

**Ο ΕΛΛΗΝΙΚΟΣ ΕΤΑΙΡΙΚΟΣ ΤΟΜΕΑΣ: 2018-2017**

**THE GREEK CORPORATE SECTOR: 2018-2017**

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# Introduction

The Greek economy has been on an upward trajectory over the last three years as the country's GDP registers low but positive rates of change (2018: 1.9% 2017: 1.5% in terms of volume), after a long period of declining demand. Encouraging is the fact that GDP change has been positive in the first three quarters of 2019 (3rd quarter: + 2.3%<sup>1</sup>).

The recovery, albeit slight, of the Greek economy has had a positive impact on the corporate sector, which has achieved **remarkable performance in 2018** as well. The vigorous and persistent effort of Greek companies to cope with the market conditions seems to be bearing fruit as an improvement in their financial results is evident for the fourth consecutive year. The overall picture obtained from the available sample of balance sheets and income statements is clearly positive, despite the differences that characterize each sector of activity. In 2018, the Greek **corporate sector** witnessed a significant **increase** in its **turnover** and **profitability**.

The current edition of Greece in Figures provides a summary of the developments in the Greek corporate sector<sup>2</sup> as reported in the balance sheets and income statements for the years 2017 and 2018. The data

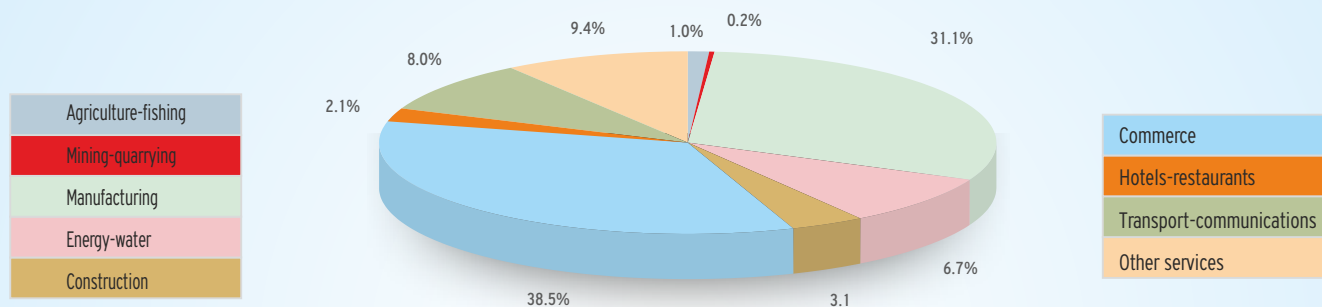
were compiled and processed by ICAP and include the financial results for **15,614** companies. The edition includes companies whose financial statements for the years 2017 and 2018 were finalized in the ICAPDATABANK by **January 3rd, 2020**. Companies which did not report turnover and operating revenue in their income statements, for both 2017 and 2018, are excluded. Turnover does not include excise duties (net). Companies are classified according to the NACE – revision 2 classification system of economic activity (excluding nace 84, 94).

The corporate sector, exclusive of banking, insurance and finance, comprises **15,168** businesses. Their **total turnover increased by 9.8%** to **€154.56 billion** in 2018. Specifically, seven out of the nine industries of the corporate sector (excluding the financial sector) recorded an increase in sales. Namely, Mining-Quarrying posted the higher increase (25.8%) followed by Manufacturing (13.2%), Commerce (12.3%) and

<sup>1</sup> EL.STAT. – Quarterly National Accounts December 2019.

<sup>2</sup> For the purpose of this report the sector comprises the companies which are included in the current edition of Greece in Figures.

**Turnover 2018:  
Shares in Corporate Sector Totals**



**Changes in Net Result: 2018-2017  
(Exclusive of Banking, Insurance and Finance)  
(€ 000)**

Group	Companies	Net result 2018	Net result 2017	Change
P 2018 – P 2017	8,737	8,747,749	8,267,877	479,873
L 2018 – P 2017	1,379	-1,515,628	716,436	-2,232,063
P 2018 – L 2017	1,703	1,079,967	-856,260	1,936,227
L 2018 – L 2017	3,349	-2,124,599	-3,085,310	960,710
<b>Total</b>	<b>15,168</b>	<b>6,187,490</b>	<b>5,042,743</b>	<b>1,144,747</b>

P 2018/17 = companies reporting profits in 2018/17, L 2018/17 = companies reporting losses in 2018/17

Hotels-Restaurants (12.0%). Also, all sectors but Agriculture-Fishing (-3.5%) and Construction (-1.6%), showed lower but positive rates of change in the same period.

