ANALYSIS OF ENTERPRISES IN THE MARITIME SECTOR

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21

21

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Contents

Foreword

At the start of October 2014, Banco de Portugal started to release statistics incorporating the changes introduced by revisions to the international methodological manuals, namely the European System of National and Regional Accounts in the European Union (ESA 2010). The main change in the non-financial corporations (NFC) sector relates to the delimitation of the respective population, as some entities belonging to the NFC sector were reclassified in the financial corporations and general government sector.

This analysis is based on data obtained from *Informação Empresarial Simplificada* – IES (Simplified Corporate Information) and held in the Central Balance Sheet Database of Banco de Portugal. Through IES, enterprises are able to meet their obligation to report their annual accounts simultaneously to the Ministries of Finance and Justice, Banco de Portugal and Statistics Portugal (Instituto Nacional de Estatística – INE).

IES is usually reported within six and a half months of the financial year end, which, for most enterprises resident in Portugal, corresponds to 15 July of the year following the reference year. This analysis uses IES data for 2013, the latest as at the cut-off date for this publication.

Data reported by enterprises through IES are subject to quality control by Banco de Portugal mainly to ensure that the accounting information for the economic year is coherent and complete and that the main aggregates are consistent throughout the years. That analysis also involves matching the information with the data obtained through other statistical systems available within Banco de Portugal.

In addition to information obtained through IES, this publication features complementary data on the financing of enterprises in Portugal available in other databases of the Statistics Department of Banco de Portugal, in particular *Central de Responsabilidades de Crédito* (Central Credit Register - CCR).

Summary

For the purposes of this study, the *Maritime sector* is composed of the non-financial corporations whose main business falls within the scope of the economic activity segments of 'Fishing and related activities', 'Building, repair and maintenance of ships and boats' and 'Sea and coastal water transport'. Although the study focused on enterprises in the *Maritime sector*, it also seeks to quantify the importance of activities benefiting from the proximity to the sea, in the fields of 'Accommodation and food services' and 'Recreational and cultural activities' (Table 1 and Box 1).

In 2013, the *Maritime sector* was composed of around 2,500 enterprises, representing 0.7% of total enterprises, 1.1% of turnover and 0.9% of employees of total NFCs in Portugal. Considering activities benefiting from the *Maritime sector*, the share of turnover in total NFCs reached 3.9% in the year under review.

In the past decade, the share of turnover and the number of employees of the sector under review declined, although the share of the number of enterprises remained unchanged. This notwithstanding, there were more positive developments than in total NFCs from 2011 to 2013.

In 2013 microenterprises represented 80% of the sector's enterprises, although small and medium-sized enterprises (SMEs) reflected most of turnover (64.5%) and of the number of employees (67.8%).

The 'Fishing and related activities' segment accounted for most of this sector in 2013, reflecting 79% of total enterprises, 72% of turnover and 72% of the number of employees.

With regard to activity indicators, turnover in the *Maritime sector* grew by 2% in 2013, i.e. more than total NFCs. This was mainly sustained by 9% growth in 'Sea and coastal water transport' and, to a lesser extent, due to its lower share, 'Building, repair and maintenance of ships and boats' (8%).

Although external demand was instrumental in the previous years, both in this sector and total NFCs, in 2013 the *Maritime sector*'s turnover growth was supported by the domestic market, by contrast with total NFCs.

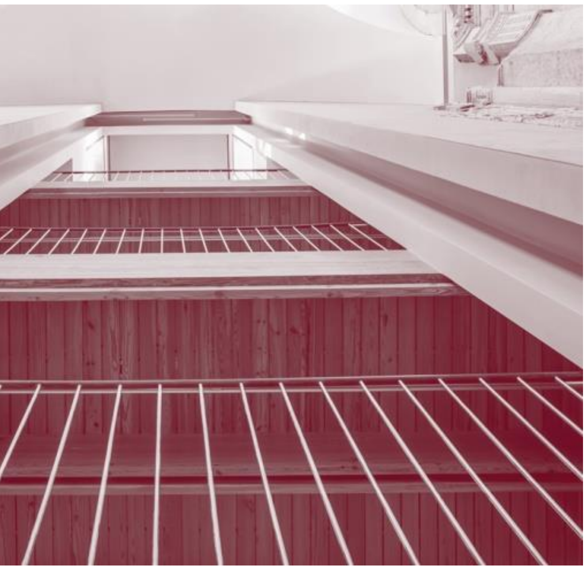
In 2013 the *Maritime sector* recorded a turnover similar to that of 2009, and so did operating expenses.

Between 2011 and 2012 the *Maritime sector* saw more positive developments in EBITDA than total NFCs. In 2013, even with an increase in turnover, EBITDA growth in the *Maritime sector* did not exceed that reached in the previous year (4%), with an increment of 12% for total NFCs.

The sector under analysis showed a lower share of enterprises with negative EBITDA in the past two years. The value of interest expenses in the *Maritime sector* stood at 20% of EBITDA, which means lower financial pressure than observed for total NFCs (30%).

This sector's capital ratio reached 47% in 2013 (+13 p.p. compared with 2009), while only 30% of assets were financed by equity in total NFCs (+2 p.p. vis-à-vis 2009).

Data available for 2014, as compiled by Banco de Portugal's Central Credit Register, shows that credit granted to the *Maritime sector* by the resident financial sector grew by 2.5%. The non-performing loans ratio was 9% in 2014, compared with 15% in total NFCs.



ANALYSIS OF ENTERPRISES IN THE MARITIME SECTOR

1. Introduction

The study *Analysis of Enterprises in the Maritime sector* evaluates the economic and financial situation of non-financial corporations operating in the *Maritime sector* based on information compiled by the Central Balance Sheet Database of Banco de Portugal.[1] For the purposes of this publication, the *Maritime sector* includes NFCs[2] operating in 'Fishing and related activities', 'Building, repair and maintenance of ships and boats' and 'Sea and coastal water transport' activities.

The analysis focuses chiefly on the 2009-13 period, and is based on the IES. However, 2003 is also used as the reference year for the evolution of the sector in the past decade and, as complementary information, more recent data on bank loans and credit overdue are used.

This study starts by characterising the relevance of the *Maritime sector* in total NFCs, as well as the contribution from each economic activity segment and size class composing it, for three indicators: number of enterprises, turnover and number of employees. As an illustration, and compared with previous Central Balance Sheet Studies, the share of turnover in total NFCs is presented by reference to the respective date of publication (Table 1).

Although the study focuses on enterprises in the *Maritime sector*, it also seeks to quantify the importance of activities benefiting from the proximity to the sea, in the fields of 'Accommodation and food services' and 'Recreational and cultural activities' (Table 1 and Box 1).

Table 1 • Share of each sector's turnover in total NFCs

Study title	Turnover (%)	Study number
Analysis of the agricultural sector, December 2012	13.2%	11
Analysis of the construction sector, January 2014	6.9%	15
Analysis of the mechanical engineering sector, March 2015	6.4%	20
Analysis of the automobile industry, December 2013	5.6%	14
Analysis of the tourism sector, October 2014	5.4%	17
Sectoral analysis of the manufacture of textiles and wearing apparel, November 2012	4.4%	9
Analysis of the information and communication activities sector, April 2014	3.9%	16
Sectoral analysis of manufacture of food products, November 2011	3.4%	4
Sectoral analysis of accommodation and food service activities, November 2011	2.3%	5
Analysis of enterprises in the Maritime sector, May 2015	1.1%	21
Memo item: Maritime sector with activities benefiting from the proximity to the sea (Box 1)	3.9%	

The economic and financial analysis (Chapter 3) is sub-divided into activity and profitability and the financial situation. Activity and profitability presents developments in turnover and the expense structure,[3] particularly operating expenses. There is also a focus on external relevance to the operating activity of enterprises[4] in the sector under review.

Afterwards, the study reviews EBITDA performance and the return on equity. For a better understanding on the evolution of these two indicators, the operating margin (EBITDA/Income)[5] is broken down and, based on it, the effects are explained until obtaining the net margin (Net profit for the year/Income).

Following the analysis by margin, the financial situation is characterised, including the liabilities structure, an analysis of the trend of financial expenses and solvency and trade debt financing. In addition, bank loans and credit overdue are also broken down.

The Annex provides a summary table with the main indicators and a methodological summary with a definition of the main concepts used throughout the study. The statistical series (in Excel format) under analysis can also be found on Banco de Portugal's website.

This publication also compares results for the *Maritime sector* and the NFC aggregate in Portugal. For further details on the NFC sector, please see the Central Balance Sheet Study | 18 – *Analysis of non-financial corporations in Portugal 2009-2014*, November 2014.

2. Structure and dynamics

2.1. Structure

The development of the study *Analysis of enterprises in the maritime sector* implies a prior identification of this sector's activities. Given that this study is one of Banco de Portugal's *Central Balance Sheet Studies* it only includes NFCs, and not sole proprietors nor activities carried out by other institutional sectors such as general government, namely national defence and safety activities carried out by the navy and the maritime police.

For the purposes of this study, account is taken of the population of all enterprises whose main activity, based on the Portuguese Classification of Economic Activities (CAE-Rev.3), presents greater exposure to the maritime economy. The *Maritime sector* is quite comprehensive and diverse, and includes activities that depend directly or indirectly on the sea, but whose relationship cannot be established from CAE-Rev.3 (see Box 1).

The *Maritime sector* encompasses the following economic activity segments:[6]

• **Fishing and related activities:** includes marine fishing and aquaculture (Section A of CAE-Rev.3); extraction of salt (Section B of CAE-Rev.3); processing, freezing, preserving, salting, drying and manufacturing of fishing and aquaculture products (Section C of CAE-Rev.3); and also wholesale and retail trade of fish, crustaceans and molluscs (Section G of CAE-Rev.3).

• **Building, repair and maintenance of ships and boats:** includes building of ships and boats and repair and maintenance of ships and boats (Section C of CAE-Rev.3).

• **Sea and coastal water transport:** includes Sea and coastal passenger and freight water transport and service activities incidental to water transportation (Section H of CAE-Rev.3); renting and leasing of water transport equipment l (Section N of CAE-Rev.3); and activities of marinas (Section R of CAE-Rev.3).

In 2013 the *Maritime sector* was comprised of around 2,500 enterprises, which represented 0.7% of total enterprises, 1.1% of turnover and 0.9% of the number of employees of total NFCs (Table 2). In the past decade, despite the rise in the number of enterprises, their relative share in total NFCs remained constant. However, turnover and the number of employees saw a decline of their share in total NFCs.

