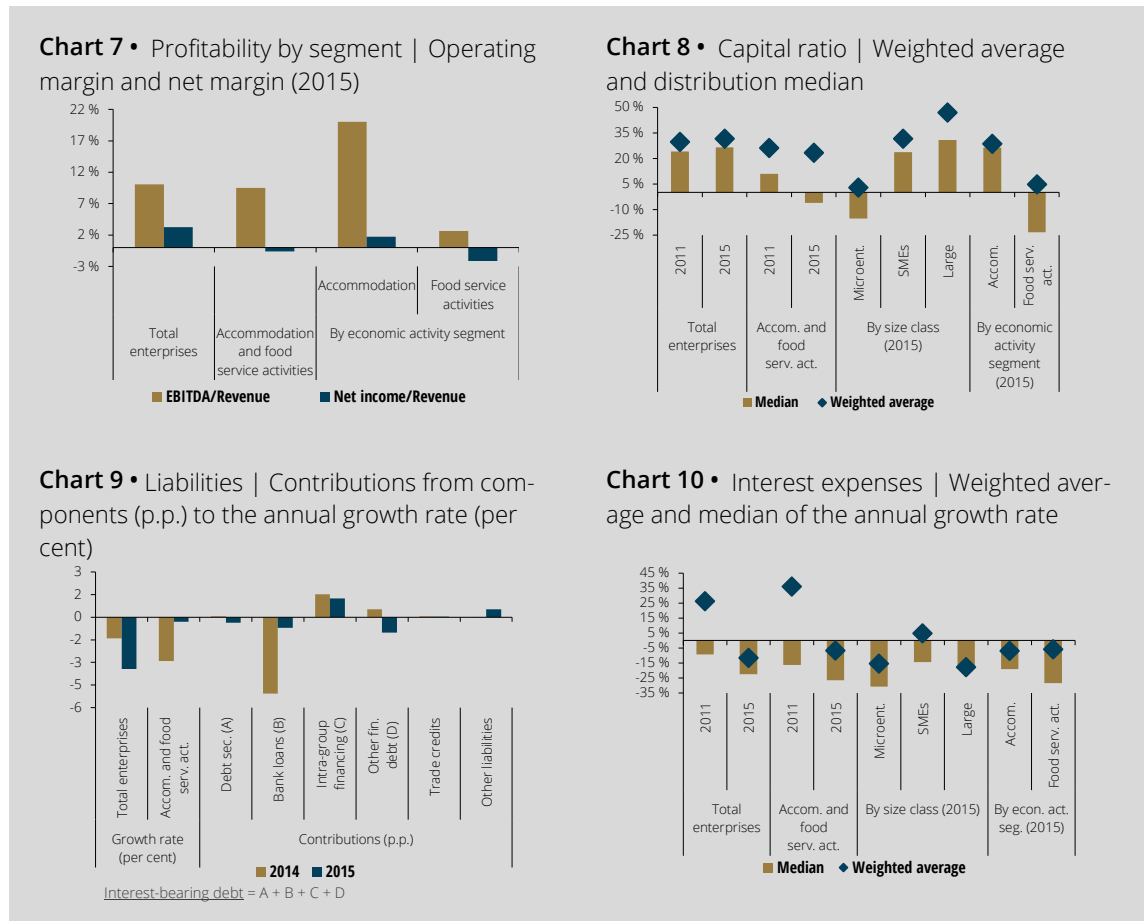
28 per cent in 'accommodation' and 58 per cent in 'food service activities'.

The sector's liabilities declined marginally in 2015 (3 per cent in total enterprises), particularly due to the behaviour of bank loans and intra-group financing. In the first case, the reduction recorded in 2015 was of 2 per cent, determining a contribution of -1 p.p. to the change in the sector's liabilities, which contrasts with the contribution of -5 p.p. recorded in 2014, associated with a rate of change of -14 per cent (Chart 9). Intra-group financing recorded a positive rate of change (7 per cent).

Interest-bearing debt accounted for 61 per cent of the sector's liabilities in 2015, i.e. 3 p.p. above the weight observed in total enterprises. Bank loans stood out for their high relevance (33 per cent), assuming a particular importance in 'accommodation' (38 per cent of the segment's liabilities).

