

**Ο ΕΛΛΗΝΙΚΟΣ ΕΤΑΙΡΙΚΟΣ ΤΟΜΕΑΣ: 2019-2018**

**THE GREEK CORPORATE SECTOR: 2019-2018**



The Greek economy followed a slight **upward trend** in the years **2017-2019**, as the annual change in GDP received a positive sign<sup>1</sup>, after a long period of recession. The outlook at the beginning of 2020 was considered positive for the entire business sector. However, the emergence of Covid-19 disease worldwide and its spread in Greece (since March 2020) has completely **reversed** the positive picture of previous years, as the domestic economy is falling back into **recession**<sup>2</sup>. The effects of the health crisis are significant and greatly affect the entire Greek business world, which operates in an environment of intense uncertainty.

Despite the unfavorable developments in 2020, which unfortunately continue in the first months of 2021, looking back, it seems that the improvement of the economic environment in previous years has had a positive effect on the Greek corporate sector. The intense effort made by Greek companies for a number of years, in order to cope with the current

market conditions, seems to have borne fruit, as there is an improvement in key financial aggregates for the fifth consecutive year. The overall picture resulting from the balance sheets and income statements for the financial year 2019 is positive, despite the differences across different activity sectors.

In 2019, the Greek **corporate sector** showed an **increase** in its **turnover** and **operating results**. However, the negative non-operating result of 2019 resulted in the contraction of its net profitability.

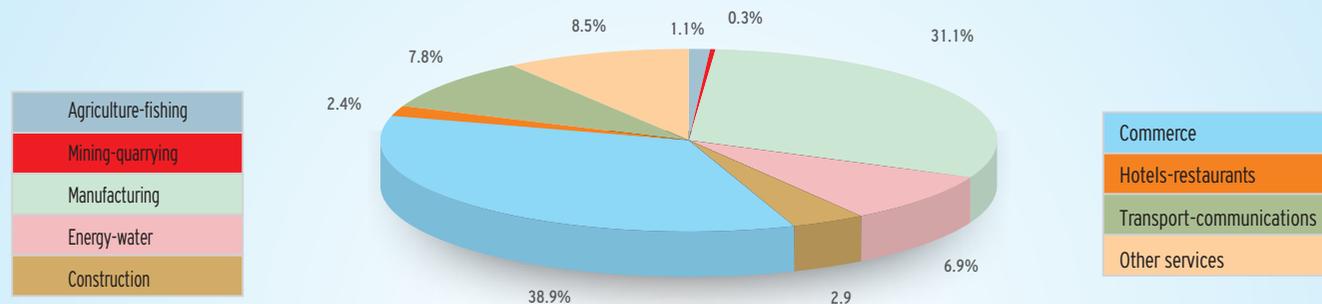
The current edition of Greece in Figures provides a summary of the developments in the Greek corporate sector<sup>3</sup> as reported in the balance sheets and income statements for the years 2018 and 2019. The data were compiled and processed by ICAP and include the financial results for **21,922** companies. The edition includes companies whose financial statements for the years 2018 and 2019 were finalized in the

<sup>1</sup> In 2017 GDP increased (in terms of volume) by 1.3%, in 2018 by 1.6% and in 2019 the increase amounted to 1.9% (EL.STAT., Press Release 16/10/2020).

<sup>2</sup> GDP decreased by 11.7% in the 3rd quarter of 2020 compared to the corresponding quarter of 2019. The decrease for the 2nd quarter amounted to 14.2%, while the 1st quarter recorded a marginal increase of 0.4% (EL.STAT., Press Release 4/12/2020).

<sup>3</sup> For this report the corporate sector comprises the companies which are included in the current edition of Greece in Figures.