By economic activity segment, the share of the number of enterprises in each segment remained relatively stable. By contrast, the decline in the share of the *Maritime sector*'s turnover in NFCs (0.2 p.p.) was due to a 0.1 p.p. decline in 'Fishing and related activities' and 'Building, repair and maintenance of ships and boats'. With regard to the number of employees, the lower share of the sector under review in NFCs, of 0.2 p.p., was fully accounted for by a fall of the same magnitude in 'Building, repair and maintenance of ships and boats' (Table 2).

Table 2 Share of the Maritime sector in NFCs (2003 and 2013)

	Number of enterprises		Turnover		Number of employees	
	2003	2013	2003	2013	2003	2013
Maritime sector	0.7%	0.7%	1.3%	1.1%	1.1%	0.9%
Fishing and related activities	0.6%	0.5%	0.9%	0.8%	0.7%	0.7%
Building, repair and maintenance of ships and boats	0.1%	0.1%	0.2%	0.1%	0.3%	0.1%
Sea and coastal water transport	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%

The 'Fishing and related activities' segment plays a relevant role in the *Maritime sector*, representing 79% of the number of enterprises and 72% of both turnover and the number of employees of this sector in 2013. In turn, 'Sea and coastal water transport', in spite of being the segment with the lowest share in the number of enterprises (10%), represented 21% of turnover and 16% of the number of employees in the *Maritime sector* (Chart 1).

By size class,[8] microenterprises accounted for the vast majority of the number of enterprises (Table 3). However, the share of SMEs in the *Maritime sector* (19.5%) was about double the share in NFCs as a whole (10.3%). This higher share of SMEs than NFCs was observed in all *Maritime sector*'s segments, especially in 'Sea and coastal water transport' (24.4%). In the latter, large enterprises represented 1.2% of total enterprises, i.e. triple the share observed in the *Maritime sector* (0.4%) and six times the share in NFCs (0.2%).

In 2013 SMEs in the *Maritime sector* represented 64.5% of turnover, compared with 41.6% in NFCs. As for the number of employees, the *Maritime sector*'s SMEs concentrated 67.8% (45.1% in NFCs).

Chart 1 Structures | By economic activity sector (2013)

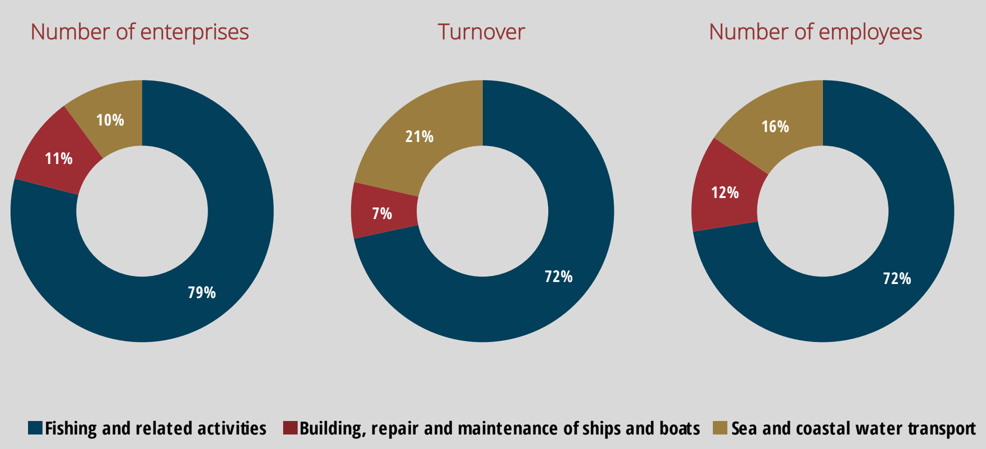


Table 3 • Structures | By size class (2013)

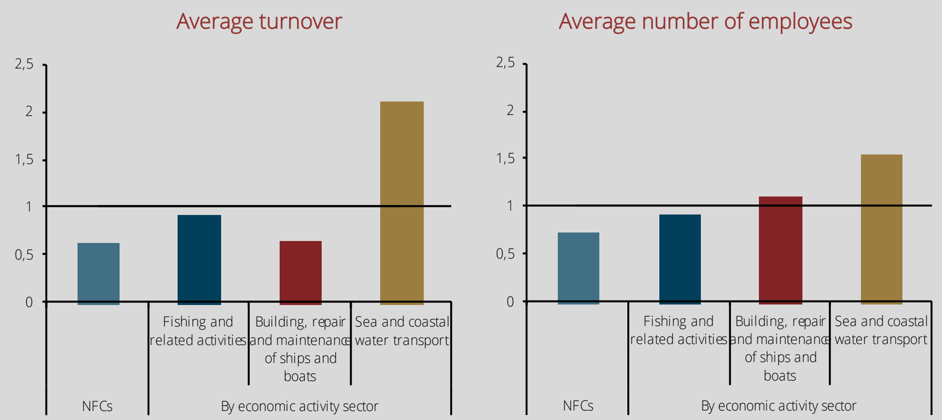
Indicator	Size	NFCs	Maritime sector	Fishing and related activities	Building, repair and maintenance of ships and boats	Sea and coastal water transport
Number of enterprises	Microenterprises	89.4%	80.0%	80.9%	79.1%	74.4%
	Small and medium-sized enterprises	10.3%	19.5%	18.8%	20.5%	24.4%
	Large enterprises	0.2%	0.4%	0.3%	0.4%	1.2%
Turnover	Microenterprises	15.3%	14.6%	17.9%	13.2%	3.9%
	Small and medium-sized enterprises	41.6%	64.5%	61.5%	48.7%	79.6%
	Large enterprises	43.2%	20.9%	20.6%	38.1%	16.5%
Number of employees	Microenterprises	28.0%	18.7%	21.0%	17.5%	9.0%
	Small and medium-sized enterprises	45.1%	67.8%	66.5%	71.6%	70.9%
	Large enterprises	26.9%	13.5%	12.6%	10.9%	20.1%

Note: Shaded cells identify the most important size class in each sector/indicator.

In 2013 NFCs accounted on average for turnover and number of employees lower than those of the *Maritime sector* and all its segments (Chart 2).

By economic activity segment, average turnover of 'Sea and coastal water transport' was double that of the *Maritime sector* and the average number of employees was 1.5 times higher. 'Building, repair and maintenance of ships and boats', despite a lower average turnover (0.6), had a higher average number of employees (1.1). In turn, 'Fishing and related activities' recorded a lower value in both indicators.

Chart 2 • Average turnover and average number of employees (2013) | Maritime sector = 1



By **geographical** location,[9] Lisbon accounted for around 21% of the number of enterprises, 25% of turnover and 17% of the number of employees in the *Maritime sector* (Figure 1). The Porto and Setúbal districts, jointly, represented around 28% of the number of enterprises and 29% of the number of employees, i.e. higher figures than for the Lisbon district. However, the joint turnover for Porto and Setúbal (24%) was short of that for Lisbon. In turn, the Aveiro district, which represented 7% of the number of enterprises, represented around 12% of turnover and 11% of the number of employees in the *Maritime sector*. The Faro district showed a lower degree of concentration, given that, although representing around 15% of the number of enterprises of the sector, it only totalled 4% of turnover and 8% of the number of employees.

By **maturity class**,[10] enterprises established for more years showed a greater concentration of turnover, both in NFCs and in the *Maritime sector* (Chart 3). The concentration of turnover increased in tandem with the increase in maturity. In the 'Building, repair and maintenance of ships and boats' segment 50% of turnover originated in enterprises established for 10 to 20 years.

Figure 1 • Geographical location by district | Breakdown of the Maritime sector by district (2013)

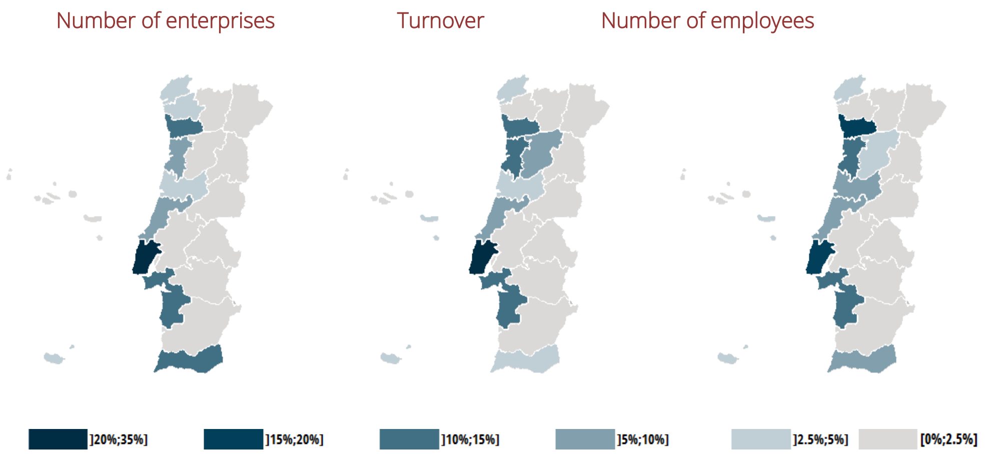
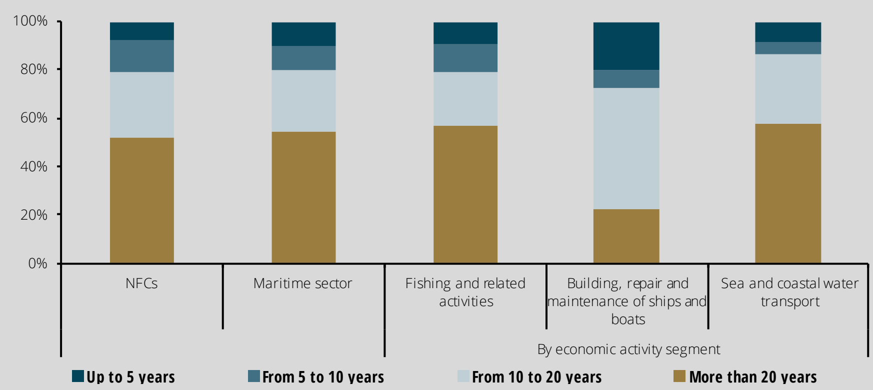


Chart 3 • Structures | By maturity class (turnover – 2013)



Box 1 | Activities benefiting from the proximity to the sea

As previously stated, this study focuses on enterprises whose main activity is directly related to the sea. However, the influence of the sea on economic activity does not only revolve around these enterprises. This Box, by using data released in Annex R of the IES (data reported by the enterprises, by establishment), seeks to illustrate the more encompassing nature of the sea's impact. However, it should be taken into account that the activities identified here as benefiting from the proximity to the sea only aim at illustrating this encompassing nature of the sea's impact on NFC activity, and are not an exhaustive quantification.

