Central Balance Sheet Studies 36

Sector tables and enterprise and sector tables

February 2019

BANCO DE PORTUGAL
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Lisboa, 2019 • www.bportugal.pt

Sector tables and enterprise and sector tables | Central Balance Sheet Studies 36 | 2019 • Banco de Portugal
Av. Almirante Reis, 71 | 1150-012 Lisboa • www.bportugal.pt • Publisher Statistics Department • Design Communication and Museum Department | Design Unit • ISBN (online) 978-989-678-708-0 • ISSN (online) 2182-1712

Foreword

This study replaces Study 19 – Sector Tables and Enterprise and Sector Tables – Methodological Notes

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I Sector tables and enterprise and sector tables

1 Introduction

Banco de Portugal published new sector tables and enterprise and sector tables in November 2018.

The sector tables (STs) made available to the general public on the Bank's website include a set of economic and financial indicators on Portuguese enterprises, presented by sector of economic activity and by size class, together with ratios of other European countries in each sector of activity.

The Enterprise and Sector Tables (ESTs) enable managers to compare the performance of their enterprises to the performance of enterprises of the same sector and size class and are available to enterprises for free in the Corporate Area of the Bank's website.

The new tables are more interactive and easy to consult than the previous ones. The new tool provided allows users to visually analyse key published results, to export data to Excel and to download a report with a wide range of indicators on Portuguese enterprises.

In addition, with the new publication some concepts have been revised and some methodological changes have been made, which are presented in this study.

Chapter 2 presents the new tables, in particular the graphical analysis of the data. The presentation of the tables is accompanied by an analysis of the indicators, which focuses, by way of illustration, on the data for the year 2017, published at the end of November 2018. A more in-depth analysis of the development of business data for this or other years may be found in the Studies published by the Central Balance Sheet Database on the Sectoral analysis of non-financial corporations in Portugal.

Methodological details of the STs are presented in chapter 3. Section 3.1 presents the financial statements used and the economic and financial ratios. Section 3.2 provides the sources and the methodology used for defining the reference population for the statistics.

2 Presentation of the sector tables and enterprise and sector tables

2.1 Sector tables and enterprise and sector tables

2.1.1 Sector Tables (STs)

Sector Tables display a wide range of economic and financial indicators on Portuguese non-financial corporations, complemented by a narrower set of indicators from other European countries. The information available in the STs makes it possible to analyse the economic and financial situation of corporations across a broad range of economic sector and size class combinations.

Economic activity sectors are classified according to the Portuguese Classification of Economic Activities (CAE Rev. 3), while size classes follow Commission Recommendation 2003/361/EC of 6 May 2003 (see 3.2.4). In both cases the breakdown available can be in the maximum detail, provided it meets the confidentiality criteria applied (3.2.6).

STs are available to the general public and can be accessed via the Statistics webpage on the Bank's website (Figures I.2.1 and I.2.2). The ESTs are available only in Portuguese.

Figure I.2.1 • Access to sector tables (step 1)

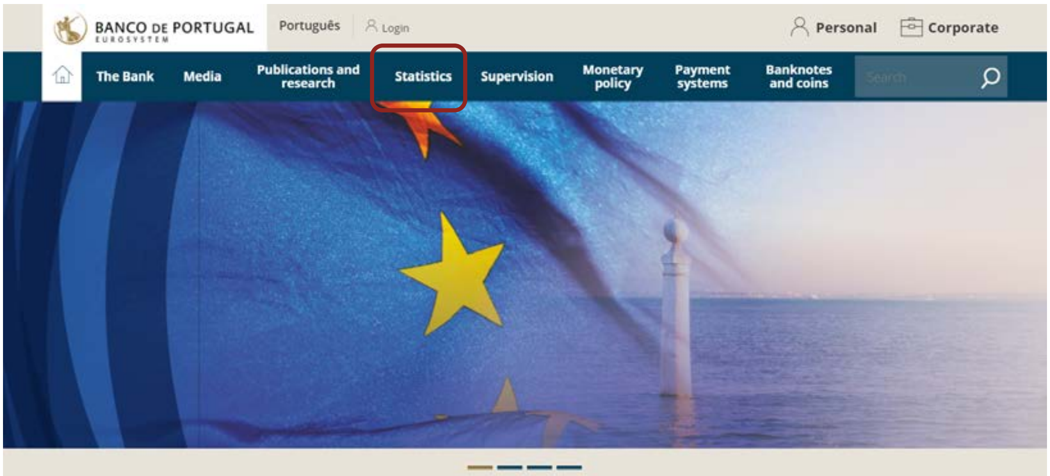
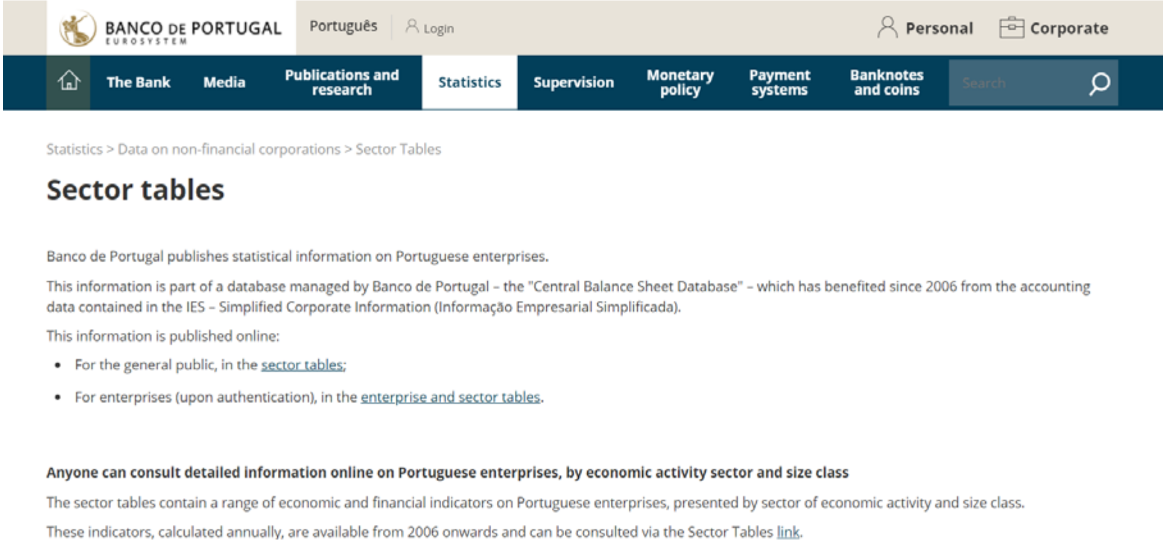


Figure I.2.2 • Access to sector tables (step 2)



2.1.2 Enterprise and Sector Tables (ESTs)

The ESTs include economic and financial information on a given enterprise, as well as on its activity sector and size class. That way managers can compare the performance of their enterprises to the performance of other enterprises of the same sector and size class. They can also compare their enterprise's performance to other sectors of economic activity and/or size classes.

ESTs are available to enterprises in the Corporate Area, after login, on the Bank's website (Figures I.2.3 and I.2.4).

Figure I.2.3 • Access to enterprise and sector tables (step 1)

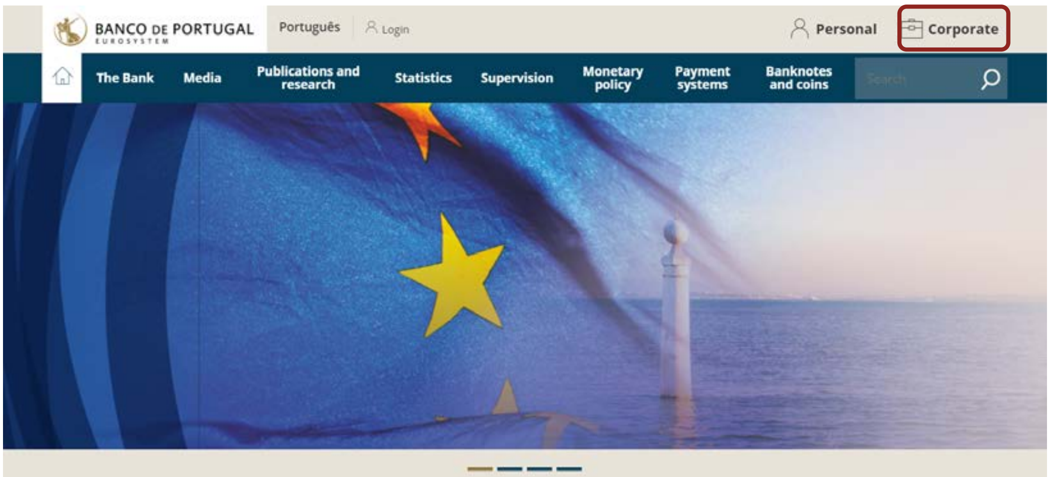
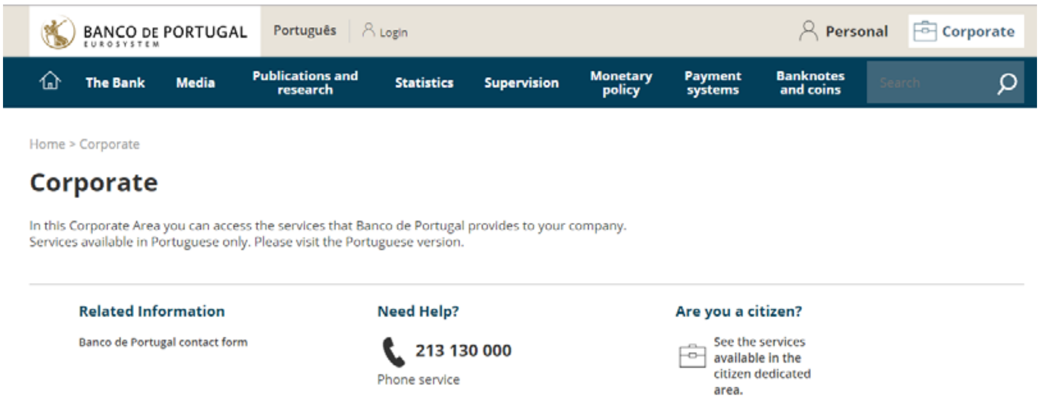


Figure I.2.4 • Access to enterprise and sector tables (step 2)



2.1.3 Presentation of the tables

The information made available in the STs and ESTs is provided online in interactive dashboards, generically organised under the following headings: highlights; overview; activity and profitability; liquidity and cash; cash flows; funding structure; risk; balance sheet (structure); quartiles; and international comparison (Figure I.2.5).

The ESTs are organised in a similar way as the STs and were adapted to show enterprise and sector data simultaneously. ESTs include an additional dashboard displaying the corporation's positioning, which enables placing the corporation in the quartiles for a set of summary indicators, one by one (Figure I.2.6).

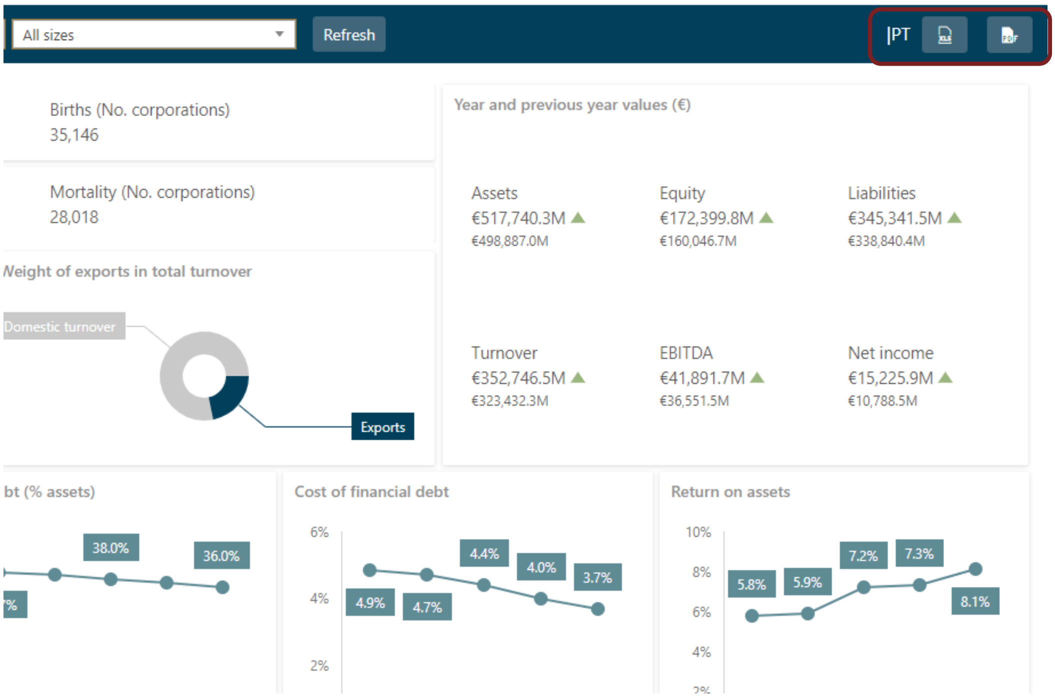
Dashboards summarise 5 years of data using charts.

Figure I.2.5 • Sector tables' dashboards

Figure I.2.6 • Enterprise and sector tables' dashboards (in Portuguese)

In addition to browsing the dashboards, users can export a broader set of indicators to Excel, combining the selected activity sector and size class. It is also possible to extract a PDF report (Figure I.2.7).

Figure I.2.7 • Exporting data



Data exported to Excel (Figure I.2.8) comprise a wider set of indicators than the dashboards. Especially for the financial statements, an additional set of details on the balance sheet, profit and loss account and cash flows are exported. The total values and the average values of the sector are presented for these indicators. In the case of economic and financial ratios, also available in greater number, the average values for the sector and quartiles are presented.

The exported ESTs also include, for each indicator, the figures for the selected sector and size class and for the enterprise.

Figure I.2.8 • Extracting the Excel file from the STs

BANCO DE PORTUGAL EUROSISTEMA | Sector Tables

Economic Activity: All

Size Class: All sizes

Data are displayed with decimal separator "point" and thousands separator "space";
It may be required to transform cells' values to numeric format.

Year	Indicator	Quartile 1	Median	Quartile 3	Total	Average Value	Unit of Measure
2017	Assets				517 740 287	1 208	Thousands of euros
2017	Non-current assets				275 029 768	641.8	Thousands of euros
2017	Non-financial investments				181 176 348	422.8	Thousands of euros
2017	Intangible assets and goodwill				40 386 605	94.3	Thousands of euros
2017	Financial investments				75 643 023	176.5	Thousands of euros
2017	Inventories and consumable biological assets				62 713 413	146.4	Thousands of euros
2017	Trade receivables				65 510 240	152.9	Thousands of euros
2017	Government (assets)				5 554 436	13.0	Thousands of euros
2017	Non-current net assets held for sale				910 629	2.1	Thousands of euros
2017	Financial instruments (net)				1 103 128	2.6	Thousands of euros
2017	Cash and bank deposits				40 009 672	93.4	Thousands of euros
2017	Deferred tax assets				4 045 324	9.4	Thousands of euros
2017	Deferred expense				3 404 732	7.9	Thousands of euros
2017	Reserves and retained earnings				24 499 031	57.2	Thousands of euros
2017	Adjustments on financial assets and revaluation surpluses				13 881 127	32.4	Thousands of euros
2017	Equity				172 399 823	402.3	Thousands of euros
2017	Capital, share premium and other equity instruments				115 726 115	270.1	Thousands of euros
2017	Non-current liabilities				153 421 156	358.0	Thousands of euros
2017	Provisions				5 423 223	12.7	Thousands of euros

The PDF report (Figure I.2.9) includes values for all available economic and financial ratios as well as some indicators from the financial statements, for the sector and for a period of 5 years. The indicators from the financial statement are shown as totals.

In the ESTs, the report includes the corporation's values, alongside the average values of the selected aggregate for a period of three years.

Figure I.2.9 • Extracting the PDF report from the STs

BANCO DE PORTUGAL EUROSISTEMA | Sector Tables

Year: 2017

Economic Activity: All

Size Class: All sizes

Indicators					
Asset structure	**2013**	**2014**	**2015**	**2016**	**2017**
Non-financial investments as a percentage of assets	34.50	35.17	35.27	35.39	34.99
Financial investments as a percentage of assets	15.70	14.56	14.41	14.54	14.61
Inventories and consumable biological assets as a percentage of assets	13.08	12.62	12.37	12.13	12.11
Cash and bank deposits as a percentage of assets	6.10	6.70	6.82	7.16	7.73
Trade receivables as a percentage of assets	12.90	12.87	12.54	12.74	12.65
Other assets as a percentage of assets	17.72	18.07	18.59	18.04	17.90
Funding structure					
Equity as a percentage of assets	29.38	29.24	31.28	32.08	33.30
Financial debt as a percentage of assets	39.69	39.19	38.03	37.06	36.04
Other liabilities as a percentage of assets	20.09	20.74	20.11	20.11	19.88
Suppliers as a percentage of assets	10.83	10.84	10.58	10.75	10.79
Financial debt composition					
Loans from credit institutions and financial corporations as a percentage of obtained funding	48.18	45.79	44.12	42.40	40.32
Debt securities as a percentage of obtained funding	11.75	10.91	11.19	11.90	13.48
Loans of participated and participating corporations as a percentage of obtained funding	33.91	36.97	38.39	38.98	39.12
Loans from other lenders as a percentage of obtained funding	6.16	6.33	6.30	6.72	7.08
Income breakdown					
Suppliers (% income)	74.15	73.75	72.53	72.09	72.56
Employees (% income)	13.31	13.24	13.50	13.85	13.58
Banks (% income)	2.97	2.74	2.43	2.12	1.83
Government (% income)	1.45	1.57	1.64	1.67	1.74
Self-financing (% income)	6.01	5.92	7.52	8.16	8.40
Others (% income)	2.11	2.79	2.38	2.10	1.89

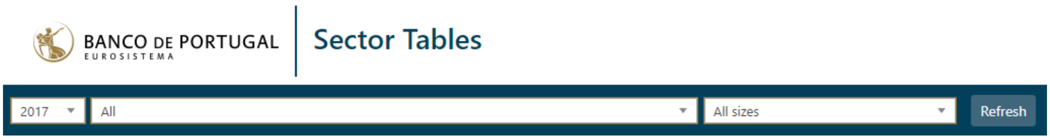
2.2 Browsing the dashboards

When opening the STs, the user is positioned in the 'Highlights' dashboard, where the information for the last available year and for all economic activities and size classes (total NFCs[1]) is displayed.