**Turnover 2019:  
Shares in Corporate Sector Totals**



**Changes in Net Result: 2019-2018  
(Exclusive of Banking, Insurance and Finance)  
(€ 000)**

Group	Companies	Net result 2019	Net result 2018	Change
P 2019 – P 2018	12,622	10,437,001	9,632,653	804,348
L 2019 – P 2018	1,831	-692,689	441,782	-1,134,471
P 2019 – L 2018	2,404	571,870	-530,342	1,102,212
L 2019 – L 2018	4,492	-5,195,867	-3,047,583	-2,148,284
<b>Total</b>	<b>21,349</b>	<b>5,120,316</b>	<b>6,496,511</b>	<b>-1,376,195</b>

P 2019/18 = companies reporting profits in 2019/18, L 2019/18 = companies reporting losses in 2019/18



ICAPDATABANK by January 5<sup>th</sup>, 2021. Companies which did not report turnover and operating revenue in their income statements, for both 2018 and 2019, 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 21,349 businesses. Their **total turnover increased by 4.2%** to **€161.0 billion** in 2019. Specifically, eight out of the nine industries of the non-financial corporate sector recorded an increase in sales. The highest (percentage) increase in turnover was recorded by the Hotels - Restaurants sector (10.7%), followed by the Other Services sector (9.9%). The sectors of Agriculture - Fishing (8.5%) and Mining - Quarrying (7.8%) follow with a small difference. A smaller (percentage) increase was recorded by the other sectors, except for Construction, which declined by 7.0% over the same period.

Regarding the overall results of the corporate sector (regardless of the sector of activity), total sales increased by 4.2%, while **gross profits** rose at a higher rate (**7.8%**), as a result of the lower increase in sales costs (by 3.2%). Administrative and selling expenses as well as financial expenses

increased by a total of 4.8% in the same year. These developments contributed to the significant improvement of the overall **operating results (by 24.4%)**. On the other hand, the "reversal" of the non-operating result, which became negative in 2019 from positive in 2018, led to a significant reduction in **net (before tax) profits by 21.2%**. At this point it should be emphasized that the yearly results are significantly affected by a large energy company, which recorded an impressive increase in its losses in 2019 compared to the previous year (2019: €-2.3 billion, 2018: €-802.5 million). If the financial data of this company are excluded for both years, then the **total profits** of the corporate sector will show an **increase** of about **2%** in 2019.

Four out of the nine sectors analyzed in the current edition (excluding banking, insurance and finance) were in the red in 2019. Namely, Energy - Water, Mining - Quarrying, Agriculture - Fishing and Construction were the loss-makers of 2019. The sector of Energy - Water was profitable in 2018, while the other three remained in the red. The **majority** of the 21,349 companies (70.4%) **were profitable** and their profits prevailed and defined the aggregate result. Manufacturing, Transport-Communications and Commerce recorded the highest profits.

#### Corporate Sector: Key Financial Variables 2019-2018 (€ million)

Sector	Assets			Turnover			Pre-tax profits		
	2019	2018	%	2019	2018	%	2019	2018	%
<b>Non-financial sector</b>									
Agriculture-fishing	2,013	2,015	-0.1	1,700	1,567	8.5	-81	-43	-85.6
Mining-quarrying	2,047	1,979	3.4	468	434	7.8	-127	-37	-240.6
Manufacturing	53,136	51,298	3.6	50,154	49,527	1.3	2,524	2,657	-5.0
Energy-water	30,375	31,203	-2.7	11,100	10,569	5.0	-2,253	2	-
Construction	10,087	10,154	-0.7	4,680	5,033	-7.0	-70	-59	-19.6
Commerce	40,907	37,125	10.2	62,670	59,527	5.3	1,660	1,458	13.9
Hotels-restaurants	13,317	12,414	7.3	3,932	3,553	10.7	311	325	-4.5
Transport-communications	40,797	39,022	4.5	12,552	11,796	6.4	1,713	1,303	31.5
Other services	30,503	28,113	8.5	13,754	12,513	9.9	1,443	892	61.8
<b>Total</b>	<b>223,182</b>	<b>213,323</b>	<b>4.6</b>	<b>161,011</b>	<b>154,517</b>	<b>4.2</b>	<b>5,120</b>	<b>6,497</b>	<b>-21.2</b>
<b>Financial sector</b>									
Banking	189,409	184,407	2.7	5,251	5,428	-3.3	142	-454	131.2
Insurance	19,289	17,392	10.9	3,544	3,358	5.5	377	399	-5.6
Other financial	17,041	15,779	8.0	868	692	25.4	284	-81	449.6
<b>Total</b>	<b>225,740</b>	<b>217,578</b>	<b>3.8</b>	<b>9,662</b>	<b>9,478</b>	<b>1.9</b>	<b>803</b>	<b>-137</b>	<b>686.8</b>
<b>Grand total</b>	<b>448,922</b>	<b>430,901</b>	<b>4.2</b>	<b>170,673</b>	<b>163,995</b>	<b>4.1</b>	<b>5,923</b>	<b>6,360</b>	<b>-6.9</b>