Among the activities potentially benefiting from the proximity to the sea are accommodation and food services and recreational and cultural activities, included in the *Tourism* sector.[11] For enterprises in this sector, the turnover of establishments located in districts in coastal areas was identified as an indicator of activities benefiting from the proximity to the sea. This analysis excludes transports and logistics activities, except for 'Sea and coastal water transport' activities, already included in the *Maritime sector*.

The inclusion of activities that potentially benefit from the proximity to the sea leads to an increment of the share of the *Maritime sector* in total NFCs of between 2.8 p.p. and 2.9 p.p. for the period in question (Table 4). In 2013 the *Maritime sector* plus activities benefiting from the proximity to the sea represented 3.9% of total NFCs, i.e. a 0.1 p.p. increment from 2009.

This alternative analysis shows that the *Maritime sector* may potentially be considerably more important for NFCs than initially considered, given that the indirect impact of proximity to the sea tend to largely exceed this sector's direct contribution to total NFCs, as explained.

Table 4 • Share of turnover in total NFCs (2009 to 2013)

	2009	2010	2011	2012	2013
Maritime sector	1.0%	0.9%	1.0%	1.1%	1.1%
Fishing and related activities	0.7%	0.7%	0.7%	0.8%	0.8%
Building, repair and maintenance of ships and boats	0.1%	0.1%	0.1%	0.1%	0.1%
Sea and coastal water transport	0.2%	0.2%	0.2%	0.2%	0.2%
Activities benefiting from the proximity to the sea	2.8%	2.8%	2.9%	2.8%	2.8%
Of which:					
Accommodation and food services	2.0%	2.0%	2.2%	2.1%	2.1%
Recreational and cultural activities	0.8%	0.8%	0.8%	0.7%	0.8%
Maritime sector with activities benefiting from the proximity to the sea	3.8%	3.8%	3.9%	3.9%	3.9%

2.2. Concentration

In order to gauge the degree of concentration, this study identifies the market share held by the largest enterprises.

In 2013 the *Maritime sector* showed a lower concentration of turnover and number of employees vis-à-vis NFCs (Chart 4). In fact, for total NFCs the first percentile (1%) of the largest enterprises represented around 64% of turnover and 41% of the number of employees. In the *Maritime sector,* the same share of enterprises represented 40% and 25% of the total respectively. This lower concentration was observed in all the *Maritime sector*'s segments of activity.

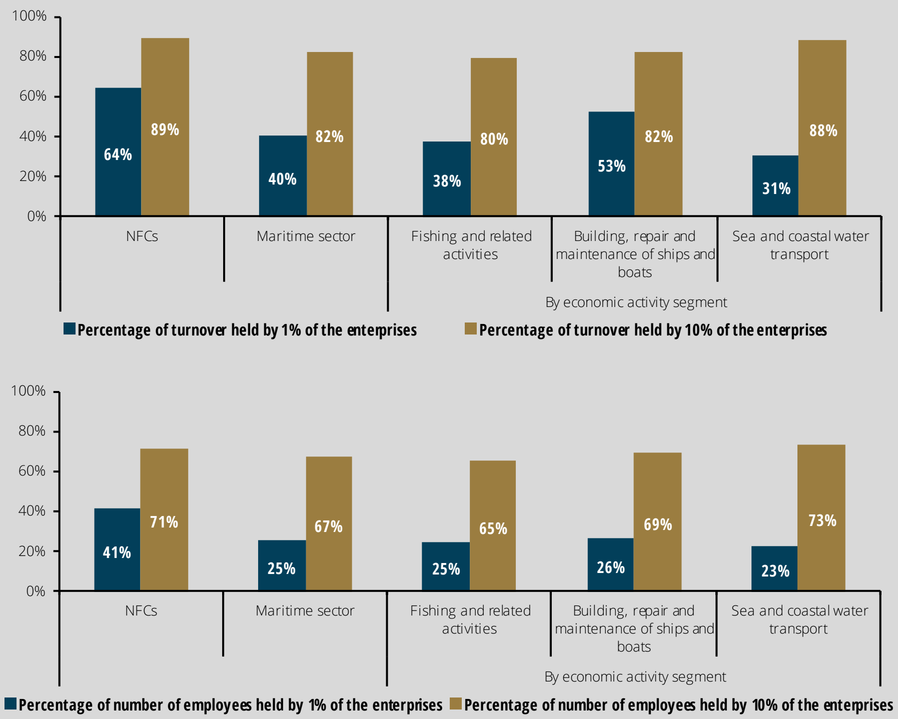
For the first decile (10%) of enterprises, the degree of concentration of turnover (82%) and number of employees (67%) was also lower in the *Maritime sector* than in NFCs (89% and 71% respectively). There was also a lower concentration by economic activity segment, except for 'Sea and coastal water transport'.

2.3. Dynamics

In 2013 there was a 2.2% increase in the number of active enterprises in the *Maritime sector*, which was higher than observed for total NFCs (Chart 5). Since 2011 that the birth rate in this sector is higher than the death rate (ratio above 1), which means a positive trend of the number of active enterprises (Chart 6).

Since 2011 the 'Fishing and related activities' segment contributed to the increase observed in the *Maritime sector*, while the contribution of 'Sea and coastal water transport' occurred especially in 2013, when two enterprises were set up per each one that ceased activities in this segment (ratio of 2). In terms of the number of enterprises, the trend of 'Building, repair and maintenance of ships and boats' was contrary to that of 'Sea and coastal water transport'.

Chart 4 • Breakdown of turnover and number of employees (2013)



From 2009 to 2013 the *Maritime sector* recorded a lower share of high-growth enterprises (HGEs) [12] than total NFCs (Chart 7). The 'Fishing and related activities' segment recorded the lowest values, justifying the lower share of HGEs in the sector under review. This share is countered by 'Sea and coastal water transport', with a higher share of HGEs compared with the *Maritime sector* and NFCs for the same period. The 'Building, repair and maintenance of ships and boats' segment recorded the highest values in 2009, and although from 2010 to 2012 there was a considerable drop, with figures below those of NFCs, in 2013 it resumed the highest share of HGEs.

Chart 5 • Demographic indicators

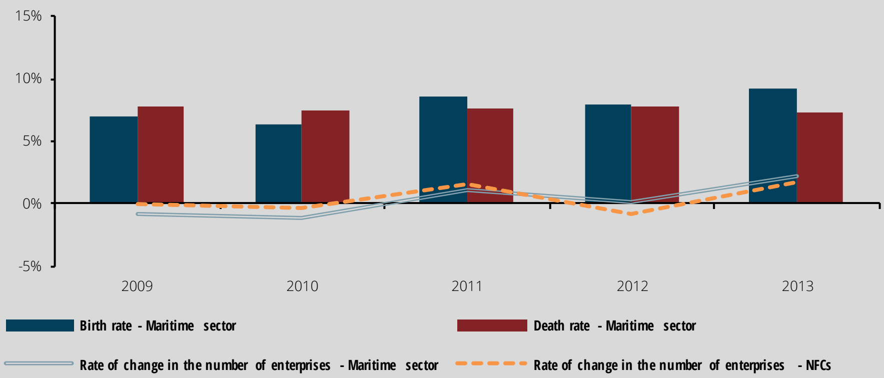


Chart 6 • Birth/death ratio

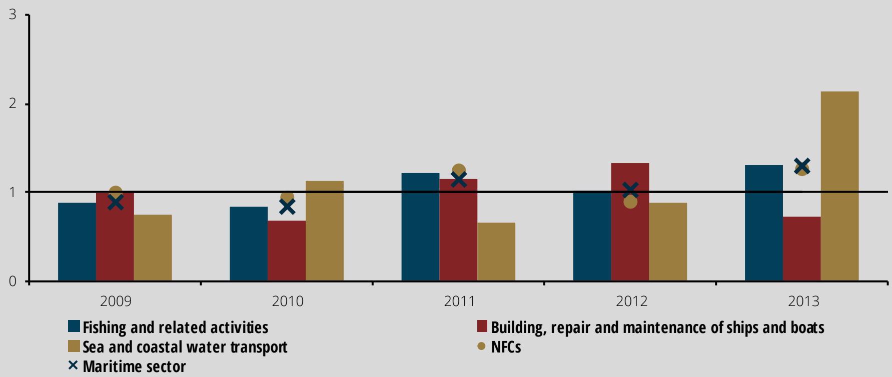
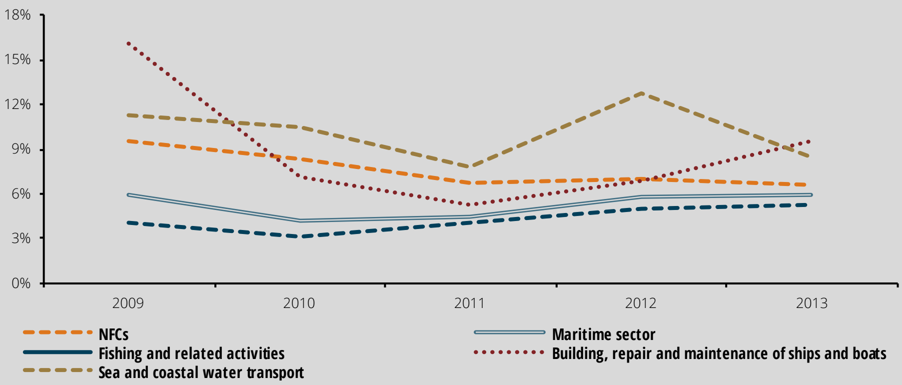


Chart 7 • Share of high-growth enterprises



It is also important to analyse developments in the *Maritime sector* and the respective segments of activity in the past decade. Although there was a broadly based increase in the number of enterprises, the same was not true for other indicators.