In the drop down menus at the top of the screen, the user can select another reference period, economic sector and size class combination for analysis (Figure I.2.10). This selection is available in all the dashboards and, when changed, applies to all of them when the user clicks on the refresh button.

There are over five thousand combinations available for each year, with different levels of detail of economic activity, according to the Classification of Economic Activities (CAE Rev.3) and corporation size class (micro, small, medium or large enterprises).[2] Some combinations of economic sector and size class have no data available due to statistical confidentiality or to the absence of corporations that fit that combination.

Figure I.2.10 • Year, sector and size class selection for the STs



When opening the ESTs, the user starts on the dashboard 'Positioning of the Corporation', which displays, by default, the corporation's sector of economic activity and size class. Sometimes it is necessary to go up one tier in terms of economic sector or size class for confidentiality reasons. However, the user may select another activity sector and/or size class with which to compare the corporation.[3]

The dashboards available in the STs and ESTs are organised as set out in Table I.2.1.

[1] The population of non-financial corporations included in the sector tables is set out in detail in Subsection I3.2 2.

[2] The classification criteria underlying the tables are provided in Subsection I3.2.4.

[3] Where the sector or size class selected by the user for comparison does not include the corporation's sector or size class, the size class is not included in the indicators calculated for the selected aggregate.

Table I.2.1 • Dashboards on the Sector Tables and Enterprise and Sector Tables

Dashboard	Sector Tables	Enterprise and sector tables
Highlights	X	
Positioning of the corporation		X
Sector overview	X	X
Activity and profitability[4]	X	X
Liquidity and cash	X	X
Cash flows	X	X
Funding structure	X	X
Risk	X	X
Balance sheet (structure)	X	X
Quartiles	X	X
International comparison	X	X

Each dashboard is detailed below, including context so as to make it easier to interpret them. To this end, the examples given are the combination of "All activities" and "All sizes", corresponding to the total non-financial corporations in the STs.

2.2.2 Highlights

The highlights dashboard (available in the STs) provides background information on the aggregate for the year under review, such as the economic activity sector and size class, the number of corporations in operation and variation vis-à-vis the previous year, the number of new enterprises that were created and how many ceased to operate. Some balance sheet summary indicators are also presented, compared with the previous year, together with two charts summarising the relevance of the domestic and external markets for purchases and turnover. Finally, the evolution of four economic and financial ratios over time: capital ratio; financial debt as a percentage of assets; cost of financial debt; and return on assets.

The capital ratio is measured through equity as a percentage of total assets. This indicator is connected with the level of indebtedness as its complement identifies the proportion of assets financed by liabilities. Financial debt, which corresponds to interest-bearing liabilities, is one of the sources of financing using debt. Bank loans or group loans are examples of such liabilities. The second ratio presented identifies this component's share of assets. Additionally, the cost of financial debt measures its relative annual cost, i.e. financing expenses as a percentage of financial debt.

[4] This dashboard is divided into two dashboards in the ESTs, as described in Annex II3.

Finally, the profitability ratio presented in this dashboard is a performance measure of the sector and corresponds to operating income, which is generated before interest, depreciation and taxes (EBITDA) as a percentage of assets.

In the example shown (Figure I.2.11), around 428 thousand non-financial corporations were active in 2017, in all sectors of economic activity and size classes (1).

Figure I.2.11 • Highlights dashboard

In 2017, 35,146 corporations were born and 28,018 ceased to operate (2). In addition to "births" and "deaths" of corporations, other events may alter the number of corporations in an aggregate, such as classification changes in terms of economic activity sector or size class, or even changes in institutional sectors. For example, if a corporation ceases to belong to the non-financial corporations sector, there will be a reduction in the number of corporations operating in the sector, the rest remaining a constant, which does not stem from a cessation of activity.

The main items of the balance sheet and profit and loss account increased over the previous year, with corporations' assets or total balance sheet at €517,740 million in 2017. Turnover (sales and services rendered) posted over €352,747 million (3).

Turnover can be generated in the domestic market or, alternatively, by exports to external markets. Almost 22% of turnover generated in 2017 was exports. By comparison, the share of imports in total purchases of goods and services from the corporations in the sector was 27% (4).[5]

Portuguese corporations have shown an upward trend in terms of capital ratio and profitability for the last 5 years, against a backdrop of reduction in the share of financial debt in assets, as well as in the cost of debt (5).

2.2.3 Positioning of the corporation

The dashboard on the positioning of the corporation (available exclusively in the ESTs) allows corporations to compare their values, for a set of available indicators, with the averages and

[5] Along the various dashboards, when you move the mouse across each chart, the underlying figures are displayed.

quartiles for the sector and size chosen for comparison in a given year. In addition, each of the indicators can be analysed over time in this dashboard, i.e. for a greater number of years.

First, the position of the corporation is presented using the capital ratio. However, the indicator displayed on the dashboard may be changed by the user, from a predefined list, covering liquidity ratios, financial structure and financing, profitability and activity, including the following:

- Capital ratio;
- Cost of financial debt;
- Financial debt as a percentage of assets;
- Current ratio;
- Gross profit as a percentage of income;
- Weight of purchases of goods and services abroad in total purchases;
- Share of non-domestic turnover in total turnover;
- EBITDA over invested capital;
- EBITDA over assets;
- Return on equity.

When the indicator is changed, the two charts shown are updated to that same indicator.

The first chart, on the left, shows the indicator selected on a straight line which orders and shows, for a given year, the value of the corporation and the average value and quartiles of the sector under review. Quartiles give corporations a better understanding of how they rank against the sector. For example, if the corporation's value is below Q1 (1st quartile), this means that at least 75% of enterprises post a value above it for this indicator. On the other hand, if the value of the enterprise is above Q3 (3rd quartile), this means that for this indicator at least 75% of enterprises have a lower value than the enterprise.[6] The value of the sector presents the value of the ratio calculated for all the corporations belonging to the aggregate under analysis.

The second chart, on the right, comprises the time series, for the last five years, the most recent year being the year selected.

Figure I.2.12 • Corporation positioning dashboard

[6] The statistical measurements presented are described in more detail in Subsection I3 2 5.

In the example (Figure I.2.12), for the capital ratio, which identifies the percentage of equity-funded assets (1), it is observed that in the selected year the value of the enterprise (29.4%) was higher than the average value of the sector (25.0%). This indicates that equity in the corporation was higher than in the sector average.

In addition, it is also noted that the corporation presented a higher value than the median for the sector (2Q), which means that at least 50% of the enterprises in the aggregate had a lower capital ratio than the corporation. The quartiles also indicate that one in four corporations in the sector had a capital ratio below or equal to 3.8% while one in four financed more than half of its assets using equity, with a capital ratio of 52.8% or higher (2).

The time chart allows us to observe that for the last five years, the average corporation in the sector has moved slightly away from the value of the corporation from 2014, which marked a more favourable development of capital ratio, presenting in 2017 a value greater than that observed at the beginning of the series (3).[7]

2.2.4 Sector overview

The overview dashboard (available in the STs and ESTs) provides a profile of the sector in terms of its degree of concentration and distribution by age and size. The degree of concentration is measured by the percentage of turnover recorded by the corporations in the top 20%.[8] The distribution of enterprises by age and corporation size (micro, small, medium and large enterprises) is presented graphically on the basis of two separate indicators: the number of enterprises and the sales and services provided.

Finally, it frames the distribution of turnover, the number of corporations and the number of persons employed according to the corporations' head office location in Portugal (NUTS III classification).

Figure I.2.13 • Sector overview dashboard

[7] Along the various dashboards, when you move the mouse across each chart, the underlying figures are displayed.
[8] Corporations are ranked by turnover in descending order.

In the example shown (Figure I.2.13), the corporations in the top 20% in Portugal, around 86,000, concentrated 94% of the turnover of Portuguese corporations in 2017 (1).

Despite not being the majority, corporations with over 20 years of activity have contributed the most to total turnover (2). In the same way, large enterprises, although a minority, generated the largest share of turnover (3).

By location of the head office, 32% of the corporations were located in the Lisbon metropolitan area and almost 18% in the Porto metropolitan area; followed by the Algarve region, which had 5% of enterprises (4). The first two regions also accounted for the majority of the turnover and employees in the sector.

2.2.5 Activity and profitability

The activity and profitability dashboard (available in the STs and ESTs) brings together a set of indicators relating to the corporation's capacity to generate earnings. In the STs various levels of earnings are broken down from the gross profit to the net income, focusing on the main components of expenditure that determine them. In the ESTs this information is divided into two dashboards, as follows: activity and profitability, and earnings breakdown.[9]

This area includes the outward orientation of the sector's activity, with turnover being provided, segmented between domestic and external markets, as well as the weight of imports in the total purchases of goods and services of the corporations. There are also two profitability indicators: return on assets and return on equity.

Return on assets corresponds to earnings generated before interest, depreciation and taxes (EBITDA) as a percentage of assets. This indicator measures the sector's performance.

Return on equity, calculated as the net income to equity ratio, measures the profitability of the capital invested by shareholders/partners.

Finally, the different accounting results[10], as a percentage of earnings, are presented as well as the most relevant expenditure components determining them.

[9] The dashboards of the ESTs, which in some cases were slightly adjusted vis-à-vis the STs, can be found in Annex II3.

[10] The underlying concepts for this dashboard are detailed in Subsection I3.1 2, regarding profit and loss account.

Figure I.2.14 • Activity and profitability dashboard

In the example shown (Figure I.2.14), the turnover of Portuguese corporations grew in 2017, mainly representing domestic turnover (1); in the same year, exports accounted for around 22% of turnover and imports weighed 27% on purchases of goods and services (2). The increase in sales was accompanied by the increase in return on assets and equity (8.1% and 8.8% in 2017, respectively) (3).

In 2017, the gross profit accounted for 21% of the earnings generated and net income accounted for 4%. Employee expenses and depreciations consumed the largest portions of corporations' gross profit. (4).

2.2.6 Liquidity and cash

The liquidity and cash dashboard (available in the STs and the ESTs)[11] brings together indicators to assess the extent to which enterprises are able to meet their short-term liabilities. This category includes current ratio and quick ratio indicators, average number of days outstanding for sales and payments, and working capital indicators.

In cases where the current ratio, given by current assets over current liabilities, is higher than 1, short-term liabilities are covered by the most liquid assets. The quick ratio differs from the previous one because it does not consider inventories as short-term assets and is therefore a more restrictive liquidity measurement.

Indicators for days payable outstanding and days sales outstanding record the number of days it takes for corporations to pay their suppliers and to be paid by their customers, respectively.

Finally, the net cash indicator is assessed as follows:

- Net working capital corresponds to the difference between short-term assets and short-term liabilities;

[11] The ESTs dashboard, with the only difference being that it does not present the quick ratio indicator, can be found in Annex II3.

- Net working capital requirements (+) or resources (-) correspond to the estimate of the amounts that the corporations need throughout their normal operating cycle;
- If the net working capital requirements are higher than the working capital available, the net cash position is negative; if the working capital is sufficient to cover the net working capital requirements, the net cash position is positive.

In short, net cash is the difference between net working capital and net working capital requirements.[12]

Figure I.2.15 • Liquidity and cash dashboard

In 2017 (Figure I.2.15), non-financial corporations as a whole posted current ratio above 1, meaning that short-term liabilities (current liabilities) were covered by the most liquid assets (current assets) (1).

Portuguese corporations received and paid, on average, three and four days earlier, respectively, than in the previous year (2). Average deadlines in 2017 were 60 days for receivables and 65 for payments.

As a result of working capital requirements higher than the working capital available, the corporations recorded a negative net cash (3).

2.2.7 Cash flows

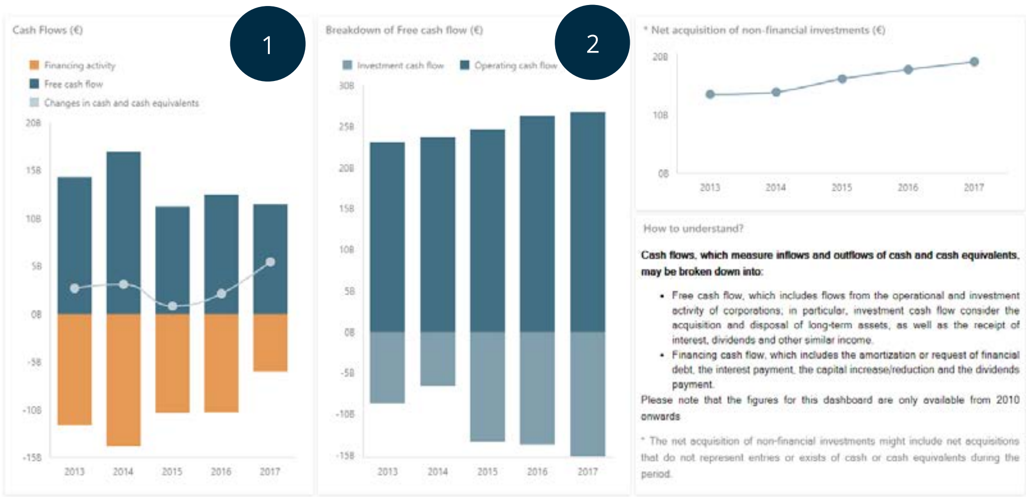
The cash flows dashboard[13] (available in the STs and ESTs[14]) aims to capture the cash flows and their equivalents, which can be broken down in general terms into the following components:

[12]The concepts of cash and working capital are detailed in Subsection I3.1 3.
[13] This dashboard has been available from 2010. The underlying concepts are detailed in Subsection I3.1 3.
[14] The EST dashboard, which is slightly different from the STs, can be found in Annex II3.

- Free cash flow, which includes flows from the operational and investment activity of corporations; in particular, investment cash flows consider the acquisition and disposal of long-term assets as well as interest, dividends and other similar income;
- Financing cash flows, which include amortisation or request for financial debt, payment of interest, capital increases or reductions, and payment of dividends.

In addition, the net acquisition of non-financial investments is an investment measure. Note that, unlike cash flows, net acquisition of non-financial investments could include net acquisitions that did not represent cash inflows or outflows and equivalent for the period, for example where these assets are purchased on credit.

Figure I.2.16 • Cash flows dashboard



Non-financial corporations generated in 2017 (Figure I.2.16) a total of €11.4 billion of free cash flow. Part of this amount was used in the amortisation of debt, which showed a net reduction of €6 billion **(1)**. The positive amount of free cash flow is the result of the cash flow created by operating activities, while investment activities consumed around €15 billion (€13.8 billion in 2016) **(2)**.

2.2.8 Funding structure

The funding structure dashboard (available in the STs and ESTs) relates to indebtedness and details the composition of the financial debt, its cost and how it relates to earnings generated by the sector.

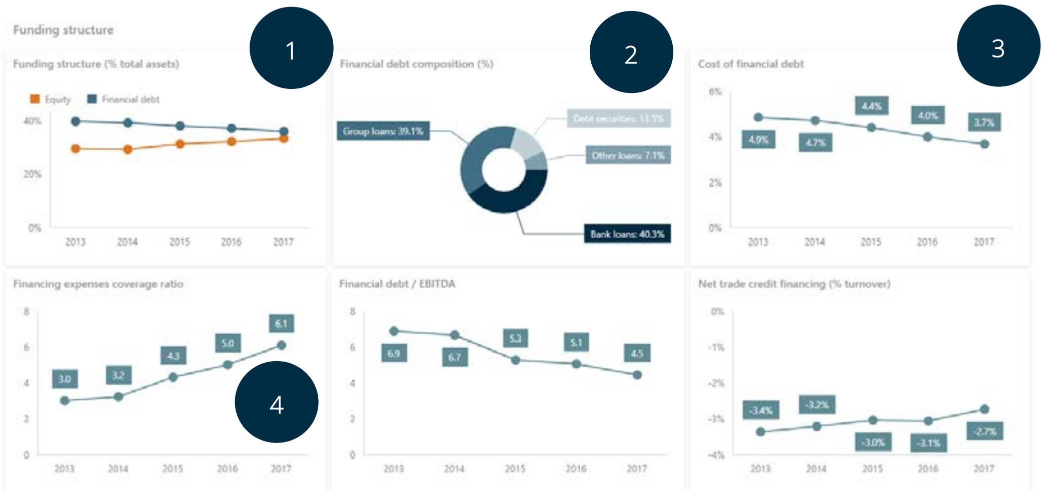
The capital ratio is measured through equity as a percentage of total assets. The complement of this ratio indicates the indebtedness of the corporation, that is, the proportion of assets financed by liabilities. A funding source for the sector's activity is the financial debt (interest-bearing liabilities) and can be composed of the following components: bank loans; group loans; debt securities; or other types of loans, which involve financing expenses. The 'cost of financial debt' indicator measures the implicit annual cost of the financial debt and is calculated using financing expenses as a percentage of the financial debt.