Furthermore, the 4,492 businesses which remained in the red and significantly increased their losses in 2019, were mainly responsible for the deterioration of the total net result. At the same time, 1,831 businesses plunged into the red in 2019. On the other hand, 12,622 profit-makers (59.2% of the total) improved their profitability by 8.4% in 2019/2018. Moreover, 2,404 companies turned the losses of 2018 into profits in 2019.

Certain profitability ratios showed marginal changes in 2019. The **gross profit margin** rose slightly by 0.75 percentage points to 22.51%, while **net profit margin** fell by 1.02 percentage points to 3.18%.

Amongst sectors, Transport-Communications (43.60% in 2019) and Hotels-Restaurants (42.84%) had the highest gross profit margin in both 2019 and 2018. The debt to assets remained essentially at the same levels (0.61 in 2019), while the current ratio stood flat at 1.09.

Furthermore, return on equity of the non-financial corporate sector fell to 6.3% in 2019 from 8.4% the previous year (-2.1 percentage points). Among sectors six out of the nine sectors posted positive return ratios. The highest return on equity in 2019 was reported by the Transport - Communications sector (14.5%) increased by 3.6 percentage points

compared to 2018. It was followed closely by Commerce with an improved 13.1% (+1.1 percentage points).

Return on equity ratios differ across company size classes. In 2019, the small sized businesses (10-49 employees) recorded the highest return on equity while the very small businesses (up to 9 employees) ranked second.

Finally, regarding the key financial aggregates of the 21,349 companies, **total assets** of the non-financial corporate sector increased by 4.6% to €223.2 billion in 2019/2018. Both net fixed assets and current assets posted increases of 6.1% and 2.5% respectively.

On the liabilities side, **net worth** increased slightly by 1.1% to €81.1 billion in 2019. However, total debt expanded at a higher rate (6.7%) fueled mainly by **long-term debt** (+12.1%) while **short-term** liabilities posted a modest increase of 3.3%. As a result, the debt to equity ratio climbed to 1.69 in 2019 (from 1.60 in 2018). Liquidity ratios remained flat in 2019-2018.

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

Turnover in **agriculture and fishing** rose by 8.5% to €1.7 billion, while

#### Corporate Sector: Key Financial Ratios 2019-2018 (Exclusive of Banking, Insurance and Finance)

Sector	Gross margin %		Net margin %		Debt to assets		Current ratio	
	2019	2018	2019	2018	2019	2018	2019	2018
Agriculture-fishing	28.01	22.26	-4.74	-2.77	0.70	0.71	1.42	1.42
Mining-quarrying	13.37	21.75	-27.20	-8.61	0.79	0.75	0.44	0.94
Manufacturing	17.94	17.79	5.03	5.36	0.56	0.56	1.40	1.37
Energy-water	13.85	14.63	-20.29	0.02	0.63	0.61	1.12	1.16
Construction	15.86	12.25	-1.50	-1.17	0.63	0.64	1.39	1.34
Commerce	19.18	18.91	2.65	2.45	0.66	0.65	1.28	1.28
Hotels-restaurants	42.84	42.48	7.91	9.16	0.52	0.51	0.89	0.87
Transport-communications	43.60	42.01	13.65	11.04	0.69	0.66	0.47	0.49
Other services	38.18	35.80	10.49	7.13	0.54	0.53	1.13	1.04
<b>Total</b>	<b>22.51</b>	<b>21.76</b>	<b>3.18</b>	<b>4.20</b>	<b>0.61</b>	<b>0.60</b>	<b>1.09</b>	<b>1.09</b>



the marginal increase in the cost of goods sold (0.5%) resulted in the higher increase of gross profits by a hefty 36.6%. Nevertheless, the significant increase in administrative (mainly) as well as financial expenses led to a further deterioration of the operating result, which remained negative in both years. This development along with the unfavorable non-operating result brought about the significant increase of the sector's losses by 85.6% in 2019/2018. Total assets of the 238 companies in the sector remained roughly at the same levels (-0.1%) at €2.0 billion, while net worth increased slightly by 1.8% during the same period.