In fact, contrary to total NFCs in the past decade, the *Maritime sector* showed a 6% decline in turnover, which reflected a fall of the same magnitude in 'Fishing and related activities' (Table 5). There was also a significant reduction in 'Building, repair and maintenance of ships and boats' (-45%), partly mitigated by positive developments in 'Sea and coastal water transport' (+19%). With regard to the number of employees, there was a broadly based decline, with the *Maritime sector* (-24%) falling more than total NFCs (-8%), particularly due to a sharp decline in the 'Building, repair and maintenance of ships and boats' sector (-65%). The 'Sea and coastal water transport' segment, with 13% increase in the number of employees, was the only segment that saw an increase in the three indicators in the past decade.

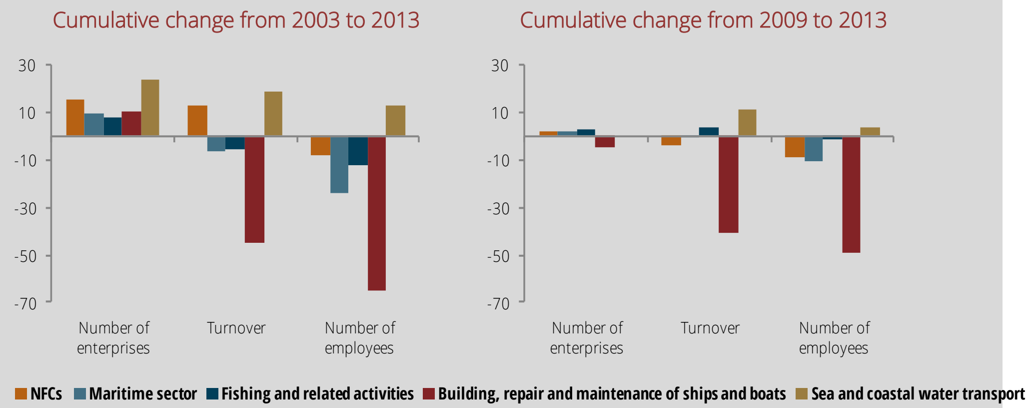
In 2013 the *Maritime sector* recorded a similar turnover than in 2009, reflecting a drop versus 2003. Also in 2013 the economic activity segments comprising this sector saw a rise in turnover versus 2009, except for 'Building, repair and maintenance of ships and boats' (Chart 8).

Turnover in total NFCs declined between 2009 and 2013.

Table 5 • Developments in the Maritime sector and NFCs from 2003 to 2013 (2003=100)

	Number of enterprises			Turnover			Number of employees		
	2003	2009	2013	2003	2009	2013	2003	2009	2013
NFCs	100	113	116	100	117	113	100	100	92
Maritime sector	100	108	109	100	94	94	100	86	76
Fishing and related activities	100	105	108	100	91	94	100	89	88
Building, repair and maintenance of ships and boats	100	116	110	100	93	55	100	68	35
Sea and coastal water transport	100	124	124	100	107	119	100	109	113

Chart 8 • Developments in the Maritime sector and NFCs



3. Economic and financial analysis

3.1. Background

In 2013 Portuguese real GDP declined by 1.6%, after having dropped by 4% in 2012. With the exception of exports (6.4% growth), all the other components made a negative contribution to GDP developments (Table 6).

Private consumption contracted by 1.5% (after a 5.5% fall in 2012), in a context of further adjustment of household expenditure and indebtedness levels. Public consumption declined by 2.4% (3.3% fall in 2012), chiefly as a reflection of a decline in employee expenses. Gross fixed capital formation dropped by 6.7% (16.6% fall in 2012), and this was broadly based across all institutional sectors. Imports reversed the trend of the two previous years (-5.8% in 2011 and -6.3% in 2012), growing by 3.9% in 2013.

Despite the annual fall, economic activity recovered from the second quarter of 2013 onwards. This had the contribution from a rebound in domestic demand, in line with improved consumer and business confidence and the maintenance of a significant contribution from exports.

Compared with 2014, preliminary data from Statistics Portugal point to slight GDP growth (0.9%). Excluding exports, the main GDP components recorded a higher growth rate than in the same period a year earlier.[13]

Table 6 • GDP and main expenditure components | Real year-on-year rate of change

	2009	2010	2011	2012	2013	2014 (p)
GDP	-3.0%	1.9%	-1.8%	-4.0%	-1.6%	0.9%
Private consumption	-2.3%	2.4%	-3.6%	-5.5%	-1.5%	2.1%
Public consumption	2.6%	-1.3%	-3.8%	-3.3%	-2.4%	-0.3%
Gross fixed capital formation	-7.6%	-0.9%	-12.5%	-16.6%	-6.7%	2.5%
Exports	-10.2%	9.5%	7.0%	3.4%	6.4%	3.4%
Imports	-9.9%	7.8%	-5.8%	-6.3%	3.9%	6.4%

Source: Statistics Portugal and Banco de Portugal.

Note: (p) – preliminary data

3.2. Activity and profitability

3.2.1 Turnover

Notwithstanding the cumulative reduction in turnover in the past decade, from 2011 to 2013 the *Maritime sector* followed a more positive trend than NFCs (Chart 9).

Analysing developments in the past five years, the worst performance of the sector under review vis-à-vis NFCs occurred especially from 2009 to 2010, when all the *Maritime sector*'s economic activity segments recorded considerably more negative rates of change in turnover than NFCs as a whole.

However, from 2011 to 2013 the turnover growth rate in the *Maritime sector* was higher than that of NFCs, due to a contribution from large enterprises in 2011 and 2012 and SMEs in 2011 and 2013. By economic activity segments, 'Sea and coastal water transport' recorded a more positive trend than the *Maritime sector* and NFCs from 2011 to 2013. The 'Fishing and related activities' segment stood out for its positive developments in 2011 and 'Building, repair and maintenance of ships and boats' made a positive contribution in 2013.

In 2013 the breakdown of the turnover growth rate for NFCs followed an upward trend, signalling an improvement from the previous year (Chart 10). This conclusion is reinforced through an analysis of the weighted average, given that NFCs reached a nil turnover growth rate in 2013, i.e. better than in 2012 (-6%).

In turn, the breakdown of the turnover growth rate in the *Maritime sector* was relatively stable. However, the analysis of this indicator's weighted average shows favourable developments (2% in 2013, compared with -1% in 2012), and higher growth than that recorded by total NFCs.

By economic activity segment, more than half of the 'Fishing and related activities' enterprises saw a reduction of turnover in 2013, contrary to the other segments of activity. 'Building, repair and maintenance of ships and boats' and 'Sea and coastal water transport' grew above average, with 8% and 9% growth respectively in 2013,

Chart 9 • Turnover | Annual growth rate (%) and contributions (p.p.)

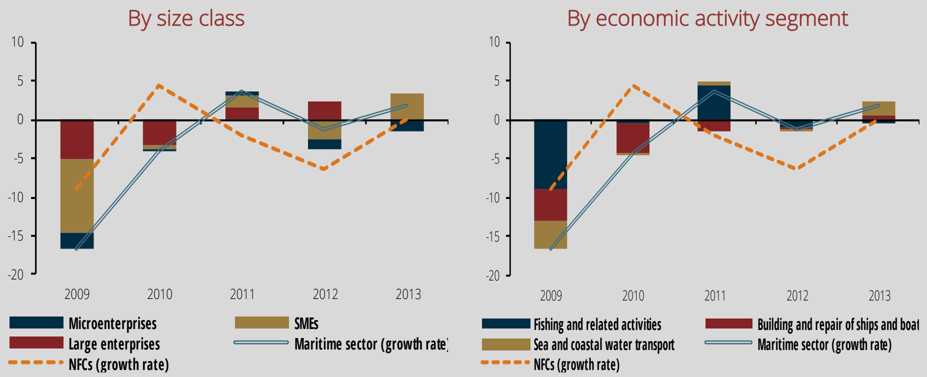


Chart 10 • Turnover | Quartile distribution and weighted average of the annual growth rate

In 2009 the turnover of the *Maritime sector* and NFCs declined in both the domestic and the external market. For NFCs, the contribution from the external market was positive from 2010 to 2013, while the contribution from the domestic market was only positive in 2010 (Chart 11).

In the *Maritime sector*, the sharpest reduction of turnover in 2009 and 2010 was due to negative developments in both markets. In 2011 and 2012, turnover growth in the external market was key to a more favourable trend of the *Maritime sector* compared with NFCs. However, in 2013 the most favourable developments in this sector were essentially due to the domestic market, which recovered from the previous year, overcoming the reduction of turnover in the external market.

3.2.2 Operating expenses[14]

From 2009 to 2013 operating expenses evolved similarly to turnover for the *Maritime sector* (Charts 11 and 12). The share of operating expenses in turnover reached 93.3% in 2013, standing at 93.4% in 2009 (Table 7).

This notwithstanding, in 2013 the Cost of Goods Sold (CoGS) and supplies and external services (SES) as a whole represented around 79.6% of turnover, i.e. a 1.2 p.p. increase from 2009. Hence, in 2013 operating expenses could only consume a similar share of turnover vis-à-vis 2009 due to a reduction of the share of employee expenses in turnover of 1.3 p.p..

Chart 11 • Turnover | Contributions from the external and domestic market (p.p.) to the annual growth rate (%)

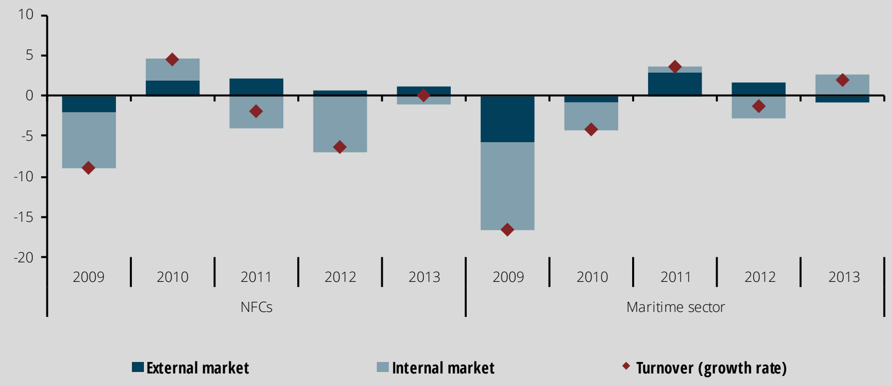
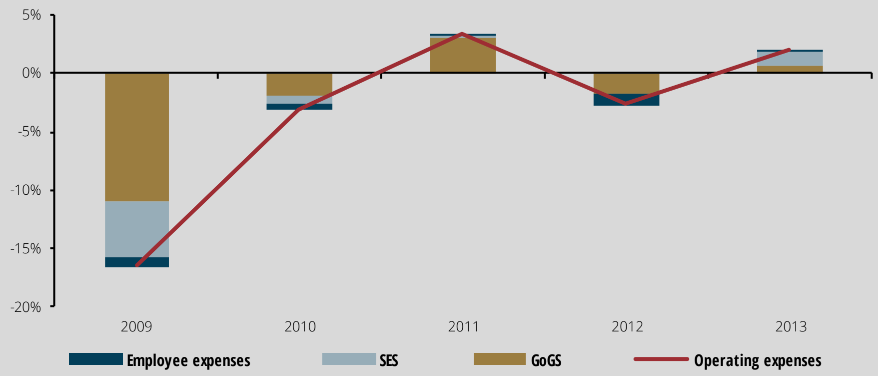


Chart 12 • Operating expenses | Annual growth rate and contributions



In 2013 the *Maritime sector* presented a cost structure similar to that observed for total NFCs (Table 8). CoGS were the most relevant (57.6%), whereas SES totalled 27.6% and employee expenses 14.8% of total operating expenses in this sector.