The financing expenses coverage ratio is given by the ratio of EBITDA over financing expenses and assesses the extent to which financing expenses are covered by earnings before interest, depreciation and taxes. When the EBITDA is lower than the financing expenses, corporations are not generating sufficient earnings to cover the costs of their businesses' financial debt and are in a situation of high financial pressure.

In addition, the indicator given by the ratio of financial debt to EBITDA gives an indication of the number of years, on average, that would be necessary to generate enough earnings to repay the financial debt (provided all other conditions remain the same).

The net trade credit financing indicator is also shown. It is calculated on the basis of the difference between the credits obtained (suppliers) and the credit granted (customers) by the corporation as a percentage of turnover.

Figure I.2.17 • Funding structure dashboard



In 2017 Portuguese corporations were financed, for the most part, through financial debt (36% of assets). However, over time this percentage decreased as opposed to equity, which has increased its share to 33% in 2017, increasing the corporations' capital ratio (Figure I.2.17) (1).

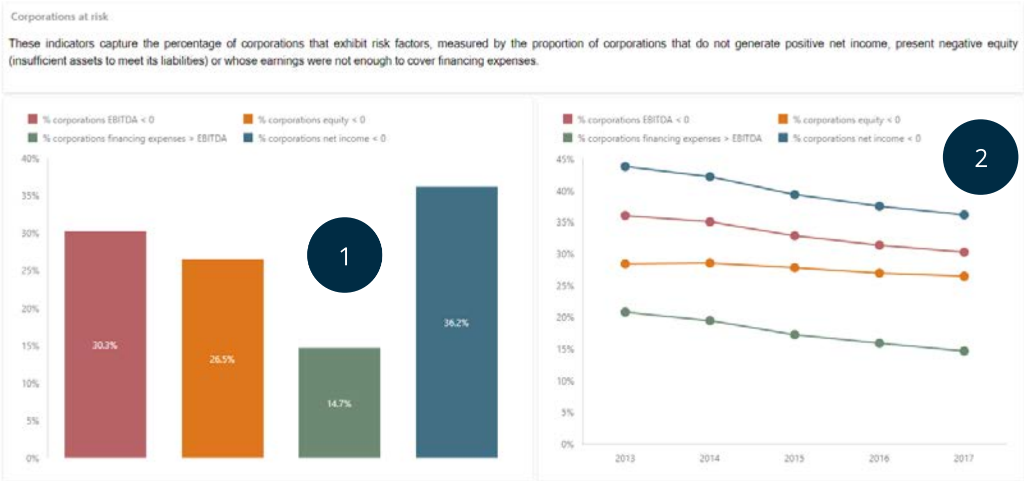
Financial debt consisted mainly of bank loans (over 40% of the financial debt in 2017) (2). The cost of financial debt has shown a downward trend since 2013 (3). The increase in activity and profitability and the reduction in financing expenses benefited the financing expenses coverage ratio, which increased over the same period (4).

2.2.9 Risk

The risk dashboard (available in the STs and ESTs[15]) presents a set of indicators capturing some risk factors, measured by the proportion of corporations that posted losses, presented negative equity (insufficient assets to meet liabilities) or whose earnings were not enough to cover financing expenses.

[15] The ESTs dashboard, which is slightly different from the STs, can be found in Annex II3.

Figure I.2.18 • Risk dashboard

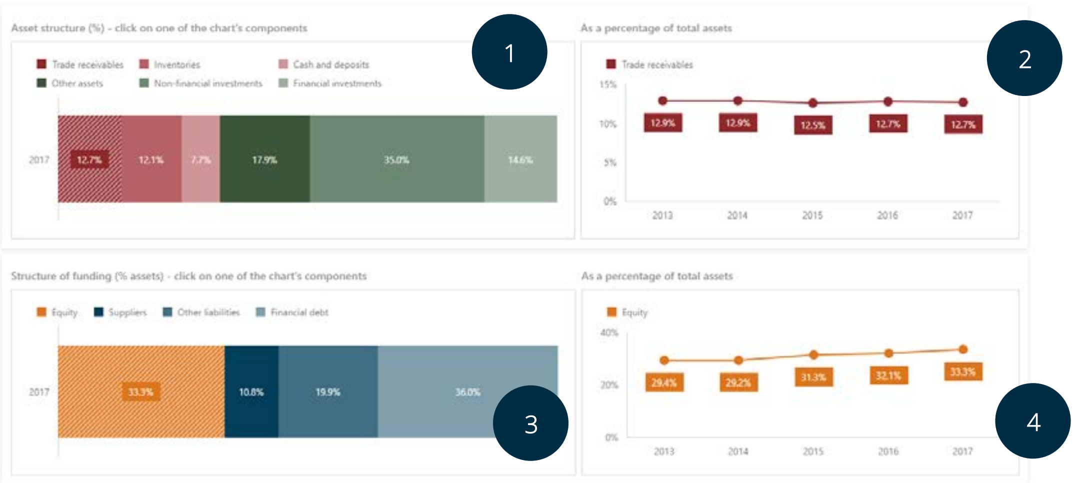


In 2017, 26.5% of the corporations posted negative equity and 36.2% did not generate sufficient income to cover all expenses (losses) (Figure I.2.18) (1). Despite this, in the last 5 years, between 2013 and 2017, there was a general reduction in risk indicators for total corporations (2).

2.2.10 Balance sheet (structure)

The balance sheet (structure) dashboard (available in the STs and ESTs) presents the assets and liabilities structure. The assets side details the components of the corporation's assets, i.e. the share of inventories, cash and deposits, financial and non-financial investments and trade receivables in the corporation's assets. The liabilities side details equity, trade payables, financial debt and other liabilities as a share of assets.[16]

Figure I.2.19 • Balance sheet (structure) dashboard



[16] The underlying concepts for this dashboard are described in Subsection I3.1.1.

Trade receivables accounted for almost 13% of the corporations' assets in 2017 (Figure I.2.19), more than trade payables (10.8%) (1). These items remained relatively stable between 2013 and 2017 (2).

On the funding side, equity (33%) and financial debt (36%) were the most relevant items as a percentage of assets (3). However, equity has benefited from an increase in the most recent periods, while the share of financial debt in assets posted a reduction (4).

2.2.11 Quartiles

The quartiles dashboard (available in the STs and ESTs) enables making a graphical analysis of the mean value of the indicator for a set of predefined indicators (Figure I.2.20), as well as of three measures of location and distribution: 1st quartile, median (2nd quartile) and 3rd quartile.[17]

In ratios, the sector's average is the value obtained from the total values of the sector (in the numerator and in the denominator); therefore, it is an indicator more influenced by the corporations in the aggregate with higher values.

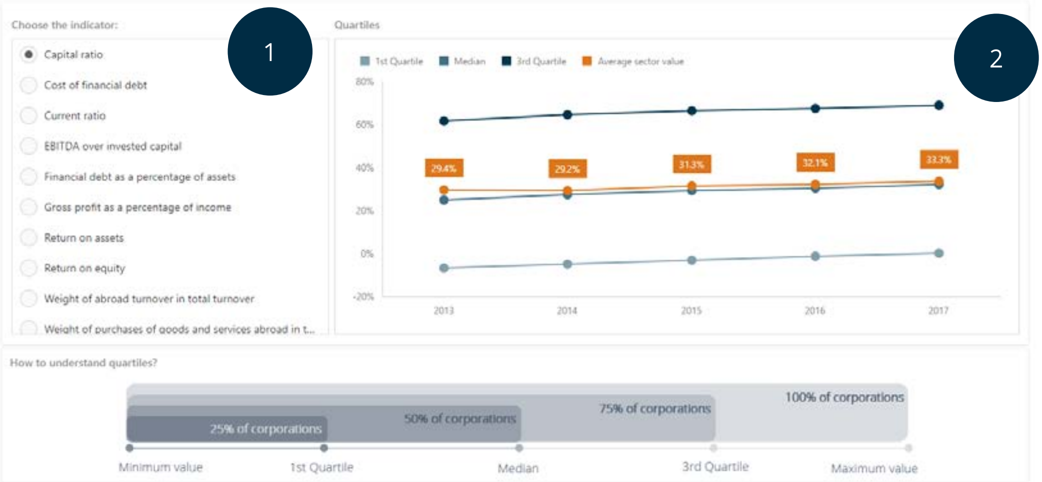
The measures of location and distribution (Table I.2.2) identify the most common set of profiles within the sector. In addition, they are robust in the presence of outliers, i.e. they are not very affected by the possible existence of corporations with extreme values. For each indicator, its calculation assumes that the individual values of the enterprises in the aggregate were previously sorted in increasing order.

Table I.2.2 • Definitions of measures of location and distribution

1st quartile	25% of enterprises of the sector have ratios equal to or below the first quartile (Q1)
Median	50% of enterprises of the sector have ratios equal to or below the second quartile (Q2) or median
3rd quartile	25% of enterprises of the sector have ratios equal to or above the third quartile (Q3)

[17] The statistical measurements used in the sector tables are detailed in Subsection I3 2 5.

Figure I.2.20 • Quartile dashboards



Looking at the capital ratio for total economic activities in 2017, the average value (33%) was quite close to the median (32%) and had increased since 2014 (Figure I.2.20) **(1)**. However, there were groups of corporations with different profiles. Between 2013 and 2016, the first 25% of the corporations ranked by capital ratio (1st quartile, i.e. the lowest capital ratio) recorded a negative capital ratio (2). Conversely, one in four corporations had a capital ratio of more than 60% (3rd quartile).

2.2.12 International comparison

The international comparison dashboard (available in the STs and ESTs) makes it possible to compare a sector of economic activity in Portugal with the same sector in other European countries, for a selected set of economic and financial indicators. The data on the corporations from other European countries comes from the BACH database (Bank for the Accounts of Companies Harmonized). When analysing this information, possible methodological deviations in the information of individual countries should be taken into account, in particular with regard to different levels of coverage of the respective samples. Further information on the BACH database is available from the supporting information available at https://www.bach.banque-france.fr/?lang=en.

This dashboard has some restrictions as regards the detail by sector of economic activity and the size of the corporation, in view of the previous dashboards, arising from limitations of the BACH database. In particular, the sector of economic activity presents a maximum detail at the two-digit level of NACE. Regarding size class, only the aggregate 'all sizes' is made available, since the enterprise size criteria in the BACH database differs from the one used in Portugal. In addition, there will be times when the most recent year in the STs will not have data available in the international component, as the BACH database's update calendar differs from that of the Central Balance Sheet Database. The calendar for the various countries belonging to BACH does not coincide with the reporting period for Portugal.

To compare different countries, the user must choose the indicator and the countries for analysis (1). Please note that to select several countries at the same time it is possible to click on the 'multi-select' button (Figure I.2.21).

Figure I.2.21 • Multiple selection in the international comparison dashboard

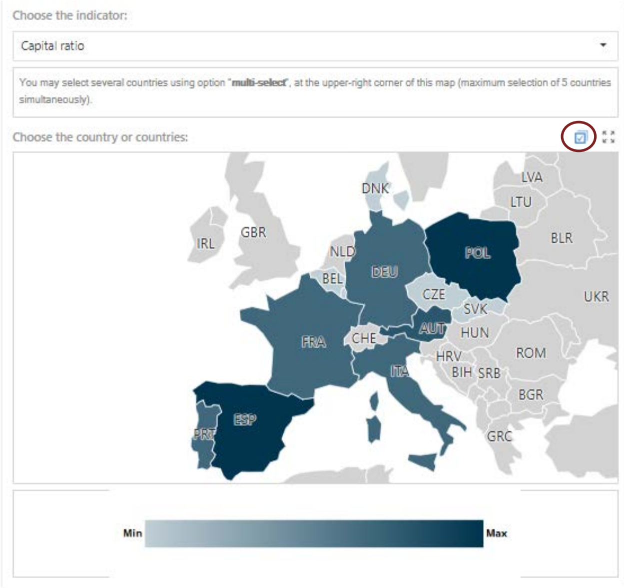
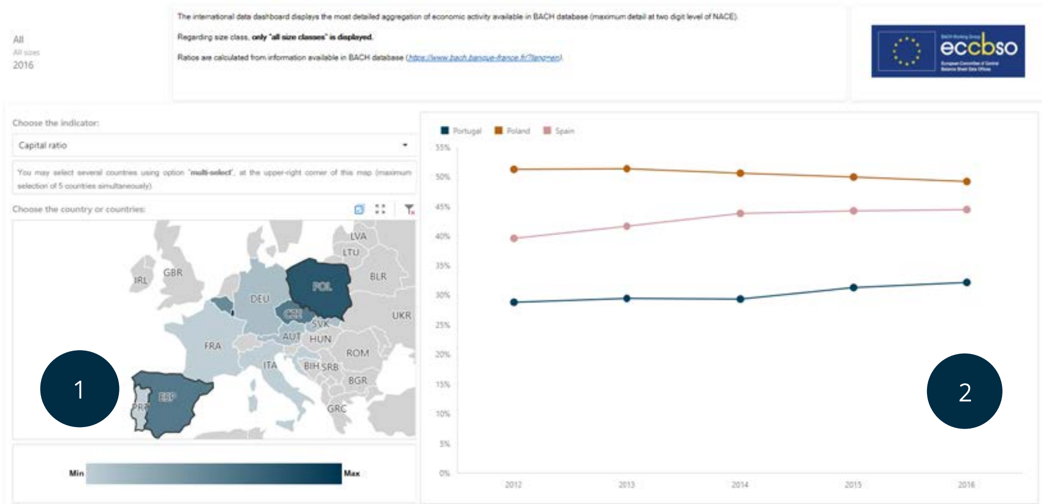


Figure I.2.22 • International comparison dashboard



In the capital ratio indicator, Spain and Poland recorded the highest figures in 2016 (44% and 49% respectively); while in Portugal the capital ratio was 32% (Figure I.2.22) (1). Of the three countries, Portugal recorded the most significant increase (+0.8 p.p.) compared to the previous year, while the capital ratio in Poland decreased (2).

3 Methodological notes

3.1 Financial statements and economic and financial ratios

This chapter presents the concepts underlying the balance sheet, profit and loss account and cash flow statement in the STs. These indicators were constructed against the background of the accounting standards in force.

From these concepts, the STs provide a wide range of economic and financial ratios, which are presented in Subsection 3.1.4.[18]

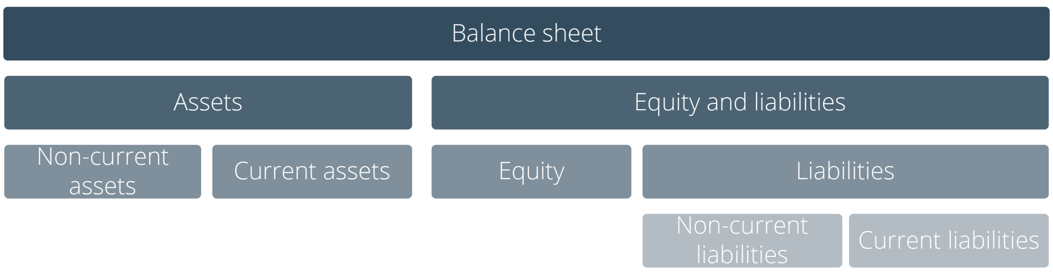
3.1.1 Balance sheet

The information in the balance sheet allows for an analysis of the assets and liabilities of corporations as at the date of closure of accounts (usually the end of the calendar year).

The balance sheet model provided in the STs seeks to harmonise and reconcile the different accounting frameworks applicable at the time the data were disclosed. Thus, on the one hand, it seeks to harmonise the different accounting rules in force during the period (up to 2009 the Plano Oficial de Contabilidade – POC, the Official Chart of Accounts, was in force), mitigating conceptual divergences and differences in presenting the information. On the other hand, it seeks to harmonise the different frameworks for the accounting standards currently in force (Sistema de Normalização Contabilística – SNC, the Accounting Standards System), which propose different reporting templates, depending on the entities matching one of the frameworks (micro-entities, small entities and entities in the so-called "general framework").

The first part of the balance sheet shows the assets, broken down into non-current and current assets. The second part shows the equity items, followed by the liabilities, also broken down into non-current and current liabilities (Figure I.3.1).[19]

Figure I.3.1 • Balance sheet items



Current assets usually comprise potentially receivable assets, sold or consumed in the normal operating cycle of the corporation or in a period not exceeding twelve months after the balance

[18] The definitions of each indicator as well as the respective formulas are provided in Annex 1.
[19] The balance sheet model available in the sector tables can be found in Annex 2.

sheet date. These also include assets held for trading and cash or cash equivalents whose change or utilisation are not limited within the same period. All other assets are non-current assets and include long-term non-financial assets, such as fixed tangible assets, intangible assets and investment property.

Current liabilities include liabilities payable during the regular operating cycle of the corporation or during a period of no more than twelve months after the balance sheet date. These also include liabilities held for trading and other liabilities for which there is no unrestricted right to defer settlement for a longer period. All other liabilities are non-current liabilities.

