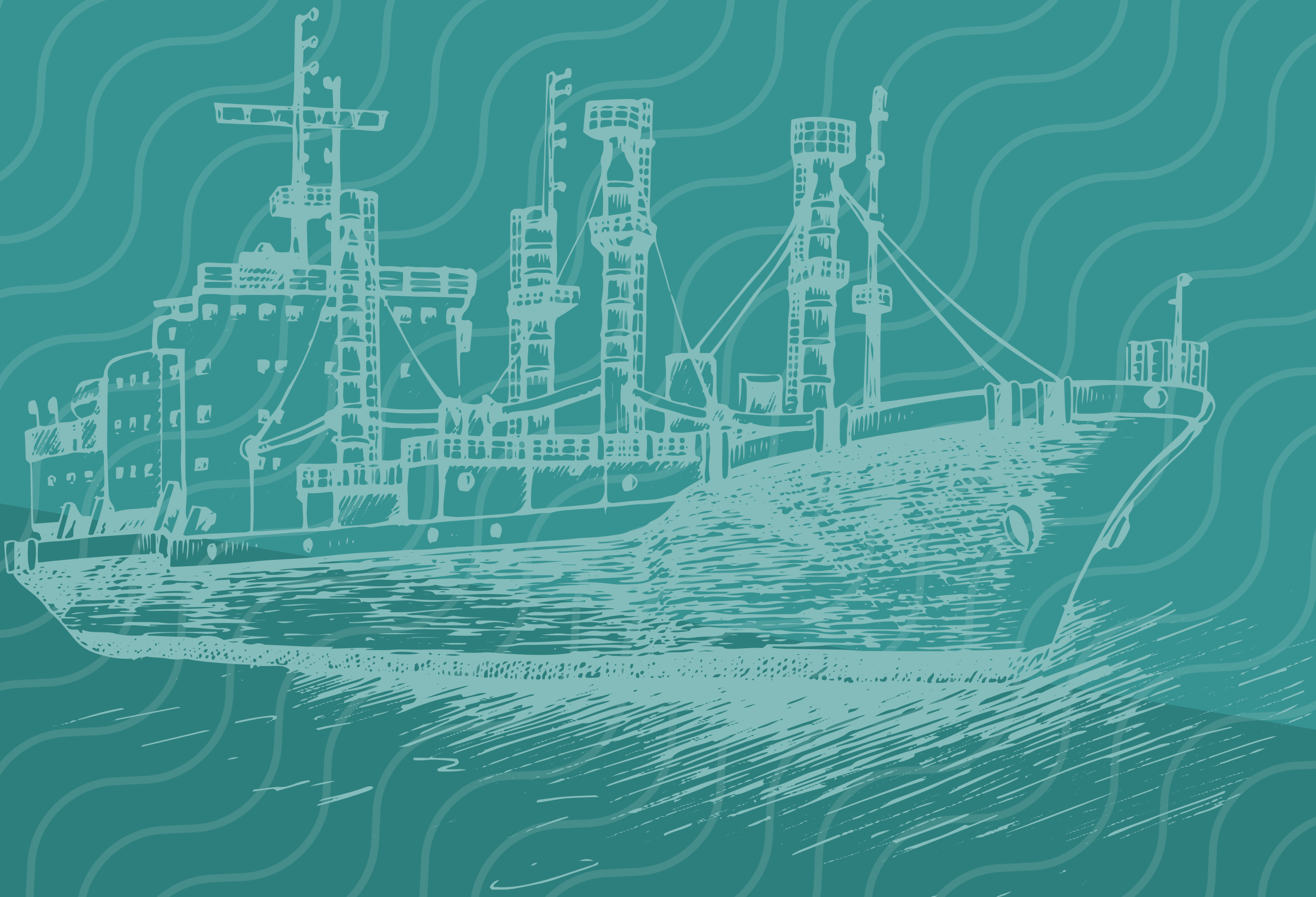
AnnualReport 2018

Autoridad Portuaria de Huelva



Sustainability Report 2018

Economic Dimension

Economic Policy

One basic aspect of economic policy has been financial self-sufficiency in terms of investment in the construction of port infrastructures. Port structures which demand or expected demand have made it advisable to build were implemented using internal funds and without incurring any debt..

The second basic aspect was austerity, as part of the Austerity Plan operated by State Ports.

The price reduction policy to assist our competitiveness and that of our customers has been continued.

Economic-Financial Situation

> *Record traffic in 2018, a total of 32,966,864 tonnes, up by 1.96% against 2017, was matched by a similar increase in port fees, which rose by 1.01% compared to 2017.*

Total fees came to 40,83 million euros, as against 40,42 million euros in 2017. The remainder of turnover, 4.46 million euros, was composed of tariff services, which rose by 18.70%, partially due to increases in certain tariffs such as occupancy due to more traffic, water supplies, following the commencement of billing for raw water or the use of facilities to deposit the material dredged by concessionaires.