CoGS in the 'Fishing and related activities' segment reached a higher share, totalling around 74.4% of the total. As regards the expenditure structure of the other two segments, SES and employee expenses played a more relevant role, while the role of CoGS was considerably less important.

In absolute terms, although from 2009 to 2013 turnover declined somewhat (-0.1%), CoGS and SES showed a cumulative increase of 0.3% and 4% respectively. This effect was mitigated by a decline in employee expenses (-8.6%), which made it possible to reduce operating expenses (-0.2%) (Chart 13).

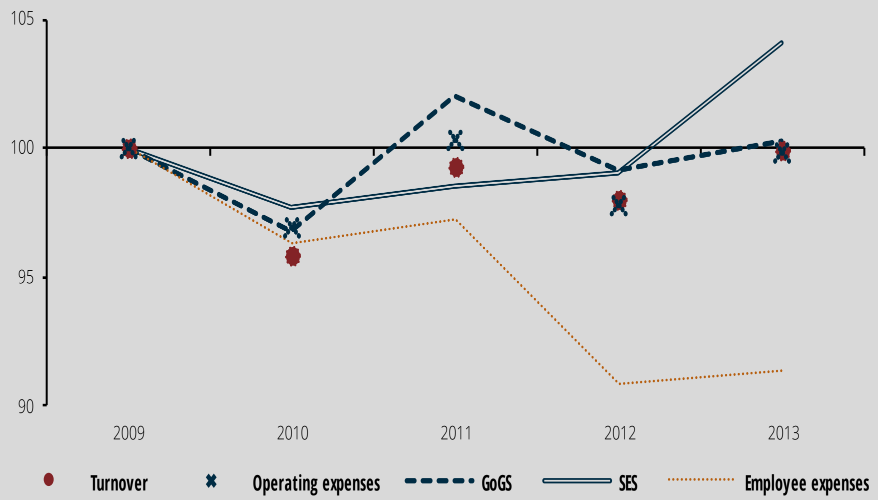
Table 7 • Operating expenses (% of turnover)

	2009	2010	2011	2012	2013
Operating expenses	93.4	94.5	94.4	93.2	93.3
CoGS	53.6	54.1	55.0	54.2	53.8
SES	24.8	25.2	24.6	25.0	25.8
Employee expenses	15.1	15.2	14.8	14.0	13.8

Table 8 • Operating expenses | Structure (2013)

		NFCs	Maritime sector	Fishing and related activities	Building repair and maintenance of ships and boats	Sea and coastal water transport
Structure	CoGS	59.4%	57.6%	74.4%	18.3%	6.0%
	SES	25.6%	27.6%	14.4%	52.5%	70.2%
	Employee expenses	15.0%	14.8%	11.1%	29.2%	23.8%

Chart 13 • Developments of turnover and operating expenses (2009=100)

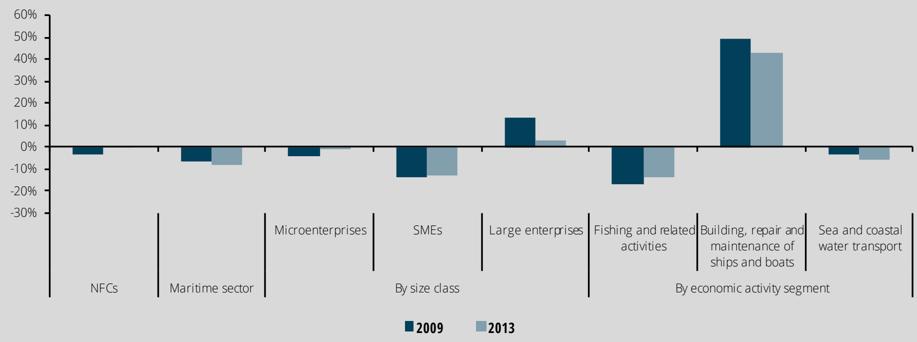


Box 2 | External relevance to the *Maritime sector*'s activity

In both 2009 and 2013 the external trade deficit in the *Maritime sector* exceeded that observed for total NFCs (Chart 14). In 2013 NFCs had a higher export than import value, whereas the *Maritime sector* continued to show higher purchases than sales.

By size class, this external trade deficit seems to be concentrated in SMEs. By economic activity segments, the external deficit situation was chiefly due to 'Fishing and related activities', with trade deficits exceeding 14% of turnover. In turn, 'Building, repair and maintenance of ships and boats' had a positive external trade balance, exceeding 43% of turnover.

Chart 14 – External transactions of goods and services (balance as a % of turnover)



3.2.3. EBITDA

From 2011 to 2013 EBITDA's annual growth rate was positive in the *Maritime sector* (Chart 15). The highest annual growth rate occurred in 2011, which was due to a recovery in turnover in that year, after the falls observed in the two previous years. In 2012, in spite of a slight decline in turnover, EBITDA had positive developments, due to the restraint in CoGS and employee expenses. In that year, employee expenses had the sharpest reduction (Chart 13). In 2013 EBITDA had similar developments, but turnover and operating expenses moved in the same direction.

EBITDA developments in the *Maritime sector* and in NFCs showed opposing trends, with recurrently opposed annual growth rates, except in 2013, when EBITDA developments were positive for both. In the same year, NFCs showed more expressive EBITDA developments than the sector under review.

In 2012 and 2013 NFCs had a higher share of enterprises with negative EBITDA than the *Maritime sector* (Chart 16). In the latter year, however, this difference was less marked. In 2012 approximately 39% of NFCs had negative EBITDA, whereas in 2013 that situation occurred in 36% of the enterprises (-3 p.p.). The *Maritime sector*, in turn, saw an increase of 2 p.p. in that year, and 35% of the enterprises in the sector had negative EBITDA.

Among the economic activity segments included in this sector, in 2013 the number of enterprises with negative EBITDA declined only in 'Building, repair and maintenance of ships and boats'. As a result of this decline, the segment held the lowest value of that indicator, whereas in 2012 the lowest value was recorded by 'Fishing and related activities'.

Chart 15 • EBITDA | Annual growth rate

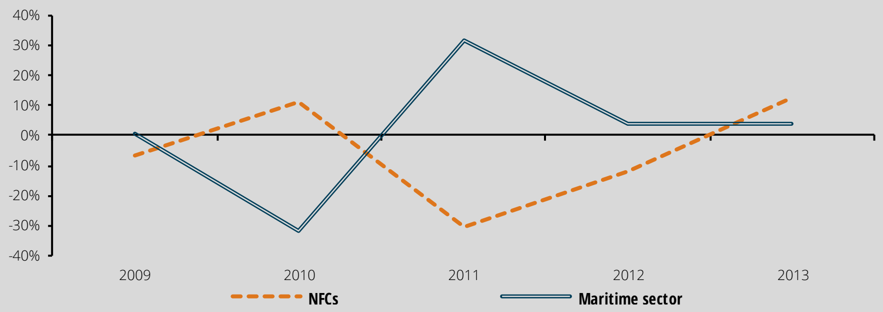
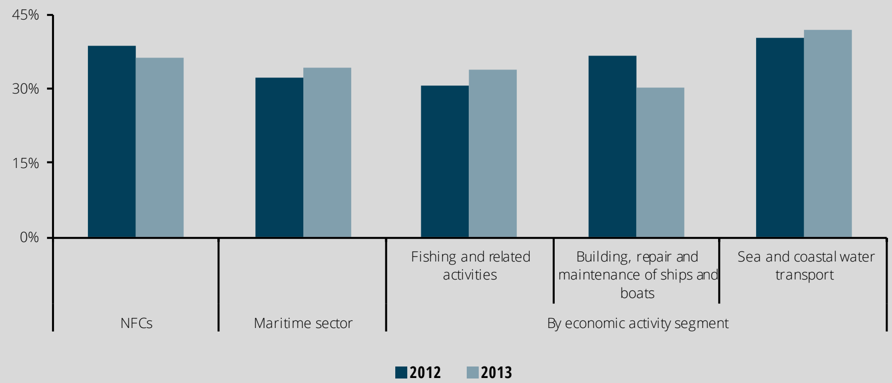


Chart 16 • EBITDA | Share of enterprises with negative EBITDA (2012 and 2013)



3.2.4. Return on equity

In 2013 return on equity of NFCs improved, as confirmed not only by a rise in the weighted average of return on equity (3% in 2013 compared with a value close to zero in 2012), but also by the distribution trend that indicates an improvement in profitability levels (Chart 17).

In 2013 the *Maritime sector* posted an average return on equity similar to that of 2012 (1%), notwithstanding the increase in NFCs, which showed an average return on equity exceeding the sector in the latter year (Chart 17). The 'Fishing and related activities' segment was the single segment with negative average return on equity, although with a distribution similar to that of the *Maritime sector*. The 'Building, repair and maintenance of ships and boats' segment had the highest average value, with return on equity averaging 11% in 2013. In addition, approximately 75% of the enterprises in this segment obtained positive return on equity, compared with a value close to 50% in the other aggregates. 'Sea and coastal water transport' had a greater dispersion, although its weighted average was similar to that of the *Maritime sector* in 2013. In 2013 25% of the enterprises in this segment posted profitability below -19%.

Chart 17 • Return on equity | Quartile distribution and weighted average

For a better perception of developments in EBITDA and return on equity, it is important to understand the components that have more expressively contributed to such developments.