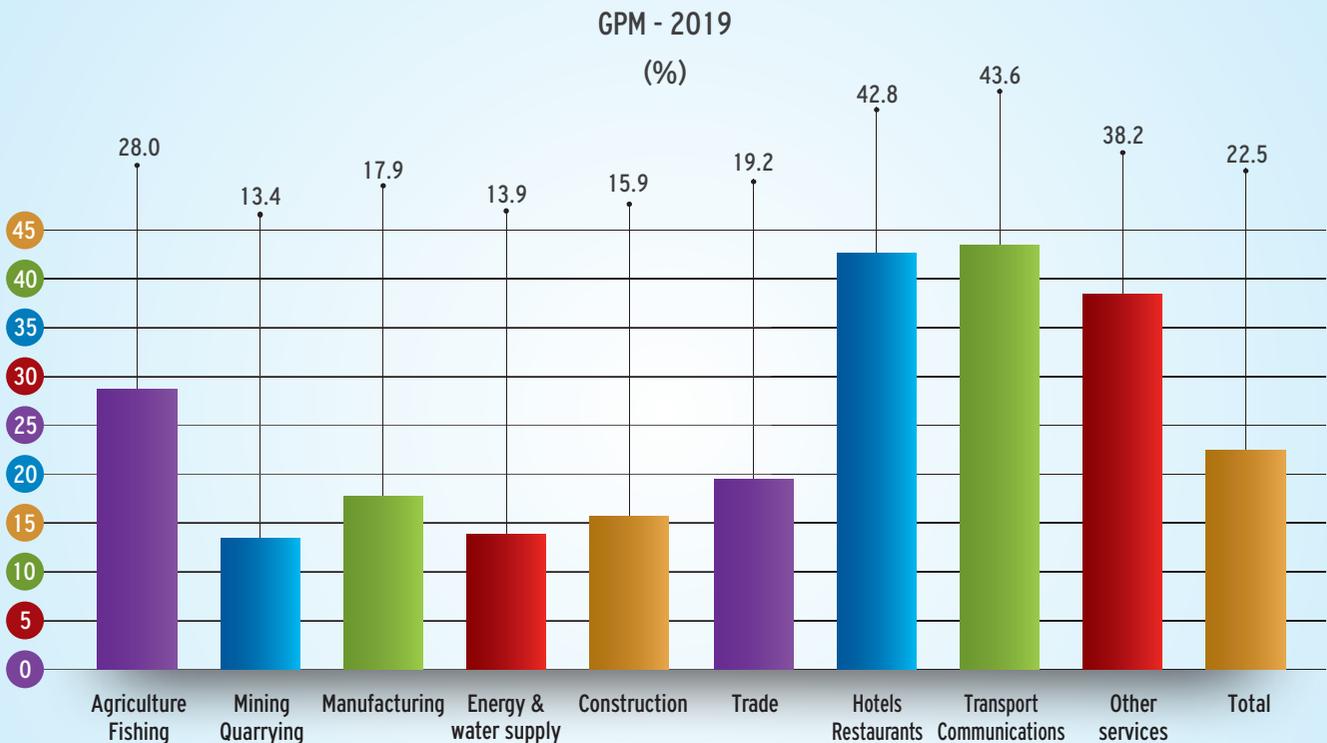
Turnover of the **mining-quarrying** industry climbed to €467.6 million, 7.8% up on its year earlier level. However, the increase in sales costs at a much higher rate (19.4%) led to a significant decrease in gross profit by 33.7%. This development along with the drastic increase in administrative expenses (48.9%) resulted in the deterioration of the operating result which was negative in both years. The total net result remained negative in 2019 though with much higher losses. Total assets rose to €2.0 billion, up by 3.4% on an annual basis.