Regarding the total results and not each sectors separately, the increase in sales (9.8% in 2018/2017) resulted in a lower increase of **gross profits (5.2%)** due to the higher cost of goods sold. The administrative and selling expenses rose by 7.1% while interest expenses fell by 4.5%. These developments led to the marginal improvement of the operating result (1.2%). On the other hand, the impressive turn of the non-operating result from negative in 2017 to positive in 2018<sup>3</sup>, led to the hefty improvement in profitability. In fact, **pre-tax profits** of the 15.168 companies included in the sample, climbed to €6.2 billion posting an increase of **22.7%**. It should be noted that **most of the companies (68.8%) were in the black** and their profits prevailed and defined the aggregate result.

<sup>3</sup> The positive change of the non-operating result is mainly due to a large Telecommunications company.

Three out of the nine sectors analyzed in the current edition (excluding banking, insurance and finance) were in the red in 2018. Manufacturing, Commerce and Transport-Communications recorded the highest profits. On the other hand, Construction, Agriculture-Fishing and Mining-Quarrying recorded losses in 2018. The last two sectors were profitable in 2017 while Construction remained in the red. The sector of Transport-Communications became profitable in 2018.

Furthermore, the 1,703 businesses which returned to the black in 2018, accounted for the most part of the improvement in the total net result. At the same time, 3,349 loss-makers reported lower losses by 31.1% in 2018/2017. Moreover, 8,737 profit-makers (i.e. 57.6% of the sample) improved their profitability by 5.8% in 2017-2018. On the other hand, 1,379 businesses plunged into the red in 2018.

Certain profitability ratios showed marginal changes in 2018. The **gross profit margin** fell slightly by 0.95 percentage points to 21.62%, while **net profit margin** reached 4.0% (+0.42 percentage points).

Amongst sectors Transport-Communications (43.40% in 2018) and Hotels-Restaurants (41.41%) had the highest gross profit margin in both

#### Corporate Sector: Key Financial Variables 2018-2017 (€ million)

Sector	Assets			Turnover			Pre-tax profits		
	2018	2017	%	2018	2017	%	2018	2017	%
<b>Non-financial sector</b>									
Agriculture-fishing	1,907	1,787	6.7	1,504	1,559	-3.5	-46	42	-209.4
Mining-quarrying	1,903	1,727	10.2	382	303	25.8	-37	39	-194.3
Manufacturing	50,291	48,857	2.9	48,045	42,457	13.2	2,448	2,397	2.1
Energy-water	30,520	32,566	-6.3	10,298	10,249	0.5	143	946	-84.9
Construction	15,081	15,293	-1.4	4,787	4,863	-1.6	-213	-149	-42.8
Commerce	37,302	34,902	6.9	59,453	52,929	12.3	1,469	1,311	12.0
Hotels-restaurants	11,096	10,484	5.8	3,212	2,868	12.0	237	251	-5.8
Transport-communications	40,100	39,673	1.1	12,326	11,684	5.5	1,322	-373	454.2
Other services	25,760	24,856	3.6	14,549	13,877	4.8	866	578	49.7
<b>Total</b>	<b>213,960</b>	<b>210,143</b>	<b>1.8</b>	<b>154,558</b>	<b>140,789</b>	<b>9.8</b>	<b>6,187</b>	<b>5,043</b>	<b>22.7</b>
<b>Financial sector</b>									
Banking	233,292	238,025	-2.0	7,224	8,192	-11.8	-364	-1,088	66.6
Insurance	17,062	16,391	4.1	3,368	3,182	5.9	445	411	8.2
Other financial	14,910	15,252	-2.2	627	611	2.6	-103	408	-125.2
<b>Total</b>	<b>265,264</b>	<b>269,668</b>	<b>-1.6</b>	<b>11,219</b>	<b>11,985</b>	<b>-6.4</b>	<b>-22</b>	<b>-269</b>	<b>91.8</b>
<b>Grand total</b>	<b>479,224</b>	<b>479,811</b>	<b>-0.1</b>	<b>165,777</b>	<b>152,774</b>	<b>8.5</b>	<b>6,165</b>	<b>4,774</b>	<b>29.1</b>

2018 and 2017. The debt to assets ratio remained flat at 0.61 while the current ratio only changed marginally (2018:1.09, 2017:1.08).