The operating cycle, as used in the definitions of current assets and liabilities, is defined as the time elapsing between the acquisition of assets for the output and sale of goods and/or provision of services and their payment in cash and cash equivalents. When the duration of the operating cycle cannot be easily determined, it is assumed to be twelve months. For this reason, the current concept includes inventories and trade receivables, for assets, and trade payables, for liabilities, even if received or settled within a period of over twelve months.

These definitions are in the Accounting and Financial Reporting Standard 1 – "Structure and Contents of Financial Statements" of the Portuguese Accounting Standards System. It does not preclude consultation of the original text.

3.1.2 Profit and loss account

The profit and loss account includes information on the activity carried on by enterprises in every fiscal year, identifying the income and expenses (Figure I.3.2) that contributed to the formation of profit or loss (Figure I.3.3).

The profit and loss account model provided in the STs seeks to harmonise and reconcile the different accounting frameworks applicable during the period the data were disclosed. Thus, on the one hand, it seeks to harmonise the different accounting rules in force during the period, mitigating conceptual divergences and differences in presenting the information. On the other hand, it seeks to harmonise the different frameworks within the existing accounting standards (SNC).

In addition, the Bank adopted a structure for the presentation of expenditure and earnings that is broadly different from the models provided for in these rules, leading to the submission of additional indicators.[20]

The additional indicators were selected considering their relevance for the economic and financial analysis of the corporations, in particular: indicators relating to commercial transactions with the external market (purchases and sales and services abroad); total income and expenses; and other items such as output and intermediate consumption. It also includes income indicators that are not in the accounting models, namely gross value added (GVA), gross profit, operating net income, self-financing and operational self-financing. These indicators allow the analysis of a corporation's operating performance by isolating operational activities and comparing these with figures that include other components (financial, financing and tax).

[20] The full structure of the profit and loss account available in the sector tables can be found in Annex II2.

Figure I.3.2 • Income and expenses

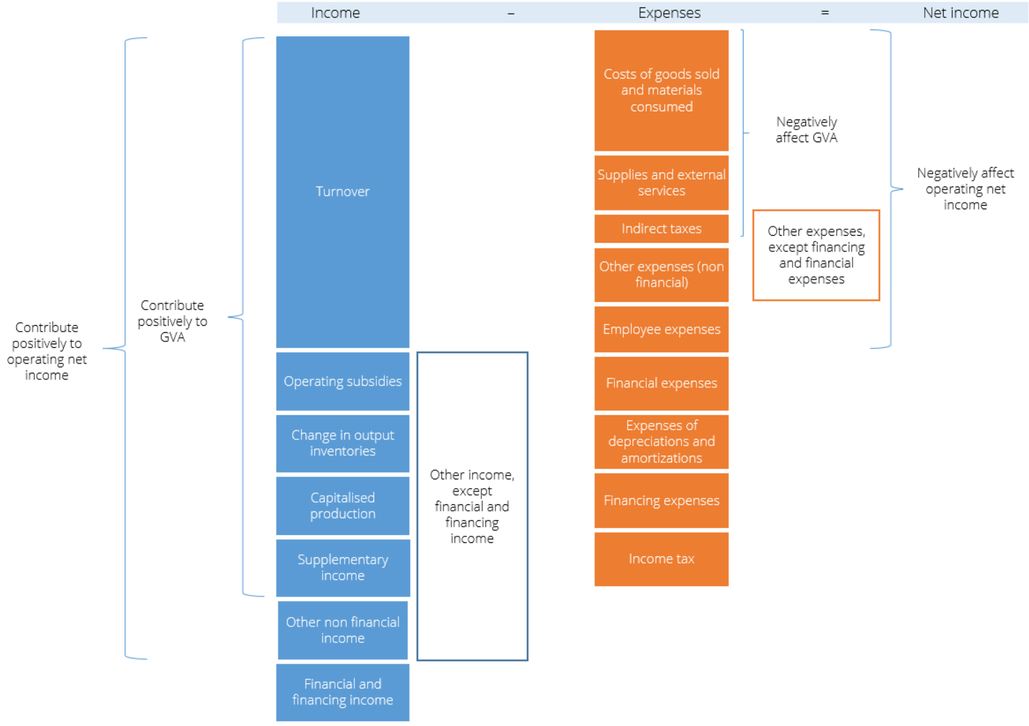
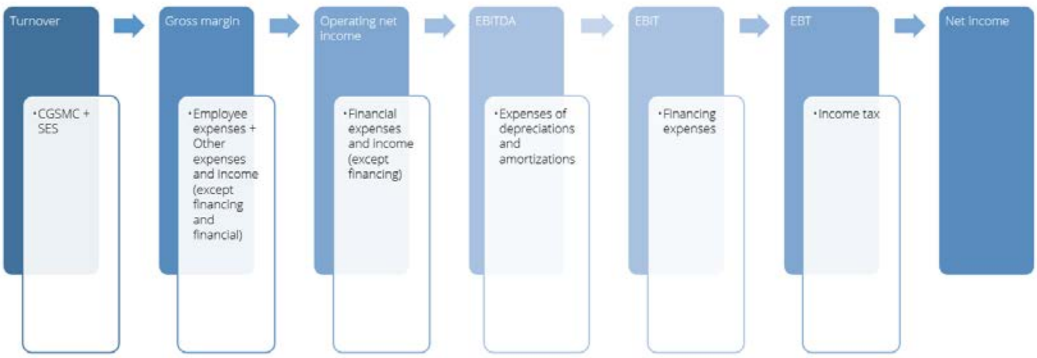


Figure I.3.3 • Profit and loss account



In the profit and loss account, the **gross profit** corresponds to the sale of goods and provision of services less the costs of goods sold and materials consumed (CGSMC) and supplies and external services (SES).

Operating net income corresponds to income from output and sale of goods and/or provision of services that are the object of the enterprise's activity. Therefore, it does not include income and expenses related to the other activities of the enterprises (investing, financing and tax). However, in addition to output and intermediate consumption it also includes other income and expenses from activities more directly associated with that purpose, in particular:

- Employee expenses;

- Expenses and income resulting from the recognition of (net) losses and gains in assets related to productive activity (for instance, impairments related to accounts receivable based on the estimated 'non-receipt' of the values outstanding and adjustments to inventory values);
- Net expenses and income resulting from estimated future losses (such as provisions for on-going legal proceedings);
- Other income and expenses not associated with financing and financial activities, not including, for instance, gains and losses from investments and expenses associated with debt (interest).

Given that this value is determined prior to estimating EBITDA (earnings before interest, tax, depreciation and amortisation), operating net income excludes, not only income and expenses resulting from the financing and financial activities, but also depreciation and amortisation expenses and income taxes.

EBITDA corresponds to the earnings from the enterprises' operating and financial activities, therefore including income and expenses deriving from investments, capital gains or capital losses generated from the sale of financial assets and the dividends obtained.

EBIT (earnings before interest and tax) is determined after EBITDA, considering the effect of expenses net of depreciation and amortisation, which correspond to the book value of the wear of the enterprises' non-current assets, occurring mainly through their utilisation.

EBT (earnings before taxes) considers the effects resulting from financing expenses not included in EBIT and also not included in the calculation of EBITDA. It therefore includes all the enterprises' income and expenses, except income tax.

Net income is determined after EBT, finally considering income tax. It therefore corresponds to the difference between total income and total expenses registered by the enterprises during the financial year, representing the net (accounting) value that the enterprise obtained from all its activities.

Furthermore, Gross value added (GVA) (Figure I.3.4) corresponds to the difference between output and intermediate consumption, and is equivalent to wealth generated by the enterprises during the period. Output and intermediate consumption are determined as follows:

- For all sectors, except 'trade', the output concept covers turnover, operating subsidies, capitalised production, change in output inventories and supplementary income, whereas intermediate consumption includes costs of goods sold and material consumed, supplies and external services and indirect taxes;
- In the 'trade' sector specifically, output includes turnover, operating subsidies, capitalised production, variation in production and supplementary income, less costs of goods sold and material consumed and indirect taxes; therefore, intermediate consumption specifically includes supplies and external services.

Figure I.3.4 • Gross value added

Self-financing represents net income of corporations, adjusted for some accounting effects. This is an indicator frequently used as an approximation of cash flows, since it excludes from net income the accounting effects that have greater probability of not being converted into cash or cash equivalents.

Operational self-financing corresponds to a detail of self-financing that only includes the components of profit or loss more directly linked to a corporation's operating activities.

3.1.3 Cash flows

Cash flows identify financial flows (cash or cash equivalents) generated or consumed by the enterprises' activities (operating, investing and financing activities) (Figure I.3.).

In the SNC, the cash flow statement includes the complete set of financial statements and is also a mandatory demonstration for entities using international accounting standards (IAS). However, under the SNC, some entities are not covered by the obligation to report the cash flow statement, namely micro-entities and small entities choosing to follow such frameworks.

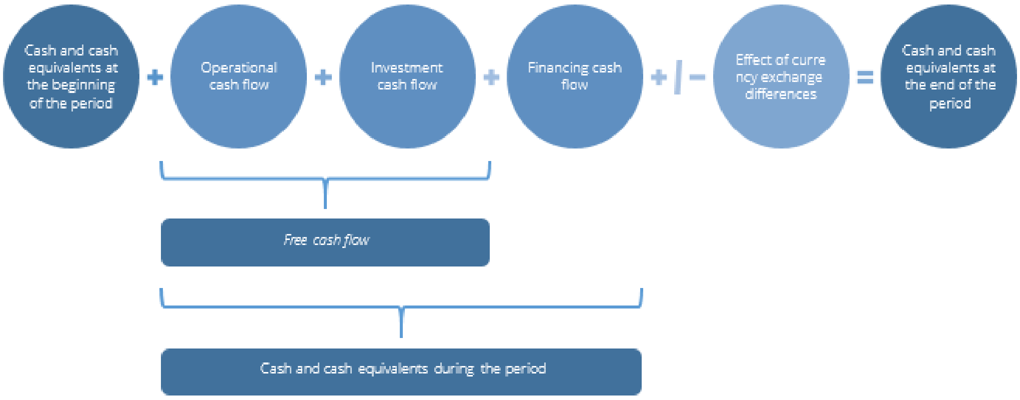
Considering this limitation, the model presented in the Sector Tables does not correspond to the cash flow statement laid out in the Portuguese accounting standards in force (SNC), and is presented in a summarised table.[21] This is chiefly a result of the limitations associated with the process of obtaining data for the enterprises not subject to mandatory reporting of the cash flow statement under the SNC. Its calculation is the result of a combination of two different procedures:

- Direct utilisation of the data reported by the enterprises in the cash flow statement table of IES submission, if such reporting meets the quality standards, (entities in the so-called "general framework" of the SNC and entities using IAS);

[21] The cash flow statement model presented in the sector tables can be found in Annex II2.

For all other corporations, the use of a calculation methodology based on the income and expense items of the profit and loss account and on changes in balance sheet items (micro-entities and small entities under the SNC).

Figure I.3.5 • Cash flow statement - structure



The components making up the cash flow statement presented in the STs are defined as follows:

- The cash flows from operating activities are related to the flow from the usual business operations of the corporation that are not from investing or financing activities; they include, inter alia, cash receipts from customers and cash payments to suppliers and staff;
- The cash flows from investment activities are related to the acquisition and sale of long-term assets and other investments that are not considered cash equivalents; they include, in particular, flows related to the acquisition and sale of non-current assets such as fixed tangible assets, intangible assets, investment property and financial investments, as well as flows from income derived from the mentioned holdings (such as interest and dividends);
- Free cash flow includes the cash flows arising from operating and investing activities and represents the available cash flow, generated by the operating activities and net of investment activities;
- The cash flows from financing activities are related to activities leading to changes in equity and enterprise financing; they include, e.g. flows from loans, principal payments and related costs, as well as flows from capital increases and reductions and other equity instruments and payment of dividends to partners or shareholders;
- The effects of currency exchange differences do not represent cash flows or cash equivalents; they correspond to unrealised gains or losses resulting from changes in the value of foreign currency in the period and reconcile the value of cash and cash equivalents between the start and the end of the period.

These definitions (except for 'free cash flow') reflect the definitions in the Accounting and Financial Reporting Standard 2 – "Statement of cash flow" of the SNC. It does not preclude consultation of the original text.

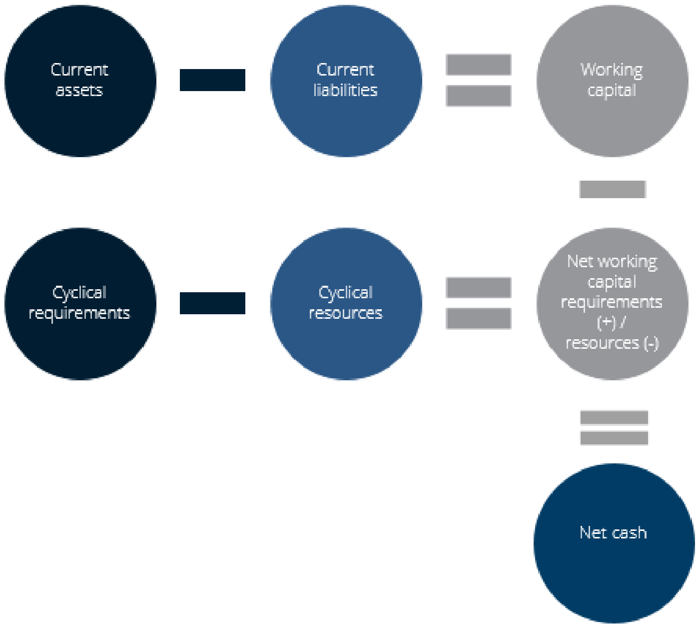
Cash flows are obtained on a cash basis, i.e., they quantify the flows with reference to the date when the financial effects are produced instead of strictly when the economic effects are produced. The balance sheet and the profit and loss account, conversely, are based on the accrued regime: the effects of transactions and other events are recognised when they occur (instead of when the cash or cash equivalent movements are received or paid), and are recorded in the period to which they relate. They involve cash flows, but also the recognition of payment obligations and future resources.

Cash flow information is therefore an additional instrument for the analysis of the available balance sheet and profit and loss indicators, allowing reconciliation between them (namely by comparing income and expenses generated and changes in the financial position).

Cash flow information is also supplemented by a range of financial equilibrium indicators, which are traditionally used in economic and financial analysis, particularly in the context of business cash management.

The relationship between financial equilibrium indicators and the way they are obtained is illustrated in Figure I.3.6.

Figure I.3.6 • Financial equilibrium indicators



Net cash is the difference between net working capital and net working capital requirements (+) / resources (-); if the difference is positive, it means that there is a cash surplus after the operating activities have been financed; otherwise, it means that there is a shortage of resources to finance the activity.

Net working capital corresponds to the difference between current assets and current liabilities and is associated with the identification of the general liquidity level. Therefore, a positive value for this indicator means that the assets with a higher liquidity level are sufficient to cover the liabilities with lower maturity (or to the contrary, if negative).

Net working capital requirements (+) or resources (-) correspond to a narrower liquidity indicator, given that it is directly associated with operating current assets and liabilities. It is derived from the difference between cyclical requirements and cyclical resources.

Cyclical requirements include assets allocated to operating activities, inventories and credit granted to customers (sales and provision of services receivable) and recoverable taxes. Cyclical resources include current liabilities associated with operating activities, debts to suppliers (acquisition of goods and services payable) and taxes payable.

A positive difference between the two latter indicators corresponds to the value required by the enterprise to finance its operating activities, i.e., it has net working capital requirements, given that operating liabilities are lower than the operating assets required for operating activities. A negative difference, in turn, indicates that operating liabilities are financing operating activities, and therefore the enterprise has net working capital resources.

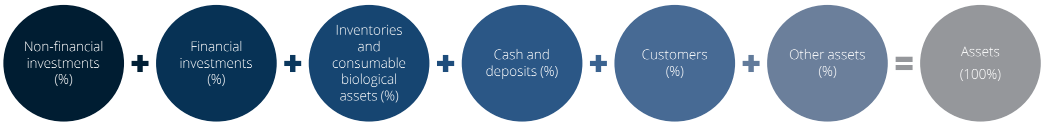
3.1.4 Economic and financial ratios

The economic and financial ratios presented cover a diverse set of categories. These allow for a fairly complete analysis of the corporation and/or aggregate.

The ratios of STs and ESTs have been grouped according to the following structure.

1. Asset structure: the economic and financial ratios of this set make up the various asset items in terms of their share of the balance sheet total. These indicators make it possible to identify the components of assets that are more or less significant for a given enterprise or aggregate in a given period, making it possible to verify in which assets are the resources, whether obtained or generated, being used.
   The sum of the various items (Figure I.3.7), for the sector's average values or for the enterprise's value, is 100%.

Figure I.3.7 • Asset structure



2. Funding structure: These ratios break down the various equity and liability items, in terms of their share of the balance sheet total. As a complement to the asset structure indicators, the ratios of this pool portray the most relevant sources of funding in each period for a given enterprise or aggregate. In particular, it is possible to identify whether an enterprise uses more equity or debt and, in the case of debt, whether it is mainly interest-bearing (financial debt) or not (e.g. trade credits). These ratios are used to assess the enterprises' degree of financial dependency vis-à-vis third parties.
   The sum of the various items, for the sector's average values or for the enterprise's value, is 100% (Figure I.3.8).