The share of EBITDA in revenue corresponds to the operating margin, i.e., a profit margin before interest, amortisations and depreciations and income tax. For a better perception of developments in this operating margin two effects are considered: the operating effect derived by subtracting expenses related to the operating activity from income; and the other effects that include other pre-EBITDA expenses.[15] Both effects are evaluated as a percentage of income.

An analysis of the operating margin shows that, from 2009 to 2013, the *Maritime sector* posted values between 8% and 10%. 'Fishing and related activities' and 'Building, repair and maintenance of ships and boats' had lower values, in contrast to 'Sea and coastal water transport', with operating margins ranging between 23% and 25% for the same period (Chart 18).

In most situations, the operating effect is very close to the value of the operating margin. For 'Building, repair and maintenance of ships and boats', however, the operating margin was less than half the operating effect in 2009 due to a strong component of other pre-EBITDA expenses. In 2011, as a result of the strong contraction of the operating effect in this segment, the operating margin was negative, due to a more marked decline in income than the sum of CoGS, SES and employee expenses.

In 2013, however, the 'Building, repair and maintenance of ships and boats' segment had a lower share of other pre-EBITDA expenses than the other segments, thus obtaining an operating margin 1 p.p. higher than in 2009, even with a 4.5 p.p. decline of the operating effect vis-à-vis 2009.

After the breakdown of the operating margin, the net margin is also broken down. Intuitively, this margin indicates the percentage of income that is taken over by the enterprise as net result. In short, starting from the operating margin, we describe the relevance of the two effects until the net margin is obtained: on the one hand, the financing effect (interest expenses), on the other hand, the other post-EBITDA effects (namely amortisations and depreciations for the period and income tax).

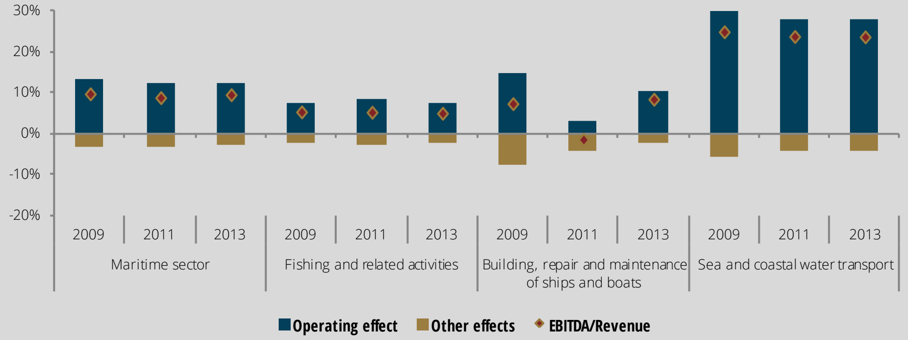
In the *Maritime sector*, amortisations and depreciations and income tax have taken up a substantial share of the operating margin. Therefore, in the period under review, the net margin stood between 0% and 1% (Chart 19).

By economic activity segment, 'Fishing and related activities', which had the lowest operating margin in 2013 (approximately 5%), also had the lowest net margin, standing close to 0% (Charts 19 and 20). In the opposite direction, 'Sea and coastal water transport', in spite of the reduction observed between 2009 and 2013, continued to post higher margins in 2013 – operating margin of 24%, compared to 25% in 2009, and net margin of 3.4%, compared to 6.2% in 2009. 'Building, repair and maintenance of ships and boats' had the lowest margins in 2009 (-2.6%) and in 2011 (-11.9%). However, the recent behaviour of this segment shows that, in addition to an improvement in the operating margin, the net margin also had an increase from -2.6% in 2009 to 3.1% in 2013, the latter being higher than for the sector under review and NFCs.

Curiously, in 2013, although the operating margin of 'Sea and coastal water transport' (24%) was around three times the margin of 'Building, repair and maintenance of ships and boats' (8%), the net margins stood quite close, reaching 3.4% and 3.1% respectively. This is due to the fact that 'Sea and coastal water transport' showed a strong share in terms of amortisations and depreciations, reaching a share exceeding 17% of income in that segment, but no higher than 5% in the other segments in 2013.

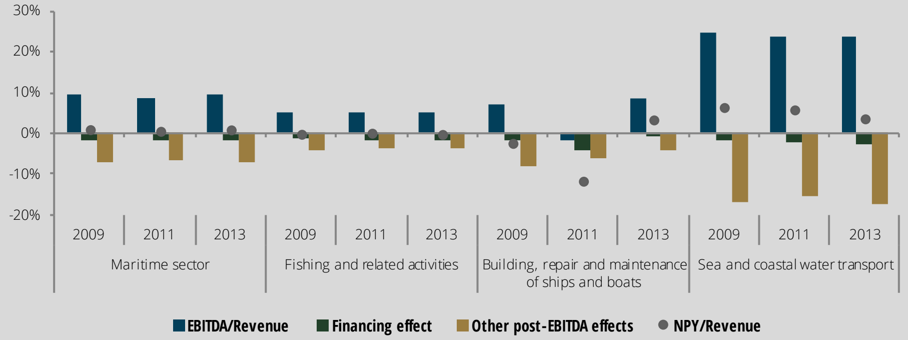
In sum, the *Maritime sector* posted an operating margin of 10% in 2013, 2 p.p. higher than in NFCs. The net margin, however, was 0.7%, i.e. 0.5 p.p. lower than in NFCs.

Chart 18 • Profitability | Breakdown of the operating margin (EBITDA/ Revenue)



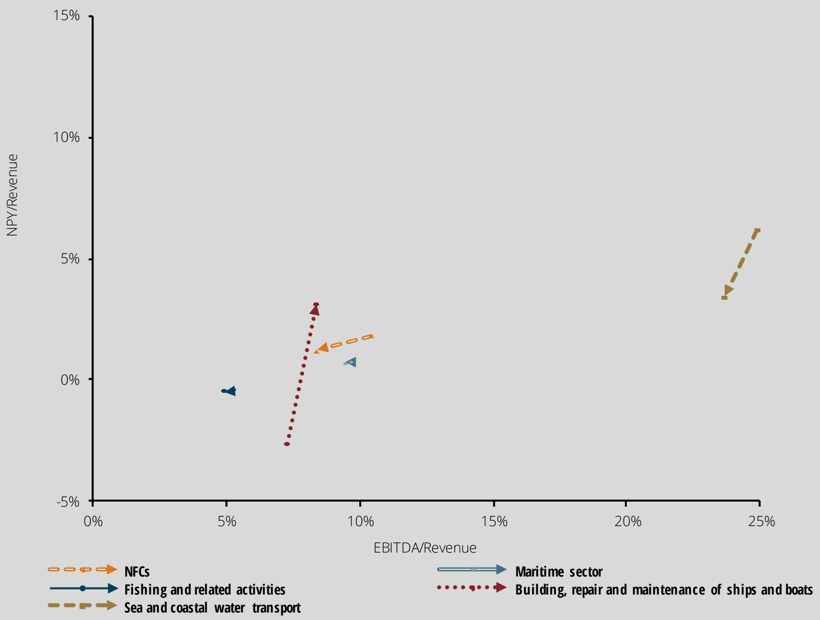
Notes: The operating effect corresponds to the share of revenue less operating expenses (CoGS, SES and employee expenses) on revenue. The other effects correspond to the share of the other components integrating EBITDA but not mentioned in the operating effect.

Chart 19 • Profitability | Breakdown of the net margin (NPY/Revenue)



Notes: The financing effect corresponds to the share of interest expenses on revenue. The other post-EBITDA effects chiefly include amortisations and depreciations for the year and income tax.

Chart 20 • Profitability | Analysis per margin (2009 and 2013)



3.3. Financial situation

In 2013 the capital ratio (share of assets financed by equity) of enterprises in the *Maritime sector* was 47%, compared with 30% in NFCs (Chart 21).

By size class, in 2013 only microenterprises did not register an increase in the capital ratio from 2009, and were also the only size class with a lower capital ratio than NFCs.

By economic activity segment, the capital ratio had a broadly based increase in 2013, compared with 2009. In addition, the three segments comprising the sector under review show a higher capital ratio than NFCs. Moreover, 'Sea and coastal water transport' has the highest capital ratio, where 58% of the assets were financed by equity.

Notwithstanding the high capital ratio, 'Sea and coastal water transport' showed a higher share of enterprises with negative equity, indicating higher disparity (Table 9). Also, excluding 'Building, repair and maintenance of ships and boats', there was a broadly based increase in the share of enterprises with negative equity.

Chart 21 • Capital ratio (2009 and 2013)

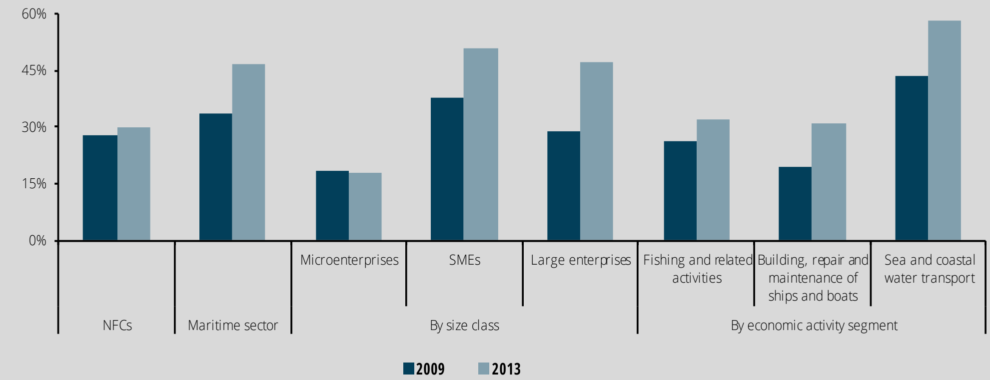


Table 9 • Capital ratio | Share of enterprises with negative equity

Year	NFCs	Maritime sector	By economic activity segment		
			Fishing and related activities	Building, repair and maintenance of ships and boats	Sea and coastal water transport
2009	25.3%	25.1%	24.4%	29.1%	26.5%
2013	29.3%	29.1%	28.8%	27.3%	33.5%
2009-13	4.0 p.p.	4.0 p.p.	4.5 p.p.	-1.8 p.p.	7.0 p.p.