Furthermore, return on equity of the non-financial corporate sector increased to 7.8% in 2018 from 6.6% the previous year. Among sectors six out of the nine sectors posted positive return ratios.

Manufacturing ranked first (12.5%) even with a marginal lower index compared to 2017 followed closely by Commerce with a slightly improved 12.1%.

Return on equity ratios differ across company size classes. In 2018, the small sized businesses (10-49 employees) recorded the highest return on equity while the medium sized businesses (50-249 employees) ranked second.)

Finally, regarding the key financial aggregates of the 15,168 companies, **total assets** of the non-financial corporate sector increased by a modest 1.82% to €214.0 billion in 2018/2017. Net fixed assets and current assets posted a similar increase by 1.86% and 1.75% respectively.

On the liabilities side, **net worth** increased slightly by 1.52% to €79.7 billion in 2018. Similarly, total debt rose 1.84% fueled mainly by long-

**term** debt (+3.37%) while short-term liabilities posted a marginal increase of 0.86%. As a result, the debt to equity ratio remained virtually unchanged at 1.63 in 2018 (from 1.62 in 2017). The same holds true for liquidity ratios which remained roughly at the same levels in 2018-2017.

There were differences in the corporate financial results across **activity sectors**.

Turnover in **agriculture and fishing** fell by 3.5% to €1.5 billion, while higher costs caused gross profits to fall faster (-12.7%). This development along with the increase in operating expenses brought about a negative operating result which in turn led to a negative net result, overthrowing the sector's profitability the previous year. Total assets of the 153 companies comprising the sector increased by 6.7% to €1.9 billion, while net worth fell by 9.1% during the same period.

Turnover of the **mining-quarrying** industry climbed to €381.8 million, 25.8% up on its year earlier level. However, the containment of the cost of goods sold led to the expansion of gross profits by an impressive 41.7%. Nevertheless, the drastic increase in operating and financial expenses resulted in a negative operating result in 2018 from positive in

**Corporate Sector: Key Financial Ratios 2018-2017**  
(Exclusive of Banking, Insurance and Finance)

Sector	Gross margin %		Net margin %		Debt to assets		Current ratio	
	2018	2017	2018	2017	2018	2017	2018	2017
Agriculture-fishing	22.41	24.77	-3.08	2.71	0.71	0.67	1.47	1.57
Mining-quarrying	21.17	18.80	-9.63	12.85	0.73	0.80	1.01	1.37
Manufacturing	17.35	19.51	5.10	5.65	0.58	0.59	1.30	1.26
Energy-water	21.29	22.60	1.39	9.23	0.62	0.59	1.17	1.19
Construction	8.54	9.69	-4.46	-3.07	0.57	0.59	1.55	1.45
Commerce	18.90	19.24	2.47	2.48	0.65	0.64	1.29	1.30
Hotels-restaurants	41.41	40.72	7.37	8.76	0.51	0.49	0.85	0.88
Transport-communications	43.40	44.03	10.72	-3.19	0.66	0.67	0.50	0.50
Other services	28.51	27.17	5.95	4.17	0.53	0.54	1.05	1.02
<b>Total</b>	<b>21.62</b>	<b>22.57</b>	<b>4.00</b>	<b>3.58</b>	<b>0.61</b>	<b>0.61</b>	<b>1.09</b>	<b>1.08</b>

2017. This development, along with the negative non-operating result, turned last year's profits to losses of about €37 million. Total assets rose to €1.9 billion, up by 10.2% on an annual basis.

The **manufacturing** sector with a sample of 2,414 businesses witnessed a substantial increase in turnover; namely, total sales rose by 13.2% in 2018 and reached €48.0 billion. However, due to higher costs, gross profits remained at almost the same level for the period 2018-2017 (0.6% marginal change). This combined with the expansion of administrative and selling expenses resulted in the reduction of operating income by 10.2%. On the other hand, the substantial improvement in the non-operating result brought about the small increase in pre-tax profits (+2.1%).