#### Decline in interest expenses and consequent reduction of the financial pressure

Interest expenses borne by the accommodation and food service activities sector declined by 7 per cent in 2015, a reduction lower than that observed for total enterprises. This reduction was sharper for large enterprises, microenterprises and in 'accommodation' (18, 16 and 7 per cent respectively) (Chart 10). An analysis of individual figures also shows that interest expenses declined by more than 26 per cent for half of the sector's enterprises.



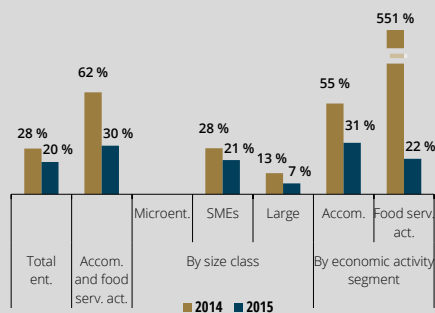
Positive developments in EBITDA, together with a decline in interest expenses, resulted in an ongoing reduction of the financial pressure (32 p.p. reduction vis-à-vis 2014, to 30 per cent in 2015). This value was nevertheless higher than that of the financial pressure recorded by total enterprises (20 per cent). The weight of interest expenses in EBITDA declined in SMEs and large enterprises (to 21 and 7 per cent respectively). For microenterprises, the analysis of this indicator could not be conducted given the negative level of the respective EBITDA. In addition, financial pressure declined in the 'food service activities' segment, by virtue of the value recorded in 2014, associated with a marginally positive EBITDA (Chart 11).

According to information from Banco de Portugal's Central Credit Register, loans granted to the accommodation and food service activities sector maintained their level from the end of 2015 to the end of the first half of 2016, in contrast to total enterprises (2.1 per cent fall). Around 10.8 per cent of loans granted to the sector were non-performing at the end of the first half of 2016 (4.5 per cent at end-2011), lower than for total enterprises in the same

period (16.7 per cent, compared with 7.2 per cent at the end of 2011). This differential is due to the less negative performance of 'accommodation', which had 9.1 per cent of non-performing loans at the end of the first half of 2016 (compared with 17.2 per cent in 'food service activities', ratios that, at the end of 2011, amounted to 3.4 and 9.0 per cent respectively) (Chart 12). Within the sector under review, this indicator increased by 0.2 p.p. vis-à-vis the end of 2015 (0.5 p.p. increase in total enterprises), a more significant change in microenterprises (0.9 p.p., to 20.6 per cent) and 'accommodation' (0.2 p.p.).

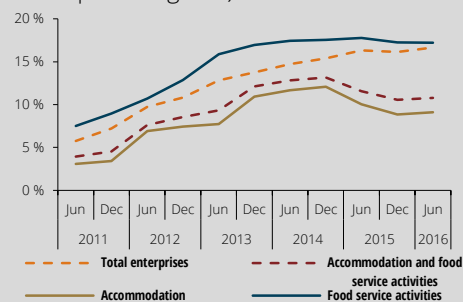
Trade credits accounted for 7 per cent of the liabilities of the accommodation and food service activities sector (16 per cent in total enterprises). This notwithstanding, in contrast to most economic sectors, net trade credit financing was positive in this sector, and the differential between accounts payable and accounts receivable equalled 7 per cent of the sector's turnover (in contrast to a negative value of 3 per cent recorded by total enterprises). In addition, all size classes and economic activity segments recorded positive values for this indicator.

**Chart 11 • Weight of interest expenses in EBITDA**



**Note:** The indicator was not calculated for microenterprises as a whole (in 2014 and 2015) by virtue of a negative EBITDA aggregate.

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



<sup>1</sup> For the purposes of this analysis, the accommodation and food service activities sector includes Divisions 55 (Accommodation) and 56 (Food service activities) of CAE-Rev.3, economic activities that are a part of Section I – Accommodation and food service activities.