The **manufacturing** sector with a sample of 3,514 businesses witnessed a marginal increase in turnover; namely, total sales rose by 1.3% in 2019

and reached €50.2 billion. Gross profits rose at a slightly higher pace (2.1%). As a result, the operating income increased marginally by 0.6%. These developments in combination with the worsening of the (positive) non-operating result led to a fall of net profits by 5.0%.

Moreover, total assets reached €53.1 billion in 2019, up 3.6% on their year earlier level. Net worth rose by a higher 5.0%, while total liabilities posted a smaller increase of 2.5%. Specifically, long term liabilities fell marginally (-0.5%), while the short-term debt rose by 4.2% in 2019. Therefore, the debt to equity ratio improved to 1.32 in 2019 from 1.35 in 2018. The profitability ratios showed only marginal changes in 2019. In particular, gross margin increased by 0.15 percentage points, while the net profit margin fell 0.33 percentage points. ROE also fell to 11.47% in 2019 (from 12.73% in 2018).

Turnover in the **energy-water** sector increased by 5.0% in 2019, amounting to €11.1 billion, while total gross profits dropped marginally (-0.6%) in the same year. This development along with the significant fall in administrative and selling expenses (-44.1%) and the containment of financial expenses (-2.5%) led to an impressive increase of the operating income. Nevertheless, the "reversal" of the non-operating result, which plunged deeply into the red in 2019, led to staggering losses of €2.3 billion in 2019 from profits of €2.0 million in the previous year. As already





mentioned, this is due to a large company of the sector which showed a remarkable increase in its losses in 2019 compared to 2018. If this company was not included in the sample, then the energy sector would show profits of around €71 million in 2019.

On the balance sheet side, total assets of the 801 businesses fell by 2.7% to €30.4 billion in 2019/2018. Net worth decreased significantly by 11.7%, while total liabilities increased marginally by 0.9%. As a result, the debt to equity ratio increased to 2.02 in 2019 from 1.77 the previous year. Key financial ratios of the sector deteriorated in 2019 (profitability and return financial ratios).

The 1,325 businesses of the **construction** sector recorded a drop of 7.5% in turnover, however, the larger drop in the sales cost (-10.8%) led to a hefty increase of gross profits by 20.3%. This resulted in the "improvement" of the operating result, which, however, remained negative in both years, mainly because of the high operating expenses. The final net result was also negative in both years with higher losses (+19.5%) due to the unfavorable non-operating result which became negative in 2019.

Furthermore, total assets recorded a marginal drop of 0.7% to €10.1 billion in 2019. Net worth expanded by a small 1.3%, while total liabilities fell by 1.8%. The debt to equity ratio improved slightly to 1.77 in 2019

from 1.82 the previous year. Gross margin increased by 3.60 percentage points, while ROE and net margin remained negative in both years.

The **commercial** sector improved its turnover and profitability in 2019. The sales of the 6,620 enterprises rose by 5.3% to €62.7 billion in 2019, while gross profits posted a somewhat higher increase (6.8%). The sector improved its operating profits by 23.9% in 2019/2018. The final net result was profitable in both years, showing an increase of 13.9% in 2019 compared to 2018.

On the balance sheet side, total assets expanded by 10.2% to €40.9 billion. Net worth increased by 4.4%, while total debt increased faster by 13.2%. Gross and net profit margins rose marginally by 0.28 and 0.20 percentage points respectively. ROE improved slightly by 1.08 percentage points in 2019.

The developments in the Greek **hospitality** industry were positive overall despite the fall in profitability. In more detail, total sales of the 1,897 companies increased by 10.7% to €3.9 billion in 2019. Similarly, gross profits increased by 11.6%. Nevertheless, the higher rise in operating expenses (15.0%), led to the slight deterioration of the operating results by 2.1%. Therefore, the net result, which was profitable for both years, fell by 4.4%.