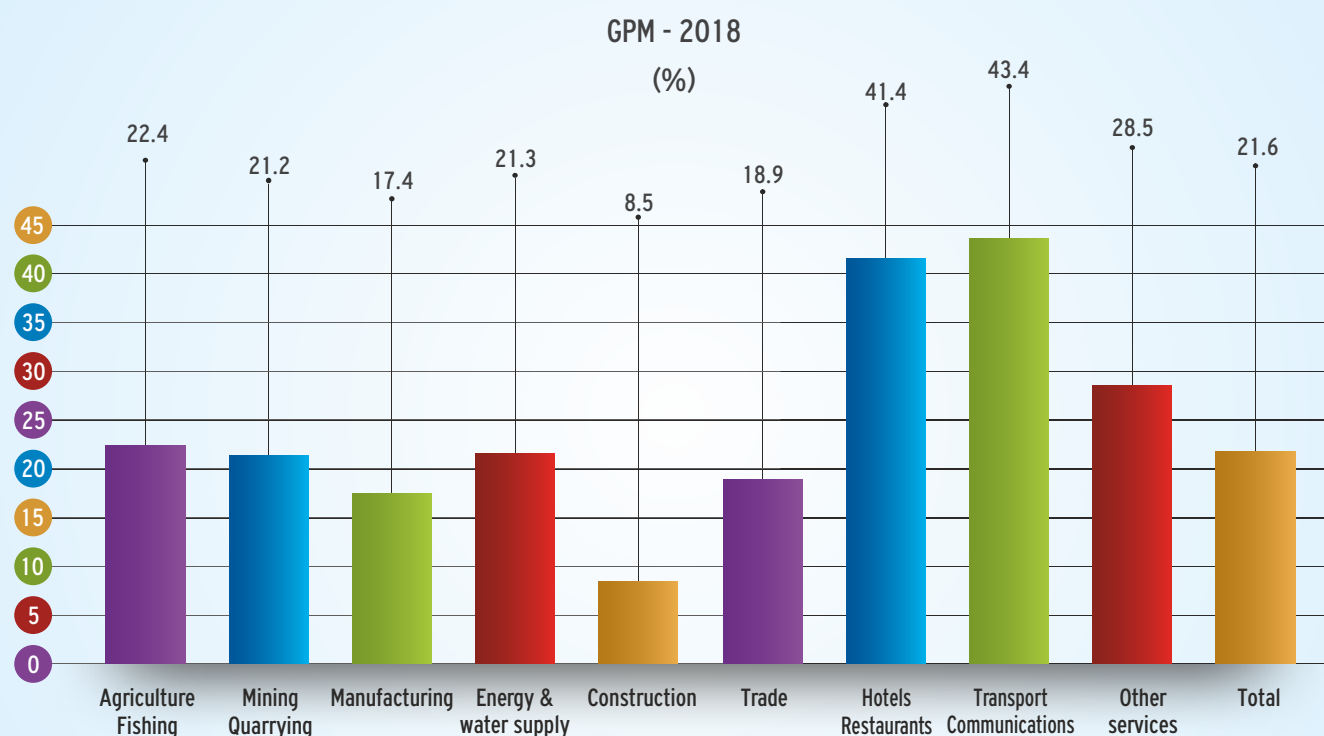
Moreover, total assets reached €50.3 billion in 2018, up 2.9% on their year earlier level. Net worth rose by a higher 5.3%, while total liabilities posted a small increase of 1.2%. Despite the significant rise in long term liabilities by 11.3%, the cut in short term debt (-3.3%) limited the extend of this increase. Therefore, the debt to equity ratio improved to

1.46 in 2018 from 1.52 in 2017. The profitability ratios slightly worsened in 2018. In particular, gross margin fell by 2.16 percentage points, operating margin by 1.19 and the net profit margin by 0.55 percentage points. ROE also fell to 12.51% in 2018 (from 13.26% in 2017).

The sector of **energy and water** didn't fare very well in 2018. Total sales posted a marginal change of 0.5%, while higher production costs caused a drop in gross profits (-5.3%). This development along with the significant rise in administrative and selling expenses (67.2%) led to the sharp drop of the total operating result (-85.0%). As a result, net income fell to €142.8 million in 2018<sup>4</sup> from €946 million in 2017.

On the balance sheet side, total assets fell by 6.3% to €30.5 billion in 2018/2017. Net worth fell significantly by 15.4% while total liabilities decreased slightly by 1.8%. Specifically, long-term liabilities rose by (5.8%) while short-term debt fell by 10.6% in 2018.

<sup>4</sup> The income statement is affected by a large company of the sector with high losses in 2018 from profits the previous year.



Basic financial ratios of the sector deteriorated in 2018 (profitability and return financial ratios).