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 5 on accommodation and food service activities](#)

Banco de Portugal | [info@bportugal.pt](mailto:info@bportugal.pt)

## Annex – Main indicators for the accommodation and food service activities sector

Chart	Series	2011	2012	2013	2014	2015	2016
1 Demographic indicators	Accommodation and food service activities						
	Birth rate	8.9	8.4	9.9	9.6	10.8	
	Death rate	6.3	7.5	8.3	8.0	8.5	
	Rate of change of the number of enterprises	2.8	0.9	1.7	1.8	2.5	
	Rate of change of the number of enterprises / Total enterprises	1.9	0.0	0.7	0.7	1.2	
2 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	
	Accommodation and food service activities	89.1	89.9	90.2	90.1	89.3	
	Share of microenterprises in the aggregate's turnover						
	Total enterprises	15.4	15.5	15.6	15.7	15.8	
	Accommodation and food service activities	33.1	32.3	31.8	31.3	30.5	
	Share of microenterprises in the number of employees in the aggregate						
	Total enterprises	27.5	28.1	28.1	27.8	27.2	
	Accommodation and food service activities	38.7	39.8	39.6	39.3	38.0	
	Share of SMEs in the number of enterprises in the aggregate						
	Total enterprises	11.7	10.9	10.4	10.3	10.6	
	Accommodation and food service activities	10.8	9.9	9.7	9.8	10.5	
	Share of SMEs on the aggregate's turnover						
	Total enterprises	42.6	42.1	42.0	42.1	42.7	
	Accommodation and food service activities	48.6	49.0	49.6	50.2	51.3	
	Share of SMEs in the number of employees in the aggregate						
	Total enterprises	46.6	46.1	45.6	45.4	45.4	
	Accommodation and food service activities	45.1	44.2	44.8	44.9	46.5	
	Share of large enterprises in the number of enterprises in the aggregate						
	Total enterprises	0.3	0.2	0.2	0.2	0.3	
Accommodation and food service activities	0.1	0.1	0.1	0.1	0.1		
Share of large enterprises on the aggregate's turnover							
Total enterprises	42.0	42.4	42.3	42.2	41.5		
Accommodation and food service activities	18.4	18.7	18.6	18.5	18.2		
Share of large enterprises in the number of employees in the aggregate							
Total enterprises	25.8	25.8	26.3	26.8	27.5		
Accommodation and food service activities	16.2	16.0	15.6	15.8	15.5		
3 Structure   By economic activity segment	Accommodation						
	Number of enterprises	13.8	14.5	15.0	15.7	17.1	
	Turnover	30.5	32.6	33.9	35.5	36.2	
	Number of employees	24.3	24.5	25.4	25.6	26.2	
	Food service activities						
	Number of enterprises	86.2	85.5	85.0	84.3	82.9	
Turnover	69.5	67.4	66.1	64.5	63.8		
Number of employees	75.7	75.5	74.6	74.4	73.8		
4 Turnover   Contributions from activity segments (p.p.) to the annual growth rate (per cent)	Growth rate of turnover / Accommodation and food service activities	0.6	-11.4	2.7	9.1	10.4	
	Contribution from accommodation	1.5	-1.4	1.6	4.8	4.6	
	Contribution from food service activities	-0.9	-10.0	1.1	4.3	5.8	
	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	
	Accommodation and food service activities	46.4	32.0	51.3	54.6	58.0	
	Microenterprises	46.7	32.8	50.3	53.8	57.6	
	Small and medium-sized enterprises	44.0	26.3	59.1	60.7	60.2	
	Large enterprises	34.9	26.8	52.5	85.7	62.2	
	Accommodation	50.1	43.9	53.9	57.5	58.2	
	Food service activities	45.8	30.0	50.8	54.1	57.9	
6 Return on equity	Total enterprises	1.2	0.0	2.7	2.7	7.2	
	Accommodation and food service activities	-12.8	-25.0	-19.0	-11.1	-1.2	
7 Profitability by segment   Operating margin and net margin	EBITDA / Revenue						
	Total enterprises	7.9	7.6	8.4	8.3	10.1	
	Accommodation and food service activities	2.9	-1.5	2.3	5.5	9.5	
	Accommodation	3.3	1.9	9.7	14.5	20.0	
	Food service activities	2.7	-3.3	-1.8	0.1	2.7	
	Net income / Revenue						
	Total enterprises	0.5	0.0	1.2	1.2	3.3	
	Accommodation and food service activities	-7.6	-14.0	-9.6	-5.5	-0.6	
Accommodation	-16.7	-23.1	-13.6	-6.3	1.7		
Food service activities	-3.2	-9.2	-7.4	-5.0	-2.1		