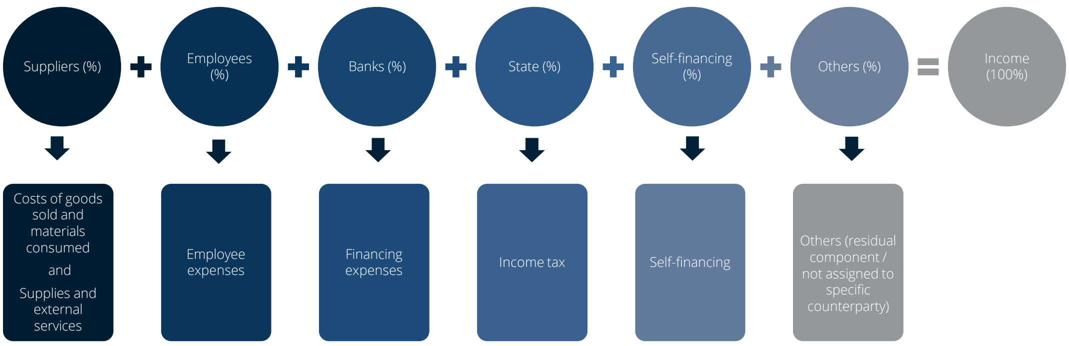
Figure I.3.8 • Funding structure

3. Composition of the financial debt: the analysis of the interest-bearing debt (financial debt) is relevant to enterprises, as it allows them to assess risks and the potential leverage effects from this source of financing. In this sense, the economic and financial ratios of this set are intended to complement the information on interest-bearing debt by breaking down their various items in terms of their **share of the total financial debt**. Thus, they make it possible to identify whether corporations that are funded interest-bearing debt make a more relevant use of loans from banks or financial corporations or of the resources coming from corporations within the group. The sum of the various items, for the sector's average values or for the enterprise's value, is 100% (Figure I.3.9).

Figure I.3.9 • Financial debt composition

4. Income distribution: the economic and financial ratios of this set are designed to identify how the income generated by the enterprise or aggregate is used (distributed) by the various counterparties, as well as the share of this income that is not distributed (usually retained within the corporation or likely to be subsequently distributed to the partners/shareholders). The entities specifically identified in income distribution are suppliers, employees, banks (including financial corporations and other sources of funding) and the State. The various items proposed for this set are presented in terms of their **share of total income**.
The sum of the various items, for the sector's average values or for the enterprise's value, is 100%. Figure I.3.10 illustrates the indicators that form part of this set as well as the components of the profit and loss account that are linked to each of the indicators presented.

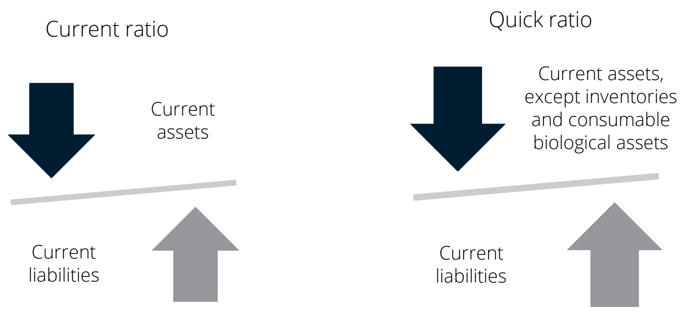
Figure I.3.10 • Income distribution



5. Liquidity ratios: liquidity ratios are used to calculate enterprises' capacity to meet their current obligations, based on current assets; Two liquidity indicators are presented: current ratio, which identifies the relationship between current assets and current liabilities; and the

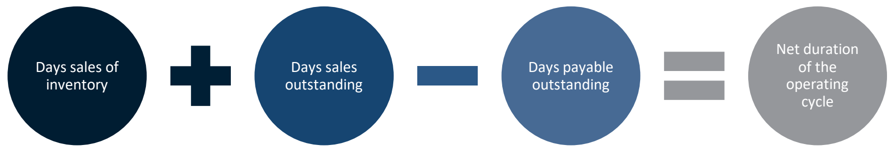
quick ratio, which differs from the previous one by excluding inventories and consumable biological assets (typically less liquid assets) from total current assets (Figure I.3.11).

Figure I.3.11 • Liquidity ratio



6. **Activity ratios**: activity ratios aim to translate how enterprises manage their activity, in particular how they conduct cash and stock management through an analysis of days outstanding. The days outstanding indicators include three scopes of activity management analysis, namely the analysis of days sales outstanding, days payable outstanding and days sales of inventory. In addition, an indicator is provided that results from the combination of the latter three, referred to as the net duration of the operating cycle. This indicator represents the average time taken by corporations from the purchase and possible transformation of inventories up to their sale, through the related cash inflows (collection from sale and payment of purchases of goods and services). Figure I.3.12 illustrates how the net duration of the operating cycle is obtained from the combination of the average maturity indicators.

Figure I.3.12 • Net duration of the operating cycle



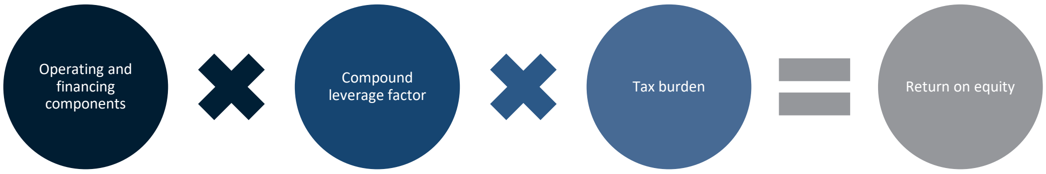
7. **Funding and debt service**: funding and debt service ratios complement the funding sources' indicators, allowing for a more accurate analysis of third party resources, taking into account the enterprise's interest-bearing liabilities and enabling an analysis of the relative importance of such liabilities, the borrowing costs and their impact on earnings. As such, these indicators can be seen complementary to the risk analysis indicators, in particular because they make it possible to identify the corporation's capacity to generate EBITDA, to cope with both the financial debt and the expenditure stemming from this source of financing.

8. **Profitability**: profitability ratios relate profit or loss generated by the enterprises with the financial resources used, and allow assessment, on the one hand, of the enterprise's capacity to

remunerate their investors and, on the other hand, the efficiency of enterprises in generating profit or loss.

In this set, this study also presents the breakdown of return on equity according to the multiplying model, which identifies the impact of the different enterprise business areas (operating and financial, financing and tax) in profitability formation; Figure I.3.13 illustrates the relationship between these indicators.

Figure I.3.13 • Breakdown of return on equity



9. **Risk indicators:** this set of indicators includes indicators that show, for each period, the percentage of corporations at potential risk, due to either their financial structure or the ability to generate positive resources. Four indicators are presented for this purpose:

   (1) Corporations with negative EBITDA;

   (2) Corporations with financing expenses higher than EBITDA;

   (3) Corporations with negative equity;

   (4) Corporations with negative net income.

3.2 Statistical methodology

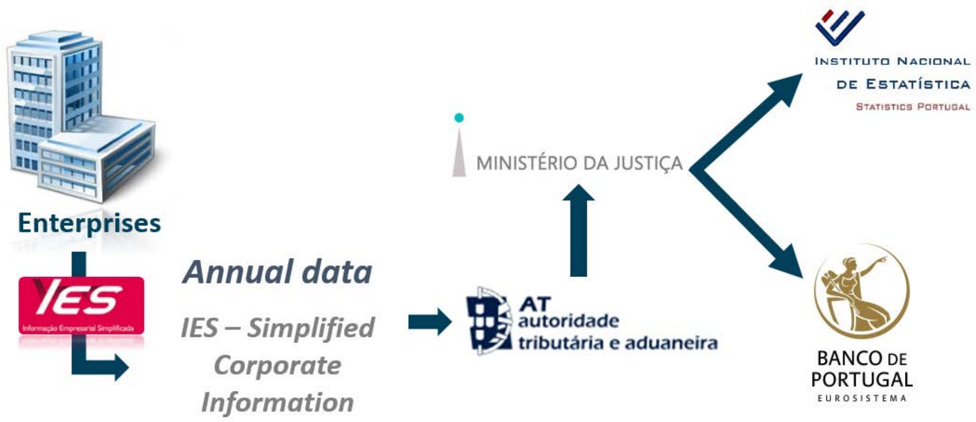
3.2.1 Data sources

STs and ESTs are made available annually by the Central Balance Sheet Database of Banco de Portugal. The STs became available in 2006, while the ESTs provide corporate data from 2010 onwards.

Since 2006, the source for the annual data is the IES (simplified corporate information), which is an electronic reporting form that comprises accounting, tax and statistical information. IES was established by Decree-Law No 8/2007 of 17 January 2007 and is the result of a partnership between the Ministry of Finance, the Ministry of Justice, Statistics Portugal and Banco de Portugal. These four entities have access to a wide range of information with full coverage of non-financial corporations operating in Portugal (reporting has been mandatory since 2007 with data for 2006). With a single annual report, corporations are able to meet the needs of four separate public entities.

Figure I.3.14 outlines how the information is transferred from the IES, from the moment when enterprises submit their reports, to the above-mentioned public entities.

Figure I.3.14 • IES information transfer

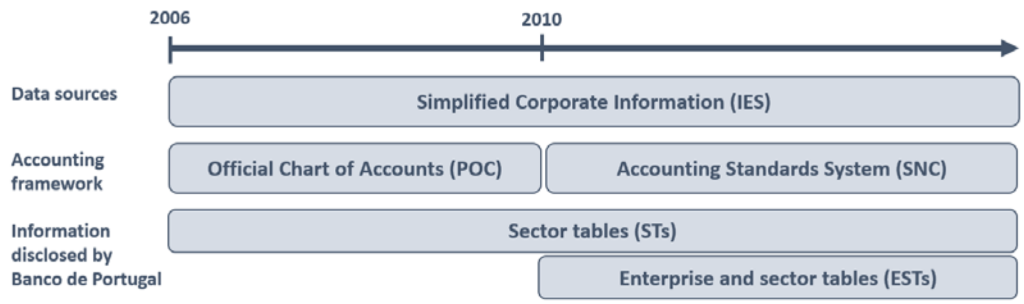


Of the various annexes making up the IES form, the Central Balance Sheet Database refers to the accounting and statistical information in Annex A, reported on a non-consolidated basis.

Information reported by enterprises under IES is submitted to quality control procedures by Banco de Portugal, which include a comparison with data obtained from other statistical systems for which the Bank is responsible, in addition to a number of validations on the temporal plausibility and consistency of every economic year. This procedure may lead to the adjustment of data sent by enterprises, chiefly due to partial non-responses, incorrect/simplified data reported, and different choices when recording the same operation in the accounts.

It should be noted that there have been changes to the information reported in the IES since its implementation, with an emphasis on the introduction in 2010 of the SNC (Accounting Standards System), which replaced the previous Official Chart of Accounts (POC). This change affected the accounting information reported by corporations as a result of the underlying accounting concepts being recast (Figure I.3.15).

Figure I.3.15 • Information transferred from IES and disclosure of STs and ESTs



3.2.2 Reference population

The reference population of the non-financial corporations sector is estimated by the Statistics Department of Banco de Portugal from information taken from the Central Registry of Companies (Ficheiro Central de Pessoas Coletivas), within the remit of the Instituto de Registos e Notariado (Registry and Notary Institute), and from microdata available in the data systems managed by Banco de Portugal for the purpose of producing statistics under its remit. Thus, in addition to IES and the Quarterly Survey on Non-financial Corporations, the Bank uses the Securities Statistics Integrated System (Sistema Integrado de Estatísticas de Títulos), the Central Credit Register (Central de Responsabilidades de Crédito), the Balance of Payments and the International Investment Position.

The enterprise population is relevant to identify the corporations to be included in the annual information of the Central Balance Sheet Database, to classify enterprises in terms of sector of economic activity (CAE), size class, geographical location of the head office, legal form and age.

The STs only comprises data from corporations in the non-financial corporations sector,[22] excluding all entities in sections K – Financial and Insurance Activities, O – Public Administration and Defence; Compulsory Social Security, T – Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use and U – Activities of extraterritorial organisations and bodies, as well as Subclass 70100 – Activities of head offices of the Portuguese Classification of Economic Activities – 3rd Revision (CAE-Rev.3).

3.2.3 Nonresponse

Although the main source of information for the STs (IES) are censuses, there are specific situations that make it impossible to obtain individual information from some corporations that are part of

[22] The NFC sector represents one of the economy's institutional sectors. The institutional sectorisation of economic agents is carried out in accordance with the 2010 European System of National and Regional Accounts (ESA 2010), approved by the European Parliament and by the Council through Regulation (EU) No 549/2013 of 21 May 2013. ESA 2010 is a harmonised benchmark on the compilation methodology with a deadline for release of the national accounts of EU countries, including statistics under Banco de Portugal's responsibility. The study series is based on the delimitation of the ESA 2010 population. Based on the national accounts regulation, sole proprietors are included in the households' institutional sector. Hence, all data on the NFC sector throughout this study exclude sole proprietors (in Portugal these represent around two-thirds of the number of enterprises, but only 5% of the respective turnover).

the reference population of the STs in time. The Central Balance Sheet Database deals with nonresponse issues by producing data based on IES information from another available period, with a maximum deviation of four years, as well as information from other sources of information, such as the Quarterly Survey on Non-financial Corporations and regular VAT returns.

3.2.4 Classification criteria

Economic activity sector

Each enterprise is classified by sector of economic activity, according to SICAE.[23] This classification is made at the most detailed level (five digits, corresponding to subclass) in line with CAE-Rev.3, which is published on Statistics Portugal's website.[24] Following the most elementary classification, enterprises may be aggregated at any CAE-Rev.3 level, in particular class (four digits), group (three digits), division (two digits) and section (one letter).

Size class

The criterion for the enterprise classification by size was taken from the EC Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. According to this Recommendation, micro, small and medium-sized enterprises are defined in line with the number of employees and their turnover or annual balance sheet total:

- Micro-enterprises are defined as enterprises that employ fewer than 10 persons and whose annual turnover or balance sheet total does not exceed €2 million;
- Small enterprises are defined as enterprises that employ fewer than 50 persons and whose annual turnover or balance sheet total does not exceed €10 million;
- Medium-sized enterprises are defined as enterprises that employ fewer than 250 persons and whose annual turnover does not exceed €50 million or whose annual balance sheet total does not exceed €43 million;

Large enterprises are any enterprises that are not classified within the European Commission criteria for micro, small and medium-sized enterprises.

Geographical location of the head office

This corresponds to NUTS 3 (Nomenclature of Territorial Units for Statistics, 2013 version) classification of where the enterprise head office is located, covering any region in mainland Portugal and the Autonomous Regions. It also includes an item 'with no identified location', for when there is no information available regarding the geographical location of the head office.

Age

This reflects the number of years that have elapsed between the date when the corporation was set up and the reference year for the data. Corporations are grouped into four categories, according to their age: 'up to 5 years old', 'from 6 to 10 years old' 'from 11 to 20 years old' and 'over 20 years old'.

[23] Available at http://www.sicae.pt/
[24] Available at http://metaweb.ine.pt/sine

3.2.5 Metrics and measurement units

Aggregate average

In the case of indicators related to financial statements (e.g. total assets, financial debt or cash flow indicators), the aggregate average corresponds to the average indicator value established for the enterprises included in the aggregate. Calculated as follows:

$$Aggregate\ average: \frac{\sum_{i=1}^{N} individual\ ratio_i}{N}$$

In the case of economic and financial ratios, the average of the aggregate is the ratio of the total aggregate amount for the variables in the numerator and denominator, obtained as follows:

$$Aggregate\ average: \frac{\sum_{i=1}^{N} individual\ value\ of\ ratio\ numerator\ _i}{\sum_{i=1}^{N} ndividual\ value\ of\ ratio\ denominator_i}$$

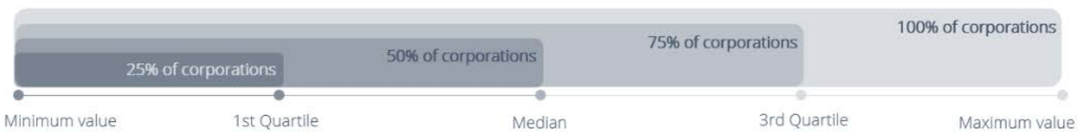
Quartile distribution

Quartiles (Figure I.3.16), which are available only for the ratios, make it possible to analyse the distribution of the corporations for a given indicator, allowing each corporation to be able to know its position in relation to the other corporations in the aggregate.

In order to determine the quartiles of a distribution it is necessary to arrange the individual values of the corporations in ascending order, resulting in:

- The first quartile (Q1) is the value that corresponds to 25% of the ratios distribution; i.e. around one quarter of the corporations in the aggregate fall below the first quartile or, in an equivalent manner, three quarters of the corporations rank higher than the first quartile;
- The second quartile (Q2), also known as median, corresponds to the central value of the distribution, i.e. the one dividing the distribution in half. This means that half of the corporations in the aggregate show values below/above this value;
- The third quartile (Q3) is the value that corresponds to 75% of the distribution ratios; i.e. around three quarters of corporations fall below the upper quartile or, similarly, a quarter of all corporations post values higher than the third quartile.

Figure I.3.16 • Quartiles



Units of measurement

Depending on the indicator selected, data are presented in the following units:
- Percentage (%);
- Euro (€);
- Thousand (th);
- Million (m);
- Billion (bn).

Overall, ratios are shown as percentages and the balance sheet, profit and loss account and cash flow indicators are presented in thousands, millions or billions of euro.

3.2.6 Disclosure and confidentiality conditions

Confidentiality criteria

The STs shall be disseminated for all cross sections of the economic sector and size class, with a maximum breakdown for which there are corporations in that framework and provided that they comply with the confidentiality requirements laid down.