The 881 businesses of the **construction** sector recorded a small drop in turnover by 1.6% in 2018, but gross profits fell at a much higher rate (13.2%). This resulted in the further deterioration of the operating result which remained negative in 2018. The final net result was also negative in both years with total losses of €213.3 million in 2018 compared to €149.4 million in 2017 (up by 42.8%).

Furthermore, total assets recorded a small decrease of 1.4% to €15.1 billion in 2018. Net worth expanded by 4% while total liabilities fell by 5.3%. The debt to equity ratio improved slightly to 1.34 in 2018 from 1.47 the previous year. Gross margin dropped by 1.15 percentage points while ROE remained negative in both years.

The **commercial** sector improved its turnover and profitability in 2018. The sales of the 5,883 enterprises rose by 12.3% to €59.5 billion in 2018, while gross profits posted a somewhat lower increase (10.4%). Despite the higher operating expenses (+9.0%), the sector improved its operating profits by 7.6%. The final net result was profitable in both

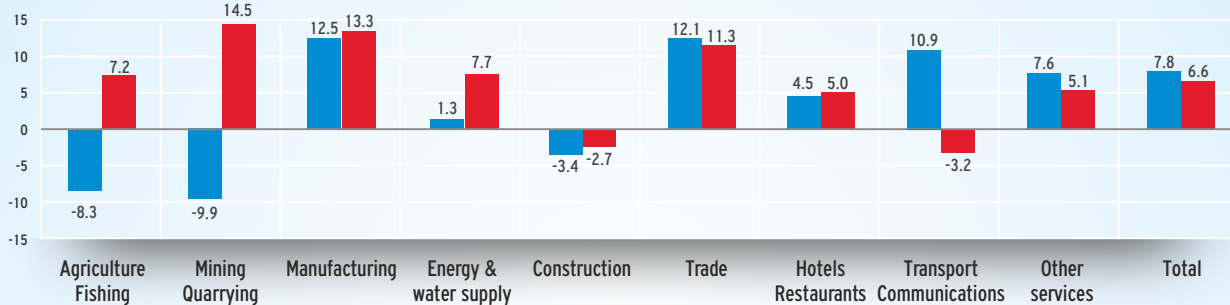
years and fueled by the favorable non-operating result, rose by a hefty 12.0% in 2018.

On the balance sheet side, total assets expanded by 6.9% to €37.3 billion. Net worth increased by 4%, while total debt increased faster by 8.5%. Gross profit margin fell marginally by 0.34 percentage points while net margin remained at the same levels. ROE improved slightly by 0.79 percentage points.

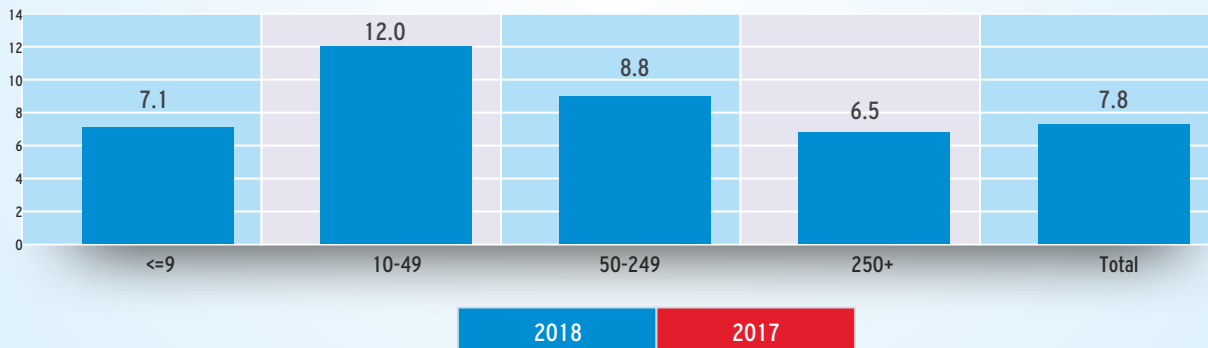
The developments in the Greek **hospitality** industry were positive overall despite the fall in profitability. In more detail, total sales of the 1,169 companies increased by 12.0% to €3.2 billion in 2018. Cost cutting led to the faster increase in gross profits by 13.9%. This development along with the rise in operating revenue by 14.2%, led to the improvement of the operating results by 38.8%, despite the higher operating expenses and interest charges. However, the sector's non-operating result plunged into the red in 2018 and as a result net income fell by 5.8% to €236.7 million in 2018 compared to €251.2 million in 2017.