68.23% of net revenue was accounted for by usage fees and tariffs, as a more direct reflection of the situation of traffic flows. An influence is also exerted by variables other than volume, such as the nature of goods, the presentation format, types of ships and the berths or docks used, and the remaining 31.77%, which is more fixed, is accounted for by occupancy charges and activities in relation to the public port domain, although the activity charge for occupancy in some concessions, such as goods terminals, is also affected by flows of traffic. Usage fees, which related more to port traffic, climbed by 2.15% to 26.13 million euros, as against 26.70 million euros in 2017, 2.20% below the amount forecast for the year.

Occupancy charges and activities in relation to the public port domain totalled 14.39 million euros in 2018, climbing by 7.30% against the 13.41 million euros billed in 2017.

Other operating income, in the amount of 3.02 million euros, rose by 8.93% due to non-compliance with minimum traffic flows, some of which were still pending billing from previous years.

In addition to the income already mentioned, some mention must be made of financial income, featuring revenue generated by cash positions, although this also contains late-payment interest, enforcement interest, deferrals or loans. The first item has been adversely affected by lower interest rates paid out by financial institutions, in the wake of the European Central Bank's monetary policy to stimulate the European economy by attempting to inject more liquidity into the financial system. If inflation recovers in addition to this factor, spending power will fall, and this situation will be difficult to rectify, given the difficulties of public authorities in general, and the Port Authority in particular, to undertake risks at the present time.

Operating expenditure, including repayments, totalled 45.86 million euros, as against 38.78 million euros in 2016, up by 18.26%, mainly due to payments on reception of major projects at the end of 2017, and increased provision for bad debts. A more moderate contribution was nevertheless also made by greater amounts paid out for conservation, supplies and other ordinary management outlays.

With respect to the budget as approved, personnel costs fell by 7.14%, as certain vacancies were not filled, and other operating expenditure fell by 14.17%, due to delayed approval of the revised budget, which prevented work being carried out and delayed the projects for which the increase had been requested.

It should be pointed out that the interport compensation fund contributed was 1,210,000.00 euros, and the amount received was 263,000.00 euros, producing a net contribution of 947,000.00 euros booked under operating expenditure. Adding in provision for Corporation Tax, the final profit for the year stood at 4.08 million euros, compared to 10.99 million euros the previous year.

The targeted annual profitability, which excludes earnings and expenses that distort the result, stood at 3.05%, down against the previous year's 2.84%, due to lower profits and also an increase in average non-current assets..

Cash ratios demonstrate a solid capacity to service debt, especially the immediate cash ratio to cover current liabilities, which stands at 7.21, when the recommended ratio would be between 0.5 and 1, with sufficient cash available to cover short-term liabilities with no excesses, to prevent idle resources. The ratio is so high because the cash available is being placed with short-term facilities because no long-term financial products that meet the Port Authority's requirements are available. Of the 171.05 million euros in cash at year-end 2018, available or short-term positions accounted for 145.94 million euros. This circumstance meant that in 2018, when revenue from operations totalled 16.05 million euros, working capital increased by 28.83 million euros to 146.24 million euros.

The ratio of operating expenditure against operating income in 2018 was 93.34%, excluding the compensation fund and bad debts. For future years, in due consideration of payoffs on any new investment, this ratio tends to exceed 100%. EBITA will remain at similar levels over the years covered by the Business Plan, however, as a guarantee of financial stability.

It should also be pointed out that the balance sheet conveys an image of a solid position of finance and assets. Fixed assets are financed in full by own funds and there is no long-term or short-term debt other than that arising from the company's normal course of business. The company has no problem meeting its payment commitments, and any debt is that arising from its normal course of business. It also complies with the average 30-day period of payments to suppliers, as stipulated in the law on payment defaults.

Return on assets (E_01)

Pursuant to the definition in Article 157 of Royal Legislative Decree 2/2011, the return on assets expressed as a percentage of the result for the year against average total assets, is as follows:

	2016	2017	2018
Result for the year, adjusted (€)	12,906,456	11,925,281	12,651,917
Total assets (as per Art.157 RDL 2/2011) (€)	391,573,099	419,662,238	414,233,395
RATIO (%)	3.30%	2.84%	3.05%

Trend in EBITDA (E_02)

The trend in EBITDA expressed in euros, as the total tonnes moved, the EBITDA ratio against the tonnes moved and the percentage variation in EBITDA compared to the previous year is as follows:

	2016	2017	2018
EBITDA (€)	23,795,343	25,164,350	19,779,850
% variation in EBITDA	3.69%	5.75%	-21.40%
Tonnes moved	30,557,171	32,332,573	32,996,864
RATIO EBITDA/Tm	0.78	0.78	0.60

Debt servicing (E_03)

Fixed assets are financed in full by own funds and there is no long-term or short-term debt other than that arising from the company's normal course of business. Full provision has been made for all possible default contingencies. With regard to liabilities, the company has no problem meeting its payment commitments, and any debt is that arising from its normal course of business. In short, it has no debt, and debt servicing is zero.

