

## Enterprises in Portugal

### 2016 - Final results

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#### **GVA of non-financial sector increased by 6.0%, in nominal terms, in 2016**

The year 2016 was marked by the continuation of the positive evolution of the main economic and financial indicators of the business sector. Compared to the previous year, the number of individual enterprises increased by 3.1%, and the number of companies grew by 2.3%. The variables Persons employed and Turnover increased, respectively, by 3.5% and 2.7%, in nominal terms<sup>1</sup>.

In the non-financial sector, the number of enterprises increased by 2.8%, while Turnover, Gross value added and Gross operating surplus registered nominal increases of 2.7%, 6.0% and 8.4% respectively (2.7%, 5.8% and 6.9% in 2015). Regarding the sectoral contribution in the evolution of GOS, *Accommodation and food services* stood out with 1.6 p.p..

There were 5 553 non-financial high growth companies, which generated a GVA of EUR 10 486 million, representing 16.8% of the total (less 0.7 p.p. than in 2015).

The weight, in terms of Turnover, of companies with an exporting profile increased by 5.0 p.p. between 2008 and 2016. In the period under analysis, the average size of these companies, in terms of Turnover and Persons employed was, respectively, EUR 5 053 thousand and 29 persons, comparing to EUR 634 thousand and 6 persons in the companies without an exporting profile.

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With this press release Statistics Portugal disseminates the publication "Enterprises in Portugal 2016", in which were presented the final results of the main statistical findings regarding the structure and evolution of the Portuguese business sector in 2016, obtained from the Integrated Business Account System (IBAS).

#### 1. HOW MANY COMPANIES EXISTED IN PORTUGAL AND WHAT RESULTS WERE OBTAINED IN 2016?

In 2016, the main economic and financial indicators for the business sector continued to show a positive overall performance.

There were in Portugal 1 196 102 enterprises, of which 68.2% were individual enterprises and 31.8% were companies. Compared to 2015, the number of individual enterprises increased by 3.1% (+3.2% in 2015) and the number of companies grew by 2.3% (+2.5% in 2015).

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<sup>1</sup> The variations considered throughout the analysis are expressed in nominal terms.

>> **Figure 1 – Main economic indicators of enterprises in Portugal (2016)**



Source: Statistics Portugal, IBAS

## 2. RESULTS OF NON-FINANCIAL SECTOR

In the non-financial sector, the growth in the number of individual enterprises was higher than the number of companies (3.1% against 2.3%). The same superiority was verified in the annual variation of GVA, corresponding to 6.8%, while the increase of GVA in companies was 6.0%. In terms of GOS, the increase was the same in both legal forms of enterprises (+8.4%).

The private limited companies represented 91.8% of total non-financial companies (91.6% in 2015). Public limited companies were the ones with the highest weight in the main economic indicators: Turnover (51.9%), GVA (50.7%) and GOS (60.1%), despite representing only 5.9% of total companies (6.0% in 2015).

There were 1 038 large non-financial enterprises (+2.5% compared to 2015), which were responsible for 39.3% of Turnover and 40.8% of GOS.

Turnover of non-financial enterprises grew by 2.7% in 2016 (corresponding to an increase of EUR 8 874.9 million compared to 2015). *Trade* was the sector that contributed the most to this variation, with 1.3 p.p..

The *Accommodation and food services* sector stand out once more with the highest increases in Turnover, GVA and GOS, with 14.8%, 21.4% and 41.5%, respectively. This evolution mainly reflected the dynamics of the companies in the activities of *Restaurants* and *Hotel establishments with restaurant*<sup>2</sup>.

The *Energy and water* sector registered an increase of 110.7% in the number of enterprises, justified by the high number of new individual enterprises in that sector, associated with the micro production of electric energy.

<sup>2</sup> For more information on the performance of this sector, please consult the publication "Tourism Statistics - 2016", published by INE in August 2017.

The total GVA of non-financial companies reached EUR 79.0 billion in 2016. The distribution of this variable showed a strong asymmetry, with the average reaching around EUR 207.3 thousand, exceeding by almost 10 times the median value and more than 2.5 times the value corresponding to the 3<sup>rd</sup> quartile.

In 2016, 33 939 non-financial companies started activity, corresponding to a birth rate of 8.9%, which was slightly lower than 2015 (-0.4 p.p.). More than 91% of the companies born one year before remained in the market. The death rate of non-financial companies was 6.9%, with the *Trade* sector registering the highest rate (7.2%).