Chart	Series	2011	2012	2013	2014	2015	2016
8 Capital ratio   Weighted average and distribution median	Capital ratio (weighted average)	29.7	29.3	29.8	29.6	31.5	
	Total enterprises	26.1	21.5	20.1	21.6	23.3	
	Accommodation and food service activities						
	Microenterprises	15.4	9.7	4.9	3.4	2.8	
	Small and medium-sized enterprises	29.5	26.1	27.8	31.3	31.5	
	Large enterprises	39.5	35.7	33.5	39.2	47.0	
	Accommodation	30.2	25.9	24.6	26.5	28.6	
	Food service activities	12.7	6.4	4.3	4.0	4.8	
	Capital ratio (median)						
	Total enterprises	24.1	23.3	23.6	25.0	26.6	
	Accommodation and food service activities	10.9	1.8	-3.1	-7.2	-6.2	
	Microenterprises	7.8	-1.3	-9.1	-14.8	-15.2	
	Small and medium-sized enterprises	24.6	20.4	21.9	23.7	23.7	
	Large enterprises	26.0	24.1	21.2	31.7	30.9	
	Accommodation	27.7	24.9	24.6	24.9	26.4	
Food service activities	7.5	-4.7	-14.6	-21.4	-23.3		
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 / Accommodation and food service activities	11.5	7.7	2.4	-2.9	-0.3	
	Contribution from debt securities	0.4	0.0	0.0	0.0	-0.4	
	Contribution from bank loans	2.5	-0.6	-0.8	-5.1	-0.7	
	Contribution from intra-group financing	1.7	5.3	1.9	1.5	1.2	
	Contribution from other financial debt	0.5	3.6	0.2	0.5	-1.0	
	Contribution from trade credits	0.9	-0.1	-0.4	0.0	0.0	
	Contribution from other liabilities	5.5	-0.4	1.4	0.0	0.5	
10 Interest expenses   Weighted average and median of the annual growth rate	Growth rate of interest expenses (weighted average)	26.2	4.7	-6.4	-6.3	-11.8	
	Total enterprises	36.1	10.7	-2.2	-6.8	-6.8	
	Accommodation and food service activities						
	Microenterprises	18.2	6.4	52.6	4.6	-15.6	
	Small and medium-sized enterprises	49.4	16.3	-22.9	-16.5	4.7	
	Large enterprises	24.9	-6.4	-18.4	-6.7	-17.8	
	Accommodation	44.9	14.3	0.4	-5.9	-6.9	
	Food service activities	6.8	-5.6	-16.8	-13.3	-5.9	
	Growth rate of interest expenses (median)						
	Total enterprises	-9.3	-22.4	-31.5	-20.2	-22.5	
	Accommodation and food service activities	-16.3	-26.0	-34.5	-25.4	-26.5	
	Microenterprises	-24.3	-30.1	-38.6	-30.3	-30.8	
	Small and medium-sized enterprises	7.9	-10.3	-20.3	-11.0	-14.5	
	Large enterprises	24.5	0.3	-17.2	-13.4	-16.5	
	Accommodation	1.8	-16.5	-28.7	-13.6	-19.2	
Food service activities	-19.9	-28.0	-35.7	-28.5	-28.4		
11 Weight of interest expenses in EBITDA	Total enterprises	30.5	35.5	30.0	27.9	19.7	
	Accommodation and food service activities	116.2	N.A.	169.0	62.1	29.7	
	Microenterprises	N.A.	N.A.	N.A.	N.A.	N.A.	
	Small and medium-sized enterprises	104.4	138.0	44.9	28.0	20.8	
	Large enterprises	26.3	45.9	51.6	12.9	6.7	
	Accommodation	256.9	528.5	97.9	55.2	31.3	
	Food service activities	33.5	N.A.	N.A.	550.5	21.6	
12 Non-performing loan ratios (end-of-period figures)	Total enterprises	7.2	10.8	13.8	15.4	16.2	16.7
	Accommodation and food service activities	4.5	8.5	12.1	13.2	10.5	10.8
	Accommodation	3.4	7.4	10.9	12.1	8.9	9.1
	Food service activities	9.0	12.9	16.9	17.6	17.3	17.2

## NOTES:

The aggregates 'Microenterprises', 'Small and medium-sized enterprises', 'Large enterprises', 'Accommodation', and 'Food service activities' refer to components of the accommodation and food service activities sector, 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.