	2016	2017	2018
Repayments of debt	0	0	0
Interest on debt	0	0	0
Total	0	0	0
Cash flow (€)	23,135,456	23,557,029	16,053,079
RATIO (%)	0.00%	0.00%	0.00%

Non-operational assets (E_04)

Non-operational assets, defined as land and natural resources unused over the last three years that can be used for economic, social or environmental purposes, are as follows:

	2016	2017	2018
Unused land (m²)	43,970,000	43,970,000	42,403,104
Total assets (as per Art.157 RDL 2/2011) (€)	391,573,099	419,662,238	414,233,395
RATIO (%)	11.23%	10.48%	10.24%

Trend in operating expenditure and operating income (E_05)

Operating expenditure and operating income in recent years are as follows:

	2016	2017	2018
Operating expenditure (€)	34,811,506	39,118,887	46,396,825
Operating income (€)	45,697,860	49,336,747	51,026,977
RATIO (%)	76.18%	79.29%	90.93%

Level and structure of investment

Trend in public investment (E_06)

The Port Authority's public investment against cash flow in recent years is as follows:

	2016	2017	2018
Total public investment (€)	18,452,941	15,786,263	19,240,327
Cash-flow (€)	23,135,456	23,557,029	16,053,079
RATIO (%)	79.76%	67.01%	119.85%

Trend in third-party investment (E_07)

Third-party investment compared to the Port Authority's public investment in recent years is as follows:

	2016	2017	2018
Private investment (€)	31,033,470	51,311,000	15,285,000
Public investment (€)	18,452,941	15,786,263	19,240,327
RATIO (%)	168.18%	325.04%	79.44%

Trend in renewal of assets (E_08)

The trend in the ratio of the annual volume of investment with respect to average net assets in recent years is as follows:

	2016	2017	2018
Public investment (€)	18,452,941	15,786,263	19,240,327
Average net assets (€)	391,573,099	419,662,238	414,233,395
RATIO (%)	4.71%	3.76%	4.64%

Business and Services

Trend in revenues from occupancy charges and activity (E_09)

The trend in revenues from occupancy charges and activity and the percentage of each with respect to net revenue are as follows:

	2016	2017	2018
Revenue	41,679,756	44,179,776	45,291,597
Occupancy charge	8,473,486	8,766,879	9,113,524
RATIO (%)	20.33%	19.84%	20.12%
Activity charge	4,667,640	4,645,446	5,277,468
RATIO (%)	11.20%	10.51%	11.65%

Trend in tonnes moved per square metre of commercial space (E_10)

The trend in tonnes moved per square metre of commercial space on land in recent years is as follows:

	2016	2017	2018
Tonnes moved	30,557,171	32,332,573	32,996,864
Commercial space m2	5,245,600	5,245,600	5,245,600
Mt/m2	5.83	6.16	6.28

Trend in tonnes moved per linear metre of active dock space (E_11)

The trend in tonnes moved per linear metre of active dock space in recent years is as follows:

	2016	2017	2018
Tonnes moved	30,557,171	32,332,573	32,996,864
Linear metres of active dock space	7,745	7,745	7,745
Tm/m	3,945.41	4,174.64	4,256.54

It should be borne in mind that a large amount of traffic at Huelva Port, around 27.41%, is handled by means of a CALM mooring (9,037,649 Mt of crude oil in 2018).

Value generated and productivity

Trend in the net amount of revenue per employee (E_12)

The trend in the net amount of revenue per employee in recent years (annual average workforce) is as follows:

	2016	2017	2018
Revenue (€)	41,679,756	44.179,776	45,291,597
Annual average workforce	203	209	218
Net revenue/employee	205,318.99	211,386.49	207,759.62

Trend in EBITDA per employee (E_13)

The trend in EBITDA per employee over the last three years (annual average workforce) is as follows:

	2016	2017	2018
EBITDA (€)	23,795,343	25,164,350	19,779,850
Annual average workforce	203	209	218
EBITDA/employee	117,218.44	120,403.59	90,733.26

Socio-Economic impact

> *The socio-economic impact survey is undertaken every two years. The new survey is currently being drawn up with 2018 data.*