**Return on Equity of the Corporate Sector: 2019-2018**  
**Distribution by Sector (%)**  
**(Exclusive of Banking, Insurance, and Finance)**



**Return on Equity of the Corporate Sector: 2019**  
**Distribution by Employment Category (%)**  
**(Exclusive of Banking, Insurance, and Finance)**





Furthermore, total assets rose by 7.3% to €13.3 billion in 2019, while net worth posted a smaller increase (5.6%) to €6.3 billion. Total liabilities expanded by 9.0% in 2019/2018.

In regard to profitability ratios, gross margin remained roughly at the same levels, i.e. 42.8% in 2019 compared to 42.5% in 2018, while net margin fell by 1.25 percentage points (2019: 7.9%, 2018: 9.2%).

The **transport and communications** sector increased its profitability by 31.5% in 2019. In particular, total sales of the 979 companies in the sample recorded an increase of 6.4% and reached €12.6 billion in 2019; gross profits rose at a higher pace (10.4%). At the same time, operating expenses posted a smaller increase (4.5%). Consequently, operating income increased significantly by 25.6% and the sector, also affected by the favorable non-operating result, recorded profits of €1.7 billion in 2019 from €1.3 billion the previous year.

On the balance sheet side, total assets of the 979 companies increased by 4.5%, while equity fell by 5.6% in the same period. Long and short-term liabilities increased by 15.0% and 6.5% respectively. As a result of these changes, the debt to equity ratio increased to 2.46 in 2019 from 2.12 in 2018. Profitability and return ratios improved in 2019.

The **other services** sector comprised 5,911 firms belonging in a variety of industries such as information technology, entertainment, health care, real estate etc. Total sales increased by 9.9% to €13.8 billion. However, the containment of the cost of sales led to the expansion of gross profits by 17.2%. Thus, operating income, also aided by the lower increase in administrative and selling expenses (12.3%), expanded by 37.4%. Furthermore, the improvement of the non-operating result (from negative in 2018 to positive in 2019) resulted in the remarkable expansion of profitability by 61.8% in 2019/2018.

Total assets posted an increase of 8.5% while equity rose by 6.9%. Moreover, long term liabilities increased significantly by 27.7% in contrast to the short-term debt which fell by 3.2% the same year. Profitability and return ratios improved, i.e. gross and net profit margin

increased by 2.38 and 3.36 percentage points respectively. ROE also increased by 3.79 percentage points in the same period.

The **financial sector** recovered its profitability in 2019 because of the reversal in the final net result from negative to positive in the banking and the other financial services sector. Specifically, the total revenue of the 15 **banks**, included in this year's edition, fell by 3.3% to €5.3 billion in 2019. On the bright side, the sector's other operating revenue rose by 41.5%, while operating expenses increased at a much lower rate (8.9%). Therefore, the operating result improved by 3.5%. This, along with the drastic cut in provisions (-35.0%), led to profits of €141.5 million in 2019 from losses of €454.2 million the previous year. Furthermore, total assets increased by 2.7% in 2019. Net worth registered a similar increase of 2.5%.

The **insurance** industry improved its turnover, however, its profitability receded. Total revenue of the 229 businesses rose by 5.5% in 2019/2018, while gross profits fell marginally by 0.7%. Operating income posted a negative change (-5.1%) and combined with the unfavorable non-operating result led to a lower net income by 5.6% in 2019/2018. Specifically, in 2019 pre-tax profits fell to €376.5 million from €398.8 million in 2018.

On the balance sheet side, total assets increased by 10.9% to €19.3 billion in 2019. Total equity rose significantly by 23.1% in the same period.

The **other financial services** sector, which includes 329 businesses in leasing, brokerage, factoring and other industries, recovered in 2019. Turnover increased by 25.4%, while gross profits expanded by an impressive 35.0% in 2019/2018. As a result of the above developments, combined with the drop in financial expenses (-34.7%), the sector's operating result turned positive from negative the previous year. Consequently, and fueled by the particularly favorable non-operating result, net profits soared to €284.5 million in 2019 from losses of €81.4 million in 2018. On the balance sheet side, total assets expanded by 8.0% and equity by 9.7% in 2019.

**Total Assets 2019: Shares in Corporate Sector Totals**