For the economic activity component classified according to CAE-Rev.3, the aggregates are published at subclass level (five digits). However, where this is not possible, higher levels of aggregation shall be considered, including: class (four digits), group (three digits), division (two digits) and section (one letter).

For the size class component of the aggregate, there are six levels: 'Large enterprises', 'Medium-sized enterprises', 'Small enterprises', 'Microenterprises', 'Micro, Small and Medium-sized enterprises', and 'All sizes'.

To preserve the confidentiality of individual data of enterprises in the Central Balance Sheet Database and the economic significance of the indicators, ESTs will not be released for aggregates where either of the following conditions occurs:

- They gather information on less than three enterprises reporting data;
- Turnover and total assets are below €1,000 and the enterprise has no employees, because such an aggregate is deemed to show no signs of relevant activity.

Direct implementation of the above rules determines, firstly, that a set of aggregates shall not be disclosed. Secondly, the release of other aggregates may also be suppressed following the implementation of a number of conditional decisions. The aim is thus to prevent a missing aggregate from being identified using other published aggregates.

Based on the above conditions, the default activity sector and size class in the ESTs is set out in as much detail as possible.

Irrespective of the release of other indicators, the publication of quartiles relating to the distribution of economic and financial ratios of an enterprise aggregate is also subject to the following rules:

- Distribution quartiles are only released if the number of enterprises in the aggregate totals or exceeds 11;
- From six to ten enterprises, the aggregate only presents the second quartile;
- No quartile information is provided on an aggregate with fewer than six enterprises.

Conditions for the calculation of economic and financial ratios

Due to their nature, the calculation of economic and financial ratios is subject to specific rules. The aim of these rules is to ensure that the results obtained include an economic interpretation and allow for a correct ordering of each enterprise's individual ratios. Therefore, ratios are not calculated when:

- The denominator is zero or negative: where the denominator is zero, it is not mathematically possible to calculate the ratio; in turn, a negative value of the ratio denominator jeopardises its interpretation and distorts the distribution of individual results of the enterprises in the aggregate.

- By way of illustration, we should consider return on equity. When an enterprise has a net profit and a negative value for equity, its return on equity ratio will be negative, in spite of its activity being profitable. When all the enterprises in the aggregate are ordered, with a view to calculating the distribution quartiles of the ratio, the enterprise in this example would rank among the enterprises with losses, thereby not appropriately reflecting its situation.
- The absolute value of the ratio exceeds a given threshold: depending on the ratio, when the result obtained for the ratio is above a given threshold, it cannot be interpreted.
- Using as an example the current ratio: if the denominator, in this case current liabilities, is close to zero, and even if it is mathematically possible to calculate a value for the ratio, that value will tend to be too high and, therefore, bear no economic interpretation. In this context, it may be considered that if there are virtually no current liabilities, there is no point in calculating the current ratio.

After applying the calculation conditions to each ratio on an individual basis, the availability of the related ratios is assessed. For instance, the analysis of the breakdown of return on equity or of income distribution requires the joint analysis of a set of ratios. These ratios can only be meaningfully interpreted as a whole, therefore the suppression of any ratio implies the suppression of other ratios in the same block.

These rules apply to all ratio results, irrespective of the statistical measure, including the aggregate average. Two specific situations, however, may arise from the implementation of these rules for enterprises in a given aggregate:

- The aggregate values comply with the disclosure criteria, but no corporation meets such criteria on an individual basis. In this case, the aggregate average is published, but not the statistics on ratio distribution. This may occur when the values of the enterprises in the aggregate offset each other, thereby resulting in valid aggregate values.
- The aggregate values do not comply with disclosure criteria, but some enterprises meet such criteria on an individual basis, wherefore the statistics on ratio distribution are published, but not the average value of the aggregate. One possible situation is that a range of enterprises does not meet disclosure criteria but contribute significantly to the aggregate value.

Both of these situations are more likely to occur in aggregates with a small number of enterprises.

II Annex

1 Indicators and ratios – definitions and formulae

2 List of indicators and ratios provided

3 Enterprise and sector tables - Dashboards

1 Indicators and ratios – definitions and formulae

Indicator	Definition
Adjustments on financial assets and revaluation surpluses	Include increases or decreases in equity reflecting impacts of the measurement methods of assets, such as the equity method on financial investments and the revaluation model on tangible and intangible fixed assets.
Assets	All the resources controlled by an entity in the form of goods and rights, from which future cash inflows are expected; comprise current and non-current assets.
Capital, share premium and other equity instruments	Equity components more directly associated with equity instruments of corporations, including shares held by the corporation itself (treasury shares) and share premium.
Cash and bank deposits	Cash and overnight deposits classified as current assets.
Cash and cash equivalents at the beginning of the period	These comprise the net position at the beginning of the period, related to cash in kind, bank deposits and financial investments in the short-term, highly liquid and easily convertible into cash.
Cash and cash equivalents at the end of the period	These comprise the net position at the end of the period, related to cash in kind, bank deposits and financial investments in the short-term, highly liquid and easily convertible into cash.
Cash flows from financing activities	Among other, cash flows which impact changes in equity and financial debt, such as payment of dividends, increase or decrease of loans and payment of interest.
Cash flows from investment activities	Cash flows associated with the acquisition, disposal and income related to long-term assets and other investments that are not considered cash equivalents; include, among others, flows related with the purchase, ownership and sale of non-current assets.
Cash flows from operating activities	Cash flows from activities responsible for the generation of revenue from the usual business operations of the corporation and that are not from investing or financing activities.
Cash flows from operating activities (customer receipts)	Cash flows that arise from customer receipts.
Cash flows from operating activities (other receipts net of operational payments)	Cash flows from the corporation's regular operations that include other receipts net of operational payments, which are not investing or financing activities.

Indicator	Definition
Cash flows from operating activities (payments to suppliers)	Cash flows that arise from payments to suppliers.
Change in cash and cash equivalents	Sum of cash flows and cash equivalents in each activity, namely operating, investing and financing activities.
Costs of goods sold and materials consumed	Cost of sales or consumption of raw materials by integration in the inventories production process.
Current assets	Potentially liquid assets, sold or consumed in the operating cycle of the corporation or in a period not exceeding twelve months after the balance sheet date.
Current financial debt	Loans (interest-bearing debt) repayable in the short-term (not exceeding twelve months after the balance sheet date).
Current liabilities	Liabilities expected to be settled during the corporation's normal operating cycle or within a period not exceeding twelve months after the balance sheet date.
Deferrals (assets)	Amounts recorded as assets to be recognised as expenses in the future, such as rent or insurance paid in advance.
Deferrals (liabilities)	Amounts recorded as liabilities to be recognised as income in the future, such as interest or rents received in advance.
Deferred tax assets	Tax amounts that the corporation expects to recover in the future, namely due to past tax losses or expenses that were not deductible in the period, but deductible in the future.
Deferred tax liabilities	Taxes that the corporation expects to pay in the future, caused by differences between accounting and tax rules, namely due to income not taxable in the period, but taxable in future periods.
Domestic turnover	Revenues from sales and services in the domestic market.
Earnings before interest and taxes (EBIT)	EBIT is computed after EBITDA, corresponding to operating profit/loss plus financial income and expenses, considering also the impact of depreciations and amortisations (net of reversals).
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	A corporation's operating profit/loss plus financial income and expenses. EBITDA does not include expenses with depreciation and amortisation (net of reversals), financing expenses or income taxes.
Earnings before taxes (EBT)	EBT are earnings from corporations' activities, excluding income tax.

Indicator	Definition
Effect of currency exchange differences	Changes in the value of foreign currency recorded in the period, not translated into cash flow from operating, investing and financing activities, making it possible to reconcile the amount of cash and cash equivalents at the beginning and end of the period.
Employee expenses	Wages and salaries, wage-related costs, as well as other employee benefits.
Entries of corporations (births)	Number of corporations on the aggregate that were created that year.
Equity	The book value of the corporation, corresponding to the value of assets net of liabilities. It comprises paid and unpaid capital and other equity instruments, own shares, share issuance premiums, reserves, retained earnings, adjustments on financial investments, revaluation surplus, other equity changes, net income and interim dividends.
Equity, except net income	Equity excluding net income for the period.
Exits of corporations (death)	Quantifies the corporations that have ceased activity.
Expenses	Total expenses and losses for the period.
Expenses with depreciations and amortisations	Amounts recognised during the period as expenses (net of reversals) with the depreciation and amortisation of long-term non-financial investments, such as fixed tangible and intangible assets.
Financial and financing income	Income from financial investments and financial assets held for trading, as well as interest or similar income.
Financial debt	Loans contracted by the corporation, usually associated to a cost for the corporation (interest-bearing debt), which translates as financing expenses. It comprises bank loans, group loans, debt securities and other loans.
Financial expenses, except financing	All financial expenses, except for those related to financial debt.
Financial instruments (net)	Financial instruments (net) include short-term financial instruments held for trading, at fair value through profit or loss or derivatives potentially favourable or unfavourable.
Financial investments	Long-term financial assets, such as investments in other corporations, and investments held to maturity, such as non-convertible bonds.
Financing expenses	All costs borne by the corporation associated to its financial debt.

Indicator	Definition
Free cash flow	Free cash flow includes the cash flows arising from operating and investing activities, representing the available cash flow, generated by the operating activities and net of investment activities.
Gross profit	Income obtained by turnover less costs of goods sold and material consumed and supplies and external services.
Gross value added (GVA)	GVA is the difference between output and intermediate consumption, and equivalent to the wealth generated directly by the corporations' operating activities during the period.
Impairment (losses/reversals) of inventories, trade credits and other accounts receivable	Amounts recognised as impairment losses (net of reversals) related to inventories and consumable biological assets, as well as trade credits and other accounts receivable.
Impairment and changes in fair value in financial assets	Impairment (losses/reversals) and changes (gains/losses) in fair value of financial assets.
Impairment and changes in fair value in non-financial fixed assets	Impairment (losses/reversals) and changes (gains/losses) in fair value of non-financial fixed assets.
Income	Total income and gains in the period.
Income tax	Net expenses with net income tax, after all deductions and adjustments according to tax legislation.
Intangible assets and goodwill	Intangible assets are non-monetary assets, identifiable and without physical substance, such as trademarks and patents; goodwill is an asset that represents the amount paid for a corporation, or part of one, in excess of the fair value of its net assets.
Intermediate consumption	Goods and services consumed as inputs by a process of production and sale of inventories and rendering of services.
Inventories and consumable biological assets	Goods held for sale, raw materials or supplies to be incorporated in the production process, and living animals or plants consumable or used during the production process.
Liabilities	Present obligation of the entity, arising from past events, expected to result in future cash outflows.

Indicator	Definition
Net acquisition of non-financial investments	This indicator identifies the net acquisition of non-financial assets by the corporation during the period. Non-financial investments include tangible (including investment properties and bearer biological assets) and intangible fixed assets (including goodwill).
Net cash	Difference between net working capital and net working capital requirements (+)/resources (-); if the difference is positive, it means that there is a cash surplus after operating activities have been financed; otherwise, it means that there is a shortage of resources to finance the activity.
Net income	Net income is the difference between all income and all expenses of the corporation recognised during the period.
Net working capital requirements (+)/ resources (-)	Liquidity indicator obtained from the difference between cyclical requirements (inventories, credit granted to customers and recoverable taxes) and cyclical resources (debts to suppliers and taxes payable).
Non-current assets	Assets not classified as current assets (obtained residually). Non-current assets comprise fixed tangible assets (including investment properties and bearer biological assets), intangible assets (including goodwill), financial investments and other non-current financial assets, such as deferred tax assets.
Non-current financial debt	Interest-bearing loans contracted by the corporation, whose settlement is expected to occur in the medium and long-term.
Non-current liabilities	Liabilities not classifiable as current liabilities (residual concept). Therefore, this concept considers liabilities not expected to be settled during the normal operating cycle of the corporation or within twelve months after the balance sheet date.
Non-current net assets held for sale	Include long-term assets, such as tangible and intangible fixed assets that were afterwards classified as held for sale in the short-term, minus associated liabilities; these may also include groups of assets and their respective liabilities for the same purpose.
Non-domestic turnover (exports)	Revenues from sales and services to external markets (exports).
Non-financial investments	Comprise long-term assets (non-current assets) other than financial investments or other financial assets. Non-financial investments include tangible fixed assets, intangible assets, investment properties and bearer biological assets.
Number of corporations	Number of corporations included in the aggregate (combination of the economic activity sector and size class).

Indicator	Definition
Number of employees	Average number of employees working for the corporation in the months of the year during which it was active.
Operating net income	Operating net income corresponds to profit (or loss) arising from the production and sale of goods and/or supply of services by the corporation. It does not consider income or expenses related to financial activities. The sum of operating net income and financial income and expenses equals EBITDA.
Operational self-financing	Operational self-financing corresponds to a detail of total self-financing which intends to only integrate the components of profit or loss more directly linked to operating activities of corporations.
Other current assets	Current assets not included in the remaining current asset items. Other current assets exclude cash and bank deposits, trade receivables and inventories and consumable biological assets.
Other current liabilities	Current liabilities not included in the remaining current liability items. Other current liabilities exclude trade payables and current financial debt.
Other expenses, except financial and financing expenses	Expenses with operating activities not included in other expenses, such as provisions and impairment losses in inventories, accounts receivable and non-financial investments.
Other income, except financial and financing income	Income from operating activities, that is, all income excluding income related to financial and financing activities of corporations.
Other non-current assets	Non-current assets not included in the remaining non-current asset items. Other non-current assets exclude non-financial and financial investments.
Other non-current liabilities	Non-current liabilities not included in the remaining non-current liability items. Other non-current liabilities exclude non-current financial debt.
Output	Income components included in gross value added (GVA).
Post-employment benefits	Proceeds related with liabilities taken by the corporation for the retirement of their employees, such as old-age pensions and other retirement benefits, post-employment life insurance or medical care.
Provisions	Liabilities of uncertain outflow timing or amount, but likely to occur when recognised.
Provisions (increases/decreases)	Expenses (net of reversals) incurred to meet liabilities of uncertain timing or amount.

Indicator	Definition
Purchases	Total amount of purchases of goods and services used for consumption or sale; it includes costs incurred on those purchases, such as transportation, insurance, duties, fees and non-recoverable taxes.
Purchases of domestic goods and services	Total amount of domestic purchases of goods and services used for consumption or sale; that amount includes costs incurred on those purchases, such as transportation, insurance, fees and non-recoverable taxes.
Purchases of goods and services abroad (imports)	Total amount of purchases of goods and services abroad (imports) used for consumption or sale; it includes costs incurred on those purchases, such as transportation, insurance, duties and non-recoverable taxes.
Remuneration	Compensation to governing bodies and employees.
Reserves and retained earnings	Reserves comprise the legal reserves or other. Retained earnings are the earnings accumulated in the corporation that are not distributed to capital holders through dividends or not otherwise applied, such as through reserves.
Self-financing	Net income of corporations, adjusted for some accounting effects. This is an indicator frequently used as an approximation of cash flows, since it excludes from net income the accounting effects that have greater probability of not being converted into cash or cash equivalents during the period.
Services rendered	Income from the rendering of services by corporations to their customers.
State and other public entities (assets)	Short-term amounts receivable or discountable from the government and other public entities usually due to taxes paid in advance.
State and other public entities (liabilities)	Amounts payable to the government and other public entities related to taxes and fees.
Supplies and external services	Expenditure on goods for immediate consumption and services provided by third parties.
Trade payables	Amounts owed to suppliers for purchases made on credit.
Trade receivables	Values yet to be received due to sales and services rendered by the corporation.
Turnover	Revenues obtained from sales and services rendered, being the income more directly related to operating activities.
Working capital	Amount the corporation has available in the short-term (current assets), after deducting its short-term liabilities (current liabilities).