There were 5 553 high growth companies, and for the third consecutive year was verified a recovery on this number over the period 2008-2016, although it still below the value of 2008. The GVA reached EUR 10 486 million, representing 16.8% of the total (less 0.7 p.p. than in 2015).

The weight, in terms of Turnover, of companies with an exporting profile increased by 5.0 p.p. between 2008 and 2016. Conversely to the previous year, the increase in the GVA of large companies with an exporting profile (2.2%) was lower than those who did not have this profile (6.1%). The small and medium enterprises with an exporting profile also registered an increase of 4.6% in this indicator, while in the other SMEs the growth was 7.8%.

This different nominal evolution may reflect, to a large extent, different price behaviors. It should be noted that, according to the National Accounts, the GDP deflator (+1.4% in 2016) was higher than the exports deflator (-2.2% in 2016).

>> Figure 2 – Main economic indicators of non-financial enterprises in Portugal (2016)

	Enterprises		Persons employed		Turnover		GVA		Personnel costs		Gross operating surplus	
	2016	Annual change rate 15-16	2016	Annual change rate 15-16	2016	Annual change rate 15-16	2016	Annual change rate 15-16	2016	Annual change rate 15-16	2016	Annual change rate 15-16
	No	%	No	%	EUR 10 <sup>6</sup>	%						
<b>Total non-financial enterprises</b>	1 196 102	2.8	3 704 740	3.5	340 480	2.7	85 410	6.0	48 922	4.3	36 775	8.4
<i>Legal form</i>												
Individual enterprises	815 167	3.1	899 817	2.6	14 594	15	6 457	6.8	1 189	0.8	5 458	8.4
Companies	380 935	2.3	2 804 923	3.8	325 886	2.7	78 953	6.0	47 733	4.4	31 317	8.4
Public limited	22 541	0.7	912 572	2.6	169 177	0.6	39 999	4.3	20 778	2.7	18 810	6.3
Private limited	349 810	2.6	1 796 667	4.7	141 998	5.6	35 437	8.1	24 923	6.4	10 665	12.7
Others	8 584	-2.2	95 684	-0.9	14 711	0.3	3 517	4.3	2 032	-0.9	1 841	7.4
<i>Size</i>												
SME	1 195 064	2.8	2 957 309	3.4	206 817	4.1	54 265	6.9	33 020	5.2	21 787	9.8
Large	1 038	2.5	747 431	4.0	133 663	0.6	31 145	4.5	15 902	2.6	14 988	6.6
<i>Activity sector</i>												
Agriculture and fishing	132 845	-0.4	194 122	0.9	6 543	4.0	1 655	5.9	929	7.1	1 292	13.7
Manufacturing	67 997	0.3	695 783	2.4	83 022	0.0	20 563	4.7	11 789	3.8	8 742	5.8
Energy and water	5 206	10.7	44 125	11.8	23 850	-2.2	5 865	5.4	1 014	2.7	4 771	5.5
Construction and real estate	114 653	4.2	358 640	3.0	22 914	0.7	7 263	3.9	4 609	2.0	2 377	8.5
Trade	220 359	-0.8	749 170	1.8	128 088	3.5	16 582	5.9	10 454	4.4	5 962	8.8
Transportation and food services	21 799	0.7	169 888	3.5	18 425	3.9	6 629	4.1	3 804	3.4	2 836	5.2
Accommodation and food services	97 562	6.2	317 808	8.3	116 165	14.8	4 750	21.4	2 857	10.9	1 860	41.5
Information and communication	16 453	5.5	94 132	3.4	11 898	4.4	5 374	6.5	2 737	4.6	2 566	8.1
Other services	519 228	4.2	1 091 072	4.5	34 125	6.1	16 731	5.8	10 728	4.5	6 368	7.2

Source: Statistics Portugal, IBAS

### Methodological note:

The publication "Enterprises in Portugal 2016", disseminated by Statistics Portugal, updates the main statistical indicators of enterprises, characterizing the structure and evolution of the Portuguese non-financial business sector for 2016, obtained from the Integrated Business Account System (IBAS), resulting from a business statistics integration process, based on administrative data, with a focus on the Simplified Business Information (IES). This information is complemented, on the one hand, with data of sole proprietors and independent workers (designated by individual enterprises) received via an established protocol between Statistics Portugal and several bodies of the Ministry of Finance and, on the other hand, with information from the Statistical Business Register.