3.3.1. Financial structure

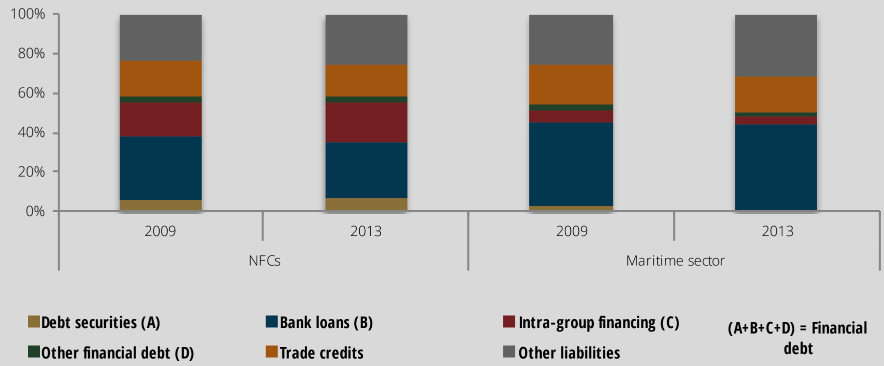
In 2013 financial debt[16] represented approximately 51% of the *Maritime sector*'s liabilities (-4 p.p. than in 2009), below the 59% observed for total NFCs (+1 p.p. from 2009) (Chart 22). However, the combined share of debt securities and bank loans[17] attained 44% in the sector (-1 p.p. from 2009), representing 35% of total NFCs' liabilities (-3 p.p. from 2009).

As regards total NFCs, this decline was offset by an increase of 4 p.p. in the combined share of intra-group financing and other financial debt, totalling 24% of liabilities in 2013.

In the *Maritime sector*, in turn, there was a decline of 3 p.p. in the same period, and this component represented only 7% of the liabilities. Therefore, the decline in financial debt in this sector stands in contrast with the substantial increase in other liabilities, which represented 31% of total liabilities (+6 p.p. from 2009). This stands well above the share of 25% observed for total NFCs (+2p.p. from 2009).

Between 2009 and 2013 there was also a 2 p.p. decline in the share of trade credits in both the *Maritime sector* (to 18% in 2013), and NFCs (to 16% in 2013).

Chart 22 • Liabilities structure (2009 and 2013)



Notes: Financial debt refers to the set of interest bearing debt obtained through issuing debt securities, bank loans and other financial institutions, intra-group financing and other financial debt. The analysis excludes liabilities components considered accountable, such as deferrals and provisions. Thus, 'Other liabilities' includes debt to the State and other public entities, debt to shareholders/partners (non-remunerated), other current liabilities and accounts payable.

Box 3 | Bank loans

In 2014 loans from credit institutions (CIs),[18] represented 84% of financial debt in the *Maritime sector* (47% of total liabilities). Loans from CIs resident in Portugal were analysed on the basis of information available in Banco de Portugal's Central Credit Register,[19] focusing on most recent data for 2014.

In 2013 62% of the enterprises in the *Maritime sector* held loans with resident CIs exceeding the 58% percentage observed in NFCs. This represents a 0.1 p.p. increase from the share of enterprises in the *Maritime sector* with loans from resident CIs in 2012, while the total in NFCs declined.

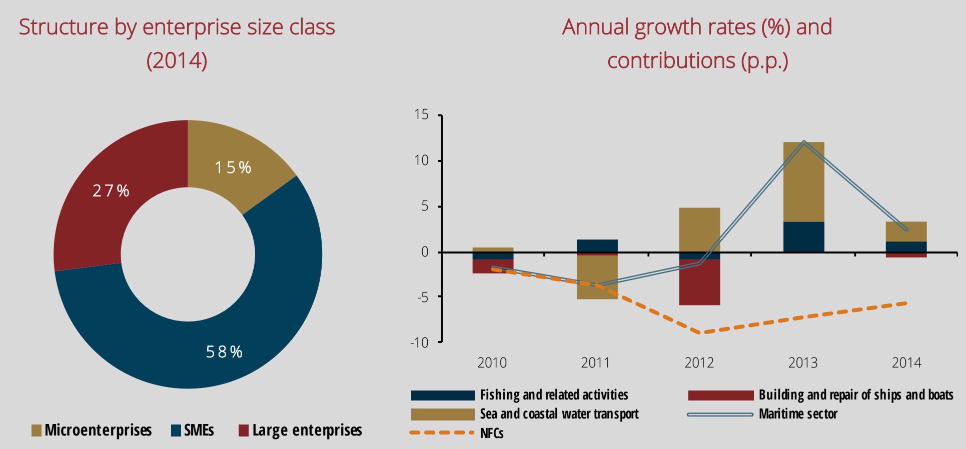
By economic activity segment, in 2014 'Fishing and related activities' concentrated 58% of the loans from resident CIs in the *Maritime sector*, 'Sea and coastal water transport' 40% and 'Building, repair and maintenance of ships and boats' the remaining 2%.

An analysis of credit developments over the 2010-2014 period for the *Maritime sector* shows that up to 2012 the year-on-year rates of change were negative. In subsequent years, the situation reversed, with growth of 12% and 2.5% in 2013 and 2014 respectively, compared with negative values for total NFCs of -7% and -6% respectively in the same period.

In 2013 the contributions of the 'Fishing and related activities', 'Building, repair and maintenance of ships and boats' and 'Sea and coastal water transport' segments to growth were 3.2 p.p., 0.1 p.p. and 8.6 p.p. respectively. In 2014 the 'Fishing and related activities' and 'Sea and coastal water transport' segments showed positive contributions to bank credit growth of 1.1 p.p. and 2.1 p.p. respectively, but 'Building, repair and maintenance of ships and boats' had a negative contribution of 0.7 p.p. (Chart 23).

An analysis of the *Maritime sector* by size class shows that SMEs were responsible for most financial debt from resident CIs at the end of 2014 (58%, compared with 27% in large enterprises and 15% in microenterprises).

Chart 23 • Credit from resident CIs (end of period)

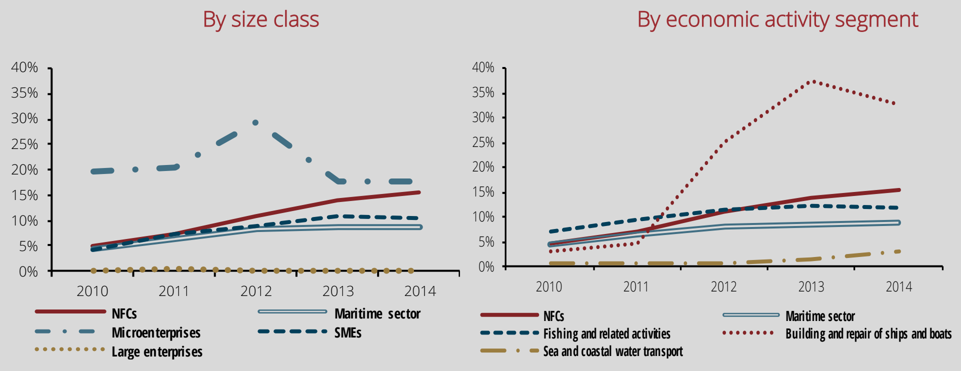


The non-performing loans ratio[20] of the *Maritime sector* was lower than in total enterprises over the entire period under review. In 2014 the non-performing loans ratio in the sector was 9%, compared with 16% for total enterprises. This indicator increased less in the *Maritime sector* than in the NFC aggregate over the 2010-2014 period (4 p.p. compared with 11 p.p.).

In the sector under review, and taking into account the size of the enterprises, the smaller size classes had a higher non-performing loans ratio, which is similar to the trend of total NFCs. Thus, in 2014 that ratio was 18% in microenterprises and 11% in SMEs, while in large enterprises it was virtually nil.

With regard to economic activity segments, the non-performing loans ratio was 12% in 'Fishing and related activities', and 33% in 'Building, repair and maintenance of ships and boats'. 'Sea and coastal water transport', with a 3% ratio, contributed the most for the sector's ratio to stand below that of total NFCs (Chart 24)

Chart 24 • Non-performing loans ratios (end of period)



3.3.2. Financing expenses and solvency

Considering the importance of financial debt, especially bank loans in the *Maritime sector*, it is relevant to observe developments in interest expenses and their share in EBITDA, i.e. the financial pressure of enterprises.

In 2013 interest expenses declined from the previous year in a larger share of the enterprises in the *Maritime sector* (65.9%). Similar developments were seen in NFCs (63.1%). This trend was observed in most economic activity segments and size classes of the *Maritime sector* (Table 10).

Table 10 • Interest expenses | Share of enterprises per change in interest growth rate (2012-2013)

Interest expenses (2012-13)	NFCs	Maritime sector	By size class (Maritime sector)			By economic activity segment		
			Microenterprises	SMEs	Large	Fishing and related activities	Building, repair and maintenance of ships and boats	Sea and coastal water transport
Decline in interest	63.1%	65.9%	66.9%	64.3%	50.0%	66.0%	61.0%	71.3%
Increase in interest	36.9%	34.1%	33.1%	35.7%	50.0%	34.0%	39.0%	28.7%

In 2013 financial pressure was below 0.5 in 61.1% of the enterprises in the sector under review (58.8% in NFCs) (Table 11). Nevertheless, for both the *Maritime sector* and the NFC aggregate, financial pressure was above 1 in 36% of the enterprises, which means that the EBITDA generated was not enough to pay interest expenses.

By size class, approximately 40% of microenterprises generated enough EBITDA to pay interest expenses (financial pressure above 1). By economic activity segment, the 'Sea and coastal water transport' segment had a higher share of enterprises with financial pressure above 1 (44%).

Table 11 • Financial pressure | Distribution of enterprises by performance level (2013)

Financial pressure (Interest/ EBITDA)	NFCs	Maritime sector	By size class (Maritime sector)			By economic activity segment		
			Microenterprises	SMEs	Large	Fishing and related activities	Building, repair and maintenance of ships and boats	Sea and coastal water transport
Up to 0.5	58.8%	61.1%	58.1%	72.4%	72.7%	61.0%	67.9%	54.4%
0.5 to 1	5.1%	2.9%	1.7%	7.4%	27.3%	3.4%	0.7%	1.6%
Above 1	36.0%	36.0%	40.2%	20.1%	0.0%	35.6%	31.4%	44.0%

Notes: The 'Above 1' class includes enterprises with negative EBITDA.