Furthermore, total assets rose by 5.8% to €11.1 billion in 2018, while net worth posted a smaller improvement (2.8%) to €5.4 billion. Total liabilities expanded by 8.9% in 2018/2017.

**Return on Equity of the Corporate Sector: 2018-2017**  
Distribution by Sector (%)  
(Exclusive of Banking, Insurance, and Finance)



**Return on Equity of the Corporate Sector: 2018**  
Distribution by Employment Category (%)  
(Exclusive of Banking, Insurance, and Finance)





In regard to profitability and return ratios, gross margin improved to 41.41% in 2018 from 40.72% in 2017 and operating margin reached 11.25% from 9.08% the previous year; ROE dropped marginally by 0.54 percentage points in the same period.

The **transport and communications** sector recovered its profitability in 2018. In particular, total sales of the 643 companies comprising the sample recorded an increase of 5.5% and reached €12.3 billion in 2018; gross profits rose at a slightly slower pace (4.0%). At the same time, operating expenses and interest charges fell by 13.1% and 11.2% respectively. Consequently, operating income soared (+81.2%) and the sector, also affected by the remarkable reversal in the non-operating result (from negative to positive), recorded profits of €1.3 billion in 2018 from losses of €373.2 million the previous year<sup>5</sup>.

On the balance sheet side, total assets changed slightly (+1.1%), while equity posted a moderate increase (4.3%) in the same period. Long term liabilities fell by 8.0% contrary to short term debt which expanded by 5.0%. ROE became positive in 2018 (10.9%) from negative in 2017 (-3.2%).

The **other services** sector comprised 3,448 firms belonging in a variety of industries such as information technology, entertainment, health care, real estate etc. Total sales increased by 4.8% to €14.5 billion. However, the containment of the cost of sales led to the expansion of gross profits by 10.0%. Thus, operating income, also fueled by the hefty increase in operating revenue (20.3%), improved by 21.8%, despite the rise in administrative and selling expenses. Furthermore, the improvement of the (negative) non-operating result resulted in the remarkable expansion of profitability by 49.7% in 2018/2017. Total assets posted a modest increase of 3.6% while equity rose by 5.3%. In addition, profitability and

<sup>5</sup> The impressive turn in profitability is mostly due to a large telecommunications company which returned to the black in 2018 as well as a big transportations company which drastically cut its losses in 2018.

return ratios improved, i.e. gross profit margin and ROE increased by 1.34 and 2.5 percentage points respectively, in the same period.

In regard to the **financial sector**, losses receded in 2018 because of the significant reduction of losses in the banking sector. Specifically, the total revenue of the 14 **banks**, included in this year's edition, fell by 11.8% to €7.2 billion in 2018. On the bright side, the sector's other operating revenue rose by 32.3% and, moreover, operating expenses shrunk by 26.9%. Therefore, the operating result improved by an impressive 60.5%. This, along with the marginally lower provisions (-0.7%), resulted in the sharp drop of losses to €363.7 million in 2018 from €1.1 billion in 2017 (-66.6%). Furthermore, total assets declined by 2.0% while net worth registered a significant fall of 21.1%.

The **insurance** industry improved its turnover and profitability. Total revenue of the 168 businesses rose by 5.9% in 2018/2017 while lower costs resulted in the faster increase of gross profits by 8.2%; operating and net income posted similar increases, i.e. 8.5% and 8.2% respectively. Specifically, in 2018 pre-tax profits reached €444.84 million from €410.98 million in 2017. On the balance sheet side, total assets increased by 4.1% to €17.1 billion in 2018, contrary to net worth which fell by 4%, in the same period.

The **other financial services** sector, which includes 264 businesses in leasing, brokerage, factoring and other industries, plunged into the red. Turnover increased by 2.6% to €626.5 million in 2018, while gross profits expanded by an impressive 21.5%. However, the significant increase in operating expenses (41.6%) aided by the sharp drop of operating revenue (-50.6%) brought about the drastic cut in operating profits. This development, along with the negative (in both years) non-operating result, led to losses of €103.1 million in 2018 compared to profits of 408.5 million in 2017. On the balance sheet side, total assets decreased by 2.2% while equity fell at a higher rate (-9.2%).

**Total Assets 2018: Shares in Corporate Sector Totals**