The scope of economic activity includes all enterprises from sections A to S of NACE-Rev.2, with the exception of *Financial and insurance activities* (section K) and *Public administration and defense; Compulsory social security* (section O).

Regarding the different characteristics of companies and individual enterprises, the analysis in chapter 4 of the Publication focuses only on companies. For the individual companies, in the statistical treatment of information carried out by Statistics Portugal, only those that have an organized accounting system have Balance Sheet values, therefore, the interpretation of the financial ratios calculated based on the values for the total of the non-financial enterprises would lead to skewed results.

The sectors were aggregated in 9 larger groups: *Agriculture and fishing* (section A of NACE-Rev.2), *Manufacturing* (sections B to C), *Energy and water* (sections D to E), *Construction and real estate* (sections F to L), *Trade* (section G), *Transportation and storage* (section H), *Accommodation and food services* (section I), *Information and communication* (section J) and *Other services* (sections M to S).

The difference between final and preliminary data for 2016 results from the updating of the data sources that integrate the IBAS, which includes the IES and data from the individual enterprises.

### >> Final and preliminary data (2016)

	Enterprises		Persons employed		Turnover		GVA		Personnel costs		GOS	
	No	Annual change rate and p.p.	No	Annual change rate and p.p.	EUR 10 <sup>6</sup>	Annual change rate and p.p.	EUR 10 <sup>6</sup>	Annual change rate and p.p.	EUR 10 <sup>6</sup>	Annual change rate and p.p.	EUR 10 <sup>6</sup>	Annual change rate and p.p.
<b>Total non-financial enterprises</b>												
Final data 2016	1 196 102	2.8	3 704 740	3.5	340 480	2.7	85 410	6.0	48 922	4.3	36 775	8.4
Preliminary data 2016	1 168 998	0.5	3 669 135	2.5	338 458	2.1	84 633	5.1	48 661	3.8	36 250	6.9
<i>Difference</i>	<i>27 104</i>	<i>2.3</i>	<i>35 605</i>	<i>10</i>	<i>2 022</i>	<i>0.6</i>	<i>777</i>	<i>0.9</i>	<i>261</i>	<i>0.5</i>	<i>525</i>	<i>15</i>

Source: Statistics Portugal, IBAS

The classification of large enterprises was based on the recommendation of the Commission of May 6th, 2003. As such, enterprises were considered to be **large** when observing one of the following criteria:

- 250 or more persons employed or;
- Turnover above EUR 50 million and total assets above EUR 43 million.

The remaining companies were considered **SME**, of which:

- A **medium** enterprise is one that employs less than 250 people and whose turnover does not exceed EUR 50 million or total assets does not exceed EUR 43 million, and not classified as micro or small enterprise.
- A **small** enterprise is one that employs less than 50 people and whose turnover or total assets does not exceed EUR 10 million, and not classified as micro enterprise.
- A **micro** enterprise is one that employs less than 10 people and whose turnover or total assets does not exceed EUR 2 million.

It was considered as companies with an **exporting profile** those with exports of goods and services that comply with the following criteria:

- Companies where at least 50% of the turnover originates from exports of goods and/or services or;
- Companies where at least 10% of the turnover originates from exports of goods and/or services and the total value of exports exceeds EUR 150 000.

**High growth enterprises** correspond to enterprises with an average annual growth, over a three year period, higher than 10% measured by number of employees.

#### **Financial and economic ratios:**

Equity ratio = Total equity / Total assets

Investment rate = Gross fixed capital formation / GVA \* 100

Proportion of Research and Development investment (R&D) in the GVA = Investment in development projects and computer programmes / GVA \* 100

#### **Acronyms:**

‰: percentage

ESA 2010: European System of Accounts

EU: European Union

GDP: Gross domestic product

GVA: Gross value added

GOS: Gross operating surplus

IBAS: Integrated Business Account System

NACE Rev.2: European Classification of Economic Activities, Revision 2

p.p.: Percentage points

SME: Micro, small and medium enterprises

#### **Information to users:**

This and other information related with this study can be found on the official statistics' website: [www.ine.pt](http://www.ine.pt).