3.3.3. Trade credit financing

Between 2009 and 2013 the *Maritime sector* and NFCs posted negative net trade credit financing, i.e., the amount receivable from customers was higher than the amount payable to suppliers (Chart 25). The same happened for the different size classes and economic activity segments, except the 'Building, repair and maintenance of ships and boats' segment, which was financed, in net terms, by trade activity, particularly in 2010 and 2011.

Chart 25 Net trade credit financing | As a % of turnover

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

Notes:

1. The Central Balance Sheet Database is a database with economic and financial information on NFCs in Portugal. Information is based on annual accounting data reported within the scope of *Informação Empresarial Simplificada* – IES (Simplified Corporate Information) and quarterly accounting data reported by enterprises through the Quarterly Survey of non-financial corporations. Annual data cover nearly all NFCs and quarterly data cover around 4,000 enterprises, representing 50 % of turnover in the sector. For more details on the Central Balance Sheet Database activities, see the Supplements to the Statistical Bulletin 1/2008 – Simplified reporting: inclusion of the Simplified Corporate Information in the statistics on non-financial corporations from the Central Balance Sheet Database and 2/2013 – Statistics on non-financial corporations from the Central Balance Sheet Database – methodological notes, as well as Central Balance Sheet Study No 19 – Sector tables and Enterprise and Sector Tables: Methodological Notes. Long Time Series 1995-2013, November 2014.

2. The NFC sector is 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 Council Regulation (EC) No 549/2013 of 25 May. 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 series under review (2009-2013) is based on the ESA 2010 delimitation. Based on this national accounts regulation, sole proprietors are included in the households' institutional sector. Hence, all data on the NFC sector throughout this document exclude sole proprietors (in Portugal these account for around two-thirds of enterprises, but only 5 % of the respective turnover).

3. The terms 'costs' used in previous studies will be replaced with 'expenses', from this study on, in line with the terminology of the accounting standards currently in force.

4. For the sake of simplicity, this study refers to 'enterprise' and 'corporation' interchangeably when referring to NFCs defined in Note 2.

5. For the sake of simplicity, this study refers to the term 'income' which corresponds to 'total net income', obtained through the sum of turnover, variation in production, capitalised production, operating subsidies, other income and gains, and interest and other similar income.

6. The Annex details the CAE-Rev.3 sectors included in the concept of *Maritime sector* used in this study.

7. Some totals may not add up due to rounding.

8. The definition of the enterprise size classes used in this study is detailed in the Annex.

9. Geographical location refers to the district where the enterprise's head office is located.

10. The enterprise maturity corresponds to the age of the enterprise as at the analysis reference date. Four maturity classes are considered: up to five years, from five to (but not including) ten years; from ten to (but not including) 20 years; and 20 years and over.

11. For more information, see Central Balance Sheet Study No 17 – Analysis of the tourism sector, October 2014.

12. As defined in Eurostat-OECD Manual on Business Demography Statistics, high-growth enterprises are enterprises whose average annual turnover growth is greater than 20% per annum over a three-year period. Turnover is used as a variable for the calculation of the rate. For more information, see Central Balance Sheet Study No 12 – Structure and dynamics of non-financial corporations in Portugal 2006-2012, November 2013.

13. For further information on economic performance in Portugal, please refer to Banco de Portugal's Annual Report – The Portuguese Economy, as well as the Economic Bulletin, published quarterly. Both publications are available at www.bportugal.pt.

14. The 'operating expenses' aggregate is calculated from the sum of the Cost of goods sold and materials consumed (CoGS), supplies and external services (SES) and employee expenses.

15. The other pre-EBITDA expenses include, in particular, taxes except income taxes, losses in inventories, expenses and financial and non-financial investment losses and other expenses and losses.

16. Financial debt refers to the set of interest bearing debt obtained through issuing debt securities, debt from banks and other financial institutions, debt from group companies and other loans.

17. 'Box 3 | Bank loans' provides complementary information on this source of financing.

18. These include banks, savings banks and mutual agricultural credit banks (generically called 'banks' in this study), as well as financial credit institutions, factoring companies, credit purchase financing companies and financial leasing companies.

19. The Central Credit Register is a database managed by Banco de Portugal, which gathers information provided by participating entities (credit-granting resident institutions) regarding credit granted. For more information, please refer to Booklet No 5 of Banco de Portugal, *Central de Responsabilidades de Crédito* (Portuguese only).

20. The non-performing ratio, based on information from the CCR, is obtained by calculating the ratio of credit overdue to total credit granted. Credit is deemed to be overdue, in the case of principal, once the maximum period of 30 days after maturity has elapsed without settlement; and in the case of interest and other expenses, once the due date for settlement has passed.

ANNEX

Main indicators of the Maritime sector

Methodological summary

ANNEX • Main indicators of the Maritime sector (2013)

	Sector characterisation		Activity		Financing						Profitability
	Turnover held by large enterprises	Turnover held by the largest enterprises (TOP 10%)	Growth rates		Capital ratio	Growth rates		Net trade credit financing (% of turnover)	Weight of interest in EBITDA	Financial debt from resident CIs (2014)	Return on equity
			Turnover	EBITDA		Trade credits	Bank loans			Non-performing loans ratio	
NFCs	43%	89%	0%	12%	30%	-3%	-8%	-4%	30%	15%	3%
Maritime sector	21%	82%	2%	4%	47%	1%	16%	-4%	20%	9%	1%
Fishing and related activities	21%	80%	0%	-4%	32%	3%	7%	-3%	34%	12%	-1%
Building, repair and maintenance of ships and boats	38%	82%	8%	64%	31%	3%	4%	0%	9%	33%	11%
Sea and coastal water transport	16%	88%	9%	5%	58%	-10%	30%	-9%	12%	3%	1%

Share of the Maritime sector

	Number of enterprises		Turnover		Number of employees	
	2003	2013	2003	2013	2003	2013
NFCs	0.7%	0.7%	1.3%	1.1%	1.1%	0.9%

Methodological summary

Capital ratio: Ratio of equity to total assets.

EBITDA (earnings before interest, taxes, depreciation and amortisation): The new accounting standard (SNC – *Sistema de Normalização Contabilística* – Accounting Standards System) ended the concept of extraordinary expenses and revenues, and also stopped allowing unambiguous identification of financial components. Thus, the decision was taken to use the EBITDA definition as under the Accounting Standards System, adjusting the data reported under the old standard (POC – *Plano Oficial de Contabilidade* – Official Chart of Accounts), where possible, for 2009.

Economic activity sector: The enterprises classified 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* in CAE-Rev.3, were excluded from this analysis as they do not fall within the NFC institutional sector.

Maritime sector: Table A1 presents additional details at the level of sub-classes comprising the *Maritime sector* reviewed in this study.

Quartile distribution: In order to calculate quartiles, the enterprise values for the indicator under analysis are ranked in ascending order. The first quartile corresponds to the value of the enterprise in the position corresponding to 25% of the ordered sample (i.e. where 25% of enterprises show a lower value for that indicator and 75% a higher value). The second quartile (or median) corresponds to 50%, i.e. the indicator value for this enterprise divides the breakdown into two halves, where one half of the enterprises show a higher value and the other half a lower value. The third quartile corresponds to the 75% position of the ordered sample (75% of enterprises show a lower value for that indicator, and only 25% show a higher value). The interquartile range (obtained as the difference between the third and first quartiles) provides an indication of distribution dispersion. For further details on the calculation of these statistical measures, please refer to the Central Balance Sheet Study | 6, December 2011 – New Enterprise and Sector Tables: Adjustment to the accounting standards system, December 2011

Return on equity: Ratio of net income to equity. As both items (numerator and denominator) may be positive or negative, at individual level the indicator is only calculated in situations where equity is positive.

Size of enterprise: Enterprises were grouped into three classes: micro, small and medium-sized, and large enterprises. The criteria for this classification were taken from the European Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises. According to this Recommendation, microenterprises are defined as enterprises which employ fewer than ten persons and whose annual turnover and/or balance sheet total does not exceed €2 million. For the purposes of this study, small and medium-sized enterprises (SMEs) exclude microenterprises, employ fewer than 250 and more than ten persons and have an annual turnover between €2 million and €50 million or an annual balance-sheet total between €2 million and €43 million. Large enterprises are any enterprises which are not classified above.

Table A1 • Composition of the *Maritime sector*

Economic activity segment	CAE (Rev.3)	Description
Fishing and related activities	03111	Marine fishing
	03112	Gathering of algae and other marine organisms and material
	03210	Marine and brackish aquaculture
	08931	Extraction of salt from saline waters
	10201	Preparation of fishing and aquaculture products
	10202	Freezing of fishing and aquaculture products
	10203	Preserving of fishing and aquaculture products in olive oil and other vegetable oils and other sauces
	10204	Salting, drying and other activities to process fishing and aquaculture products
	46381	Wholesale trade of fish, crustaceans and molluscs
	47230	Retail trade of fish, crustaceans and molluscs in specialised stores
Building, repair and maintenance of ships and boats	30111	Building of metal ships and floating structures, except vessels for sports and recreation
	30112	Building of non-metal ships and floating structures, except vessels for sports and recreation
	30120	Building of pleasure and sporting boats
	33150	Repair and maintenance of ships and boats
Sea and coastal water transport	50101	Sea passenger water transport
	50102	Coastal and local passenger water transport
	50200	Sea and coastal freight water transport
	52220	Auxiliary activities of water transport
	77340	Renting and leasing of water transport equipment
	93292	Activities related to recreational transport facilities (marinas)

Abbreviations and acronyms

CAE	Portuguese Classification of Economic Activities
CCR	Central Credit Register (*Central de Responsabilidades de Crédito*)
CIs	credit institutions
CoGS	cost of goods sold and materials consumed
EBITDA	earnings before interest, taxes, depreciation and amortisation
ESA 2010	European System of National and Regional Accounts 2010
GDP	gross domestic product
HGEs	high-growth enterprises
INE	*Instituto Nacional de Estatística* (Statistics Portugal)
IES	*Informação Empresarial Simplificada* (Simplified Corporate Information)
NFCs	non-financial corporations
NPY	net profit for the year
p.p.	percentage points
SES	supplies and external services
SMEs	small and medium-sized enterprises (excluding microenterprises)
SNC	*Sistema de Normalização Contabilística* (Accounting Standards System)

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4 | Sectoral analysis of manufacture of food products, November 2011
5 | Sectoral analysis of accommodation and food service activities, November 2011
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7 | Sectoral analysis of non-financial corporations in Portugal 2010/2011, April 2012
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15 | Analysis of the construction sector, January 2014
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