Indicator	Definition	Formula	Disclosure criteria
Aggregate concentration (assets)	Degree at which the corporations in the top 20% of the aggregate contribute to the aggregate assets.	Assets of the corporations in the top 20%/ Aggregate assets	Aggregate assets > 0
Aggregate concentration (turnover)	Degree at which the corporations in the top 20% of the aggregate contribute to the aggregate turnover.	Turnover of the corporations in the top 20%/ Aggregate turnover	Turnover > 0
Banks and other sources of funding (% income)	Proportion of income generated by the corporation during the period consumed by financing expenses.	Financing expenses/Total income	Total income > 0; absolute value of the ratio < 10,000%
Cash and deposits (% assets)	Share of most liquid assets (cash and bank deposit items) in total assets.	Cash and bank deposits/Assets	Cash and bank deposits > 0 and Assets > 0; value of the ratio < 10,000%
Compound leverage factor	In the decomposition of return on equity exercise, this corresponds to one of the components, as well as the operating and financing component and the tax burden component. It corresponds to the impact of financing activities in the formation of profitability that can reflect a positive leverage effect or a lower impact of financing expenses on return. The multiplication of all components is equal to return on equity.	(Assets/Equity) * (Earnings before taxes/(Earnings before taxes + Financing expenses))	Absolute value of the ratio < 10,000%
Cost of financial debt	Indicates the average cost of debt incurred by corporations.	Financing expenses /Financial debt	Financing expenses > 0 and financial debt > 0; value of the ratio ≤ 100%
Current financial debt (% debt)	Share of short-term (current) interest-bearing debt in total interest-bearing debt (financial debt).	Current financial debt/Financial debt	Current financial debt > 0 and Financial debt ≥ 0; value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Current ratio	Ratio that reflects the extent to which short-term liabilities (current liabilities) are covered by assets that are expected to be converted into liquid funds in the short-term (current assets).	Current assets/ Current liabilities	Current liabilities > 0; absolute value of the ratio < 10,000%
Depreciations (% income)	Proportion of income generated by corporations used to cover depreciation and amortisation expenses.	Depreciations and amortisations/ Total income	Total income > 0; absolute value of the ratio < 10,000%
EBITDA (% turnover)	Indicator used traditionally to assess the operational and financial margin of the corporation before depreciations and amortisations, financing expenses and tax. This indicator is different from the EBITDA indicator as a percentage of income, since in its denominator it does not account for other income besides turnover.	EBITDA/ Turnover	Turnover > 0; absolute value of the ratio < 10,000%
Employee expenses (% income)	Proportion of the income generated by the corporation consumed by employee expenses.	Employee expenses/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Equity (% assets) or Capital ratio	Share of equity in total assets. The complement of this ratio indicates the indebtedness of the corporation, that is, the proportion of assets financed by liabilities.	Equity/Assets	Assets > 0; absolute value of the ratio < 10,000%
Exports (% turnover)	Share of non-domestic turnover in total turnover.	Exports/ Turnover	Exports > 0 and Turnover > 0; value of the ratio < 10,000%
Financial debt (% assets)	Expresses the share of financial debt in total assets, i.e. how much of assets are funded by debt.	Financial debt/ Assets	Financial debt ≥ 0 and Assets > 0; value of the ratio < 10,000%
Financial debt (% liabilities)	Share of interest-bearing debt (financial debt) in total debt (liabilities) of the corporation.	Financial debt/ Liabilities	Liabilities > 0; absolute value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Financial debt/ EBITDA	This indicator provides the required number of years generating EBITDA to cover all financial debt, assuming both variables remain unchanged.	Financial debt/ EBITDA	Financial debt > 0 and EBITDA > 0
Financial investments (% assets)	Share of financial investments in total assets.	Financial investments/ assets	Financial investments ≥ 0 and Assets > 0; value of the ratio < 10,000%
Financial leverage	Ratio of financial debt over equity plus financial debt. Financial leverage indicators are frequently analysed together with other profitability indicators, so as to assess the impact of indebtedness on return.	Financial debt/(Equity + Financial debt)	(Equity + Financial debt) > 0; value of the ratio < 10,000%
Financing expenses (% income)	Proportion of income generated by the corporation during the period consumed by financing expenses.	Financing expenses/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Financing expenses coverage ratio	Number of times the EBITDA generated by corporations is higher than financing expenses; a higher value for the financing expenses coverage ratio translates into lower financial pressure.	EBITDA/ Financing expenses	Financing expenses > 0
Group loans (% debt)	Share of loans from subsidiaries and from shareholders as a percentage of total financial debt.	Group loans/ Financial debt	Financial debt > 0; value of the ratio < 10,000%
Imports (% purchases)	Share of abroad purchases in total purchases of goods and services.	Imports/ Purchases	Imports ≥ 0 and Purchases > 0; value of the ratio < 10,000%
Income tax (% income)	Proportion of the income generated by the corporation during the period consumed by income tax expenses.	Income tax/ Total income	Total income > 0; absolute value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Inventories and consumable biological assets (% assets)	Share of Inventories and consumable biological assets in total assets.	Inventories and consumable biological assets/ Assets	Inventories and consumable biological assets ≥ 0 and Assets > 0; value of the ratio < 10,000%
Loans from credit institutions and financial corporations (% debt)	Share of loans from credit institutions and financial corporations in total financial debt.	Credit institutions and financial corporations/ Financial debt	Financial debt > 0; value of the ratio < 10,000%
Net duration of the operating cycle	It expresses the operating cycle, from the acquisition and transformation of inventories to sales and services rendered, including outflow and inflow of cash related to these operations.	Days sales of inventory + Days sales outstanding - Days payable outstanding	
Net trade debt financing	Ratio of the share of net trade debt in turnover. This ratio is the difference between credit obtained (trade payables) and credit granted (trade receivables) by the corporation.	(Trade payables – Trade receivables /Turnover)	Turnover > 0; absolute value of the ratio < 10,000%
Non-financial investments (% assets)	Share of non-financial investments in total assets. Non-financial investments include tangible fixed assets, intangible assets, investment properties and bearer biological assets.	Non-financial investments/ Assets	Non-financial investments ≥ 0 and Assets > 0; value of the ratio < 10,000%
Operating and financing components	In the decomposition of return on equity exercise, this corresponds to one of the components, as well as the compound leverage factor and the tax burden component. This component assesses the impact of operating and other financing activities in the formation of profitability. The multiplication of all components is equal to return on equity.	(Earnings before taxes + Financing expenses)/ Assets	(Earnings before taxes + Financing expenses) > 0; absolute value of the ratio < 10,000%
Other loans (% debt)	Share of loans from other lenders in total financial debt.	Other loans/ Financial debt	Financial debt > 0; value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Self-financing (% income)	Proportion of income generated by the corporation that was retained by the corporation (before any distribution).	Self-financing/ Total income	Total income > 0; absolute value of the ratio < 10,000%
State (% income)	Proportion of the income generated by the corporation during the period that was consumed by taxes.	(Income tax + Taxes)/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Suppliers (% income)	Proportion of income generated by the corporation during the period consumed by the cost of goods sold and material consumed and supplies and external services.	(Costs of goods sold and material consumed + Supplies and external services) /Total income	Total income > 0; absolute value of the ratio < 10,000%
Tax burden	In the decomposition of return on equity exercise, this corresponds to one of the components, in addition to the operating and financing component and the compound leverage factor. It corresponds to the impact of taxes in the formation of profitability that can reflect, in a reverse relation, the impact of the tax burden on profitability. The multiplication of all components is equal to return on equity.	Net income/ Earnings before taxes	Earnings before taxes > 0; absolute value of the ratio < 10,000%
Trade payables (% assets)	Share of trade payables in total assets, indicating the proportion of assets funded by trade debt.	Trade payables/ Assets	Assets > 0; absolute value of the ratio < 10,000%
Trade receivables (% assets)	Share of receivables from sales and services to customers in total assets.	Trade receivables /Assets	Assets > 0; absolute value of the ratio < 10,000%
Quick ratio	Ratio that reflects the extent to which short-term liabilities (current liabilities) are covered by assets that are expected to be converted into liquid funds in the short-term (current assets), excluding inventories and consumable biological assets.	(Current assets – Inventories and consumable biological assets) /Current liabilities	Current liabilities > 0; absolute value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Gross profit (% income)	Share of gross profit generated by the corporation in total income. Gross profit corresponds to the difference between sales and services rendered (turnover) and the costs incurred to generate such sales and services (costs of goods sold and materials consumed).	Gross profit/ Total income including Gross profit = Turnover – Supplies and external services – Costs of goods sold and material consumed	Total income > 0; absolute value of the ratio < 10,000%
EBIT margin (% income)	Proportion of income generated by the corporation that was not consumed by expenses in the period, except for financing expenses and taxes.	Earnings before interest and taxes/Total income	Total income > 0; absolute value of the ratio < 10,000%
EBITDA margin (% income)	Proportion of income generated by the corporation that was not consumed by expenses in the period, except for depreciations and amortisations, financing expenses and taxes.	EBITDA/ Total income	Total income > 0; absolute value of the ratio < 10,000%
EBT margin (% income)	Proportion of income generated by the corporation that was not consumed by expenses in the period, except for taxes.	Earnings before taxes/Total income	Total income > 0; absolute value of the ratio < 10,000%
Net profit (% income)	Proportion of income generated by the corporation that was not consumed by expenses in the period. This ratio assesses the net profitability from all activities (operating, financing and leverage and tax).	Net income/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Other loans (% debt)	Share of loans from other lenders in total financial debt.	Other loans/ Financial debt	Financial debt > 0; value of the ratio < 10,000%
Other expenses (% income)	Proportion of other expenses (including provisions, impairment and fair value losses, net of reversals) in total income.	Other expenses/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Other expenses and income (% income)	Share of other expenses (including provisions, impairment and fair value losses) net of other income (income not included in turnover) in total income.	Other expenses and income/ Total income	Total income > 0; absolute value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
Employees (% income)	Proportion of the income generated by the corporation consumed by employee expenses.	Employee expenses/ Total income	Total income > 0; absolute value of the ratio < 10,000%
Days sales of inventory	Number of days, on average, of permanence of inventory and consumable biological assets in the corporation until they are sold.	Inventory and consumable biological assets/ Purchases	Purchases > 0; absolute value of the indicator ≤ 1825
Days payable outstanding	Number of days, on average, that elapses between the acquisition of goods and services and the respective payment.	(Trade payables * 365 days)/ (Supplies and external services + Purchases + Estimate of VAT paid on: Supplies and external services + Purchases (part concerning residents))	Denominator > 0; absolute value of the indicator ≤ 1825
Days payable outstanding *vis-à-vis* non-residents	Number of days, on average, that elapses between the acquisition of goods and services from non-resident suppliers and the respective payment.	(Trade credits and advances from non-residents * 365) /Imports	Imports > 0; absolute value of the indicator ≤ 1825
Days sales outstanding	Number of days, on average, that elapses between the moment of sales and/or services and receipts.	(Trade receivables * 365 days)/(Sales and services rendered + Estimate of VAT received on: Turnover (part concerning residents))	Denominator > 0; absolute value of the indicator ≤ 1825
Days sales outstanding *vis-à-vis* non-residents	Number of days, on average, that elapses between the moment of sales and/or services rendered to non-resident customers and receipts.	(Trade credits and advances to non-residents * 365)/Exports	Exports > 0; absolute value of the indicator ≤ 1825

Indicator	Definition	Formula	Disclosure criteria
Financial pressure	Proportion of EBITDA generated during the period meant to cover financing expenses.	Financing expenses/ EBITDA	Financing expenses > 0 and EBITDA > 0; absolute value of the ratio < 10,000%
Return on assets	Ratio that captures the performance of the corporation's assets during the period. This performance indicator is measured before the impact of expenses with depreciations and amortisations, financing expenses and income tax.	EBITDA/Assets	Assets > 0; absolute value of the ratio < 10,000%
EBITDA over invested capital	Measures the performance in the period of the invested capital (equity and interest-bearing debt). This performance indicator is measured before the impact of expenses with depreciations and amortisations, financing expenses and income tax.	EBITDA/ Invested capital where Invested capital = Equity + Financial debt	Invested capital > 0; absolute value of the ratio < 10,000%
Return on equity	Ratio that represents the return obtained on the corporation's equity. This ratio is usually a measure of return on the capital invested by partners or shareholders.	Net income/ Equity	Equity > 0; absolute value of the ratio < 10,000%
Other assets (% assets)	Share of other assets in total assets. Other assets exclude the following: cash and bank deposits, trade receivables, financial and non-financial investments and inventories and consumable biological assets.	Other assets/ Assets	Assets > 0; absolute value of the ratio < 10,000%
Other liabilities (% assets)	Share of other liabilities in total assets. Other liabilities exclude the following items: trade payables and financial debt.	Other liabilities/ assets	Assets > 0; absolute value of the ratio < 10,000%
Debt securities (% financial debt)	Share of debt securities in total financial debt	Debt from the securities market /Financial debt	Financial debt > 0; value of the ratio < 10,000%
GVA (% output)	Ratio that provides the margin obtained by the corporations from income included in gross value added (GVA).	GVA/Output	Output > 0; absolute value of the ratio < 10,000%

Indicator	Definition	Formula	Disclosure criteria
% of corporations with equity < 0	Percentage of corporations for which equity is negative for the period under review.	Number of corporations with negative equity/Number of corporations	
% of corporations with EBITDA < 0	Percentage of corporations for which EBITDA is negative for the period under review.	Number of corporations with negative EBITDA/Number of corporations	
% of corporations with financing expenses > EBITDA	Percentage of corporations for which EBITDA is not sufficient to cover financing expenses for the period under review.	Number of corporations with financing expenses > EBITDA/ Number of corporations	
% of corporations with net income < 0	Percentage of corporations for which net income is negative for the period under review.	Number of corporations with net income < 0/Number of corporations	

2 List of indicators and ratios by publication medium

Balance sheet	Available at *Dashboard*	Available at Excel	Available at pdf
Assets	X	X	X
Non-current assets		X	X
Non-financial investments		X	X
Intangible assets and goodwill		X	
Financial investments		X	X
Other non-current assets		X	X
Deferred tax assets		X	
Current assets		X	X
Inventories and consumable biological assets		X	X
Trade receivables		X	X
Cash and bank deposits		X	X
Other current assets		X	X
Non-current net assets held for sale		X	
Government (assets)		X	
Deferred expense		X	
Financial instruments (net)		X	
Equity	X	X	X
Equity, except net income		X	X
Capital, share premium and other equity instruments		X	
Reserves and retained earnings		X	
Adjustments on financial assets and revaluation surpluses		X	
Net income for the period	X	X	X
Liabilities	X	X	X
Non-current liabilities		X	X
Non-current obtained financing		X	X
Other non-current liabilities		X	X
Post-employment benefits		X	
Provisions		X	
Deferred tax liabilities		X	
Current liabilities		X	X
Trade payables		X	X
Current financial debt		X	X
Other current liabilities		X	X
Government (liabilities)		X	
Deferred income		X	

Profit and loss account	Available at *Dashboard*	Excel	pdf
Turnover	X	X	X
Services rendered		X	
Costs of goods sold and material consumed		X	X
Supplies and external services		X	X
Gross margin		X	X
Other income, except financial and financing income		X	X
Employee expenses		X	X
Wages and salaries		X	
Other expenses, except financing and financial expenses		X	X
Impairment and changes in fair value of inventories and trade receivables		X	
Impairment and changes in fair value in non-financial fixed assets		X	
Provisions (increases/decreases)		X	
Operating net income		X	X
Financial and financing income		X	X
Financial expenses, except financing		X	X
Impairment and changes in fair value in financial assets		X	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	X	X	X
Expenses of depreciations and amortizations		X	X
Earnings before interest and taxes (EBIT)		X	X
Financing expenses		X	X
Earnings before taxes (EBT)		X	X
Income tax		X	X
Net income for the period	X	X	X
Other details			
Financial debt		X	
Income		X	X
Expenses		X	X
Gross value added (GVA)		X	X
Output		X	X
Intermediate consumption		X	X
Purchases		X	X
Imports		X	X
Purchases of domestic goods and services	X	X	
Exports	X	X	X
Domestic turnover	X	X	
Self-financing		X	X
Operational self-financing		X	X

Cash flows	Available at *Dashboard*	Available at Excel	Available at pdf
Cash flows from operating activities	X	X	X
Customer receipts		X	X
Payments to suppliers		X	X
Other receipts net of operational payments		X	X
Cash flows from investing activities	X	X	X
Cash flows from financing activities	X	X	X
Change in cash and cash equivalents	X	X	X
Effect of currency exchange differences		X	X
Cash and cash equivalents at the beginning of the period		X	X
Cash and cash equivalents at the end of the period		X	X
Cash			
Net acquisition of non-financial investments (tangible and intangible)	X	X	X
Free cash flow	X	X	X
Net cash decomposition			
Working capital	X	X	X
Net working capital requirements (+) / resources (-)	X	X	X
Net cash	X	X	X

	Available at		
Economic and financial ratios	*Dashboard*	Excel	pdf
Asset Structure			
Non-financial investments as a percentage of assets	X	X	X
Financial investments as a percentage of assets	X	X	X
Inventories and consumable biological assets as a percentage of assets	X	X	X
Cash and bank deposits as a percentage of assets	X	X	X
Trade receivables as a percentage of assets	X	X	X
Other assets as a percentage of assets	X	X	X
Other net receipts as a percentage of assets			
Equity as a percentage of assets	X	X	X
Trade payables as a percentage of assets	X	X	X
Financial debt as a percentage of assets	X	X	X
Other liabilities as a percentage of assets	X	X	X
Composition of the financial debt			
Loans from credit institutions and financial corporations as a percentage of financial debt	X	X	X
Debt securities as a percentage of financial debt	X	X	X
Loans of participated and participating corporations as a percentage of financial debt	X	X	X
Loans from other lenders as a percentage of financial debt	X	X	X
Income distribution			
Suppliers (% income)		X	X
Employees (% income)	X	X	X
Banks and other lenders (% income)	X	X	X
Government (% income)		X	X
Self financing (% income)		X	X
Others (% income)		X	X
Liquidity (in percentage)			
Current ratio	X	X	X
Quick ratio	X	X	X
Activity			
Days sales outstanding (number of days)	X	X	X
Days payable outstanding (number of days)	X	X	X
Days sales of inventory (number of days)		X	X
Net operating cycle (number of days)		X	X
Days sales outstanding vis-à-vis non-residents (number of days)		X	X
Days payable outstanding vis-à-vis non-residents (number of days)		X	X
Exports (% turnover)	X	X	
Imports (% purchases)	X	X	
Financing			
Net trade credit financing as a percentage of turnover	X	X	X
Financial debt as a percentage of liabilities	X	X	X
Current financial debt in percentage of obtained funding	X	X	X
Financial leverage (Percentage)		X	
Cost of financial debt (Percentage)	X	X	X
Financial debt over EBITDA	X	X	X
Financing expenses coverage ratio	X	X	X
Financial pressure (Percentage)		X	

Economic and financial ratios	Available at		
	Dashboard	Excel	pdf
Earnings breakdown			
GVA as a percentage of output		X	X
EBITDA (% turnover)		X	
Gross profit as a percentage of income	X	X	X
Employee expenses as a percentage of income	X	X	X
Other expenses and income as a percentage of income	X	X	
EBITDA as a percentage of income	X	X	X
Expenses of depreciations and amortizations as a percentage of income	X	X	
EBIT margin as a percentage of income	X	X	
Financing expenses as a percentage of income	X	X	X
EBT margin as a percentage of income	X	X	
Income tax as a percentage of income	X	X	
Net income as a percentage of income	X	X	X
Return			
Return on assets	X	X	X
EBITDA over invested capital	X	X	X
Return on equity	X	X	X
Operating and financing components (Percentage)		X	X
Compound leverage factor		X	X
Tax burden		X	X
Risk			
Percentage of corporations with negative EBITDA	X	X	X
Percentage of corporations with financing expenses higher than EBITDA	X	X	X
Percentage of corporations with negative equity	X	X	X
Percentage of corporations with negative net income for the period	X	X	X
Concentration			
Degree of concentration (assets)		X	X
Degree of concentration (turnover)	X	X	X
Other details			
Number of employees		X	X
Entries of corporations (births)	X	X	X
Exits of corporations (mortality)	X	X	X
Number of corporations	X	X	X

3 Enterprise and sector tables – Dashboards

Figure II.3.1 • Positioning of the corporation (ESTs)

Figure II.3.2 • Overview (ESTs)

Figure II.3.3 • Activity and profitability (ESTs)

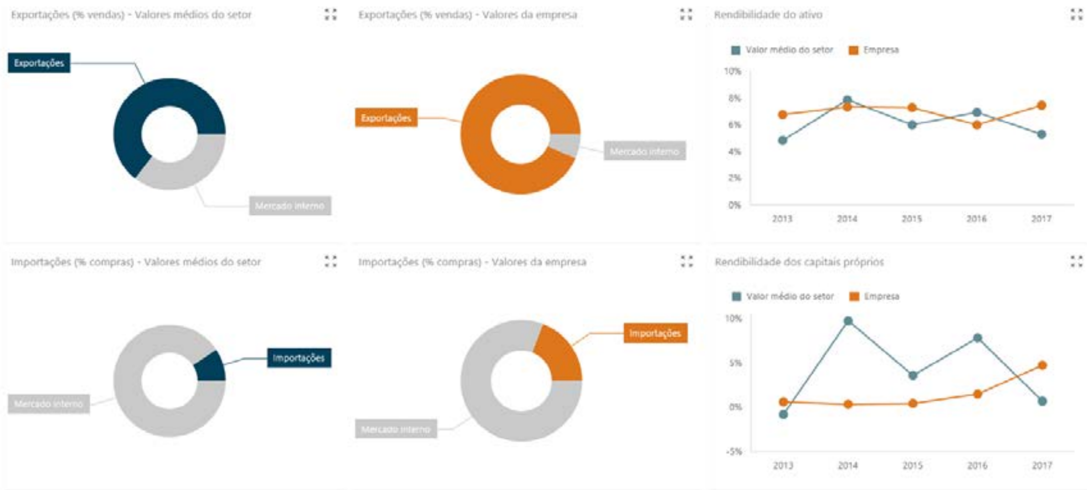


Figure II.3.4 • Earnings breakdown (ESTs)

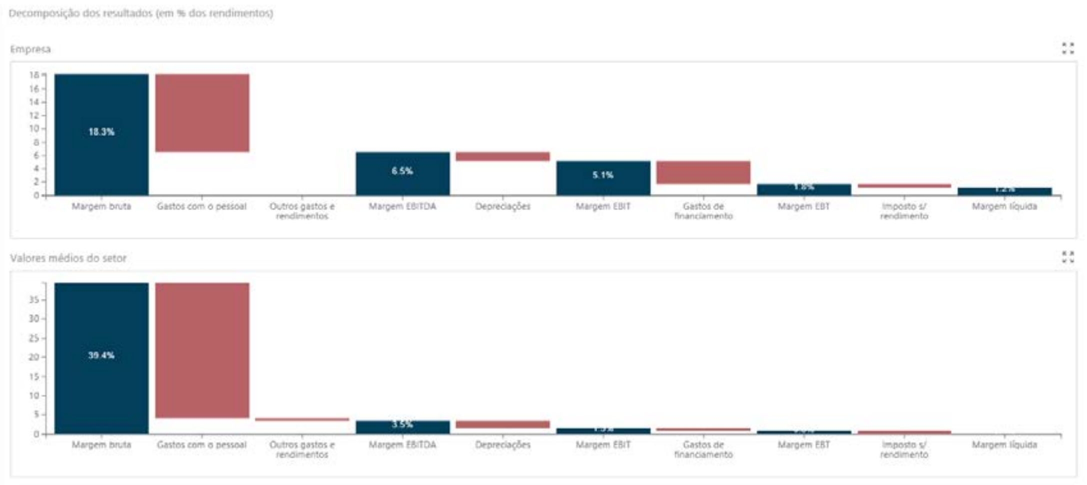


Figure II.3.5 • Liquidity and cash (ESTs)

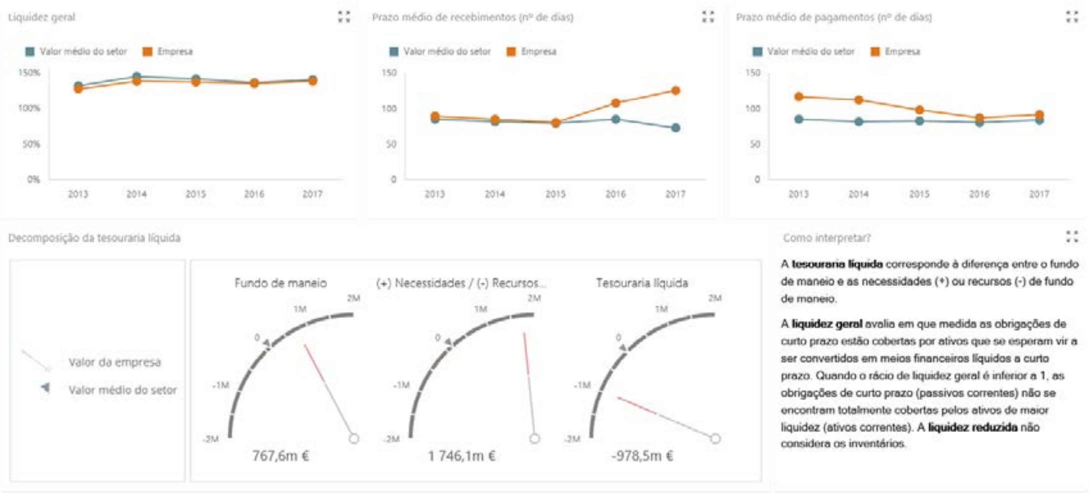


Figure II.3.6 • Cash flows (ESTs)

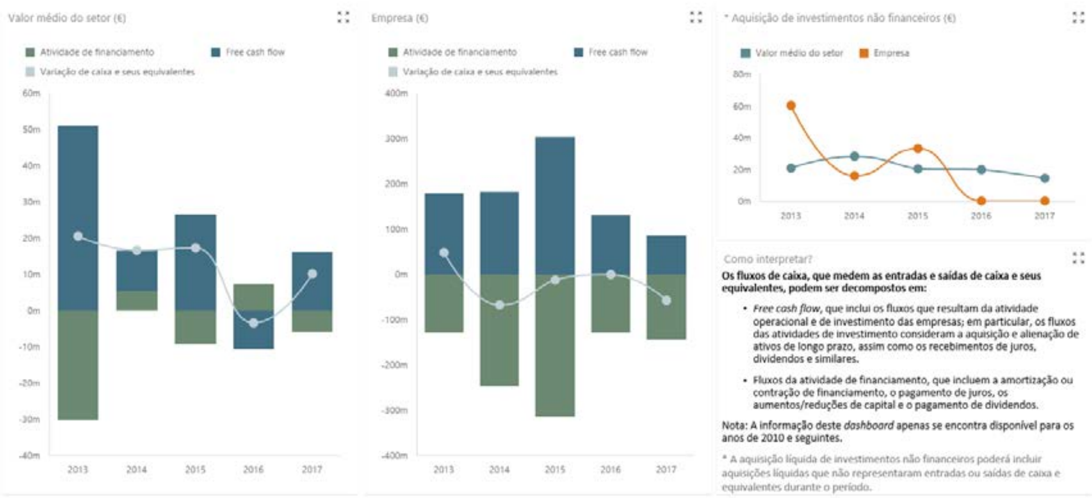


Figure II.3.7 • Funding structure (ESTs)

Figure II.3.8 • Risk (ESTs)

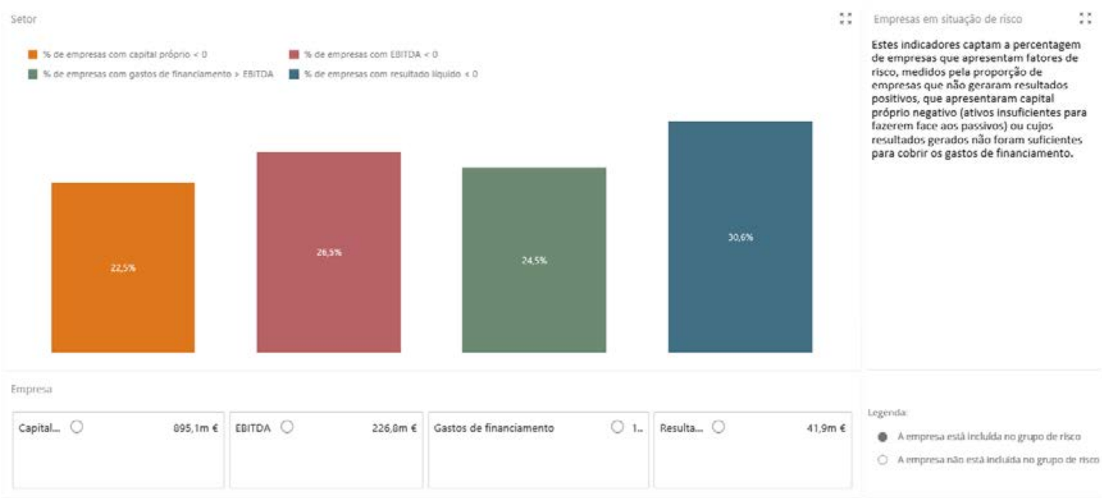


Figure II.3.9 • Balance sheet (structure) (ESTs)

Figure II.3.10 • Quartiles (ESTs)

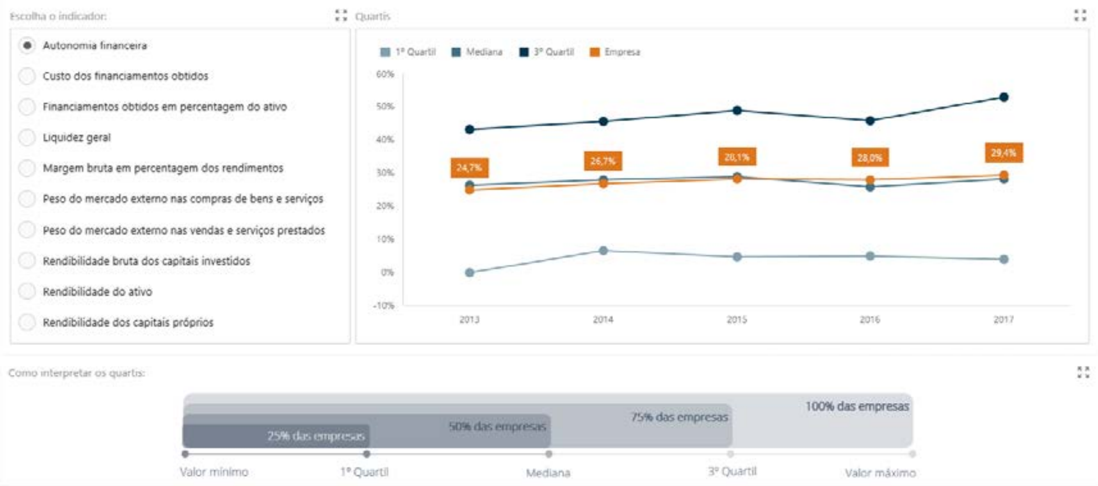
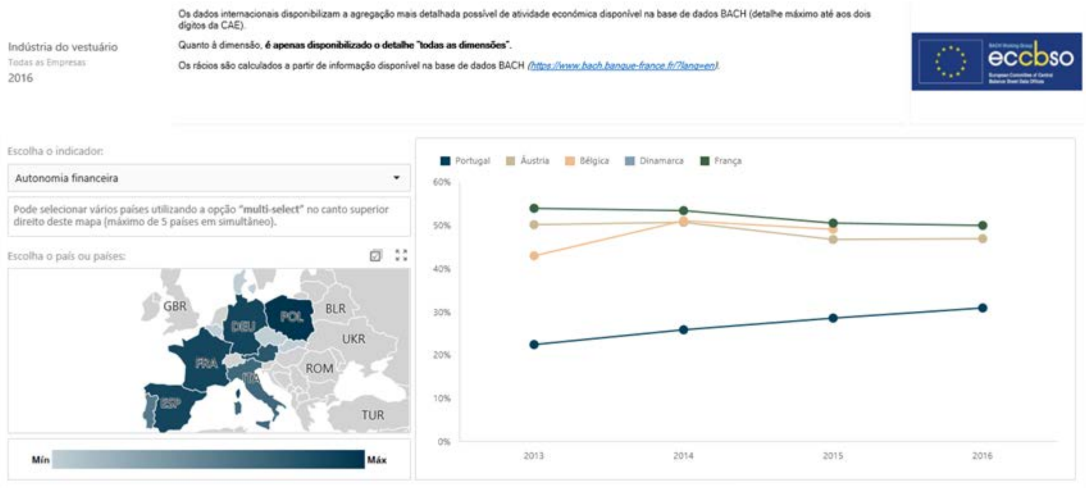


Figure II.3.11 • International comparison (ESTs)



Abbreviations

CAE	Portuguese Classification of Economic Activities (from the Portuguese: *Classificação Portuguesa das Atividades Económicas*)
COGSMC	Costs of goods sold and materials consumed
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
IES	Simplified Corporate Information (from the Portuguese: *Informação Empresarial Simplificada*)
POC	Official Chart of Accounts (from the Portuguese: *Plano Oficial de Contabilidade*)
NUTS	Nomenclature of Territorial Units for Statistics (from the French: *Nomenclature des Unités Territoriales Statistiques*)
p.p.	Percentage points
ESA 2010	European system of national and regional accounts (Regulation (EC) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union)
SNC	Accounting Standards System (from the Portuguese: *Sistema de Normalização Contabilística*)
NFC	Non-financial corporations
GVA	Gross Value Added

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Central Balance Sheet Studies

1 | Enterprise and sector tables, November 2010

2 | Structure and dynamics of non-financial corporations in Portugal, December 2010

3 | Sectoral analysis of non-financial corporations in Portugal, September 2011

4 | Sectoral analysis of manufacture of food products, November 2011

5 | Sectoral analysis of accommodation and food service activities, November 2011

6 | New enterprise and sector tables: adjustment to the accounting standards system, December 2011

7 | Sectoral analysis of non-financial corporations in Portugal 2010/2011, April 2012

8 | Sectoral analysis of non-financial corporations in Portugal 2011/2012, November 2012

9 | Sectoral analysis of the manufacture of textiles and wearing apparel, November 2012

10 | Sectoral analysis of the manufacture of footwear, November 2012

11 | Analysis of the agricultural sector, December 2012

12 | Structure and dynamics of non-financial corporations in Portugal 2006-2012, November 2013

13 | Sectoral analysis of non-financial corporations in Portugal 2012/2013, November 2013

14 | Analysis of the automobile industry, December 2013

15 | Sectoral analysis of the construction sector, January 2014

16 | Analysis of the information and communication activities sector, April 2014

17 | Analysis of the tourism sector, October 2014

18 | Sectoral analysis of non-financial corporations in Portugal 2009-2014, November 2014

19 | Sector tables and enterprise and sector tables: Methodological Notes – Long Time Series 1995-2013, November 2014

20 | Analysis of the mechanical engineering sector, March 2015

21 | Analysis of enterprises in the maritime sector, May 2015

22 | Analysis of enterprises in the export sector in Portugal, June 2015

23 | Sectoral analysis of non-financial corporations in Portugal 2010-2015, November 2015

24 | Analysis of enterprises in the wood, cork and paper sectors, January 2016

25 | Analysis of enterprises in the pharmaceutical sector, July 2016

26 | Sectoral analysis of non-financial corporations in Portugal 2011-2016, November 2016

27 | Analysis of enterprises in the manufacture of beverages sector, January 2017

28 | Analysis of enterprises in the transport sector, July 2017

29 | Profitability of Portuguese and European enterprises 2006-2015, September 2017

30 | Sectoral analysis of non-financial corporations in Portugal 2012-2016, December 2017 (in Portuguese only)

31 | Regional analysis of non-financial corporations in Portugal 2012-2016, April 2018 (in Portuguese only)

32 | Analysis of enterprises integrated in groups, June 2018 (in Portuguese only)

33 | Manufacturing industry in Portugal 2012-2016, June 2018 (in Portuguese only)

34 | Sectoral analysis of non-financial corporations in Portugal 2017, November 2018 (in Portuguese only)

35 | Analysis of the dynamism of the corporate sector in Portugal, February 2019 (in Portuguese only)