



Annual Report 2020

Autoridad Portuaria de Huelva

Sustainability
Report

Economic Dimension



Economic Dimension

Economic Policy

A core line of the economy policy has been financial self-sufficiency regarding investment in the construction of port infrastructures. Without resorting to indebtedness and with own resources, the port work deemed necessary given the demand or forecasts was executed efficiently.



The price cutting policy continued in order to boost our competitiveness and of our customers.

Economic-Financial Situation

In 2020, traffic dropped to a total of 29,919,220 tons, down 11.52% on 2019. That was reflected in a drop in the income from port tariffs, which shrank 7.31% compared to 2019. The tariff turnover stood at € 37.68 million compared to €40.65 million in 2019.

The rest of the turnover, with €5.16 million invoiced, was made up of revenue from tariff services, which were up 15.16%, mainly due to the hike of the works management tariff, as the result in the increase of works implementation with respect to the previous year and use of dredging product enclosures by the concessionary holders.

67.95% of the net amount of the turnover was down to the usage rates and tariffs, where the situation of the traffic is more directly reflected and where apart from volume, other variables such as the nature of the freight, the form of presentation, the types of vessels and the stopovers or the wharves used are influential. The remaining 32.05%, which

is more fixed, are from the occupancy and activity rates related to the port public domain, even though the activity rate related to that occupancy in those concessions, such as the freight terminals, are also affected by the traffic. The user charges, more related to port traffic, dropped by 9.04%, down to €23.65 million compared to €25.99 million in 2019, but remaining at 9.74% over the forecasts for the year, which take into account the effect of the Covid-19 pandemic when the application of discounts and reduction coefficients were taken into consideration but which were not implemented due to the failure to approve the Budget Act.

The activity and occupancy charges related to the Port Public Domain totalled €13.72 million, 4.10% down on the €14.31 million invoiced in 2019. The figures were negatively impacted by the conditions established in Legislative Royal-Decree 26/2020, of 7 July, regarding economic recovery measures to deal with the impact of COVID-19 in the areas of transport and housing.

The Other Operating Income heading (€3.59 million) was up 32.35%. Special mention should be made of the increase in the invoicing due to failure to meet minimum traffic, with items for 2019 having been invoiced and the filling of different services, particularly the property tax (IBI) settled by Huelva City Council for assets of concessionary holders to which that amount was rebilled.

Apart from the aforementioned income, special mention should be made of the financial income which includes the income generated by cash positions, which were very low during 2020, regarding the available cash and the performance of previous years and, also included late, surcharge and deferrals interests, interest received from Puertos del Estado for T3 final rulings or loans to employees. With respect to the first heading, they have been negatively affected by the drop in interest rates with which the financial entities remunerate their liabilities, as the result of the European Central Bank's monetary policy to stimulate the economy by seeking to inject more liquidity into the financial system. If the return of inflation and commissions on available balances are added to the low interest rates, they will be a loss in purchasing power, which will be difficult to counter given the difficulties to assume risks facing the public administration in general and the Port Authority in particular.

As regards the operating costs generated, including depreciations, they came to €43.99 million, compared to the €42.46 million in 2019, which was up 3.63%, mainly due to the repairs and upkeep headings, which include the maintenance of the new works being accepted. Furthermore, some unforeseen circumstances have had to be included, particularly a railway accident that will be passed on and the customer insolvency provisions, which have been aggravated by the pandemic crisis.

With respect to the approved budget, the Staff Costs heading was cut by 2.20%, down to the failure to cover the places envisaged, and the Other Operating costs heading was down 14.17%, with that difference due to the non-execution of planned actions, such as upgrading the Tharsis Wharf.

It should be noted that the interport compensation fund contribution was €1,349,000.00, while the amount received was €268,000.00, resulting in a net contribution of €1,081,000.00, which appear under Operating Costs.

The pre-tax result stood at €6.57 million, compared to €10.80 in 2019. However, taking into account the Corporation Tax provision of €2.87 million in favour of the Port Authority, which has changed regime this year and which includes tax return credits for future years, the final profit for the year stood at €9.45 million, compared to €10.78 million the previous year.

The target annual profitability was 2.80%, rather higher than the 2.69% of the previous year, despite the drop in profits for the year, due to the exclusion of the income and costs distorting the result.

The cash ratios show that there is an excess capacity to meet the debts, in particular, the immediate cash ratio to cover the current liabilities was 7.22, when the recommendable would be to place it between 0.5 and 1, where the available cash levels would be sufficient to meet liabilities in the short-term, without exceeding more than what was necessary, to avoid idle resources. Such a high ratio is due to the available cash being placed in the short-term as there are no long-term financial products that meet the requirements of the Port Authority. Available or short-term positions accounted for €128.31 million of the €157.42 million cash at the end of 2020. During 2020, where the resources from the operations stood at €19.92 million and the investment was €41.20 million, the working capital fell by €14.41 million, remaining at a high level of €133.05 million.

The operating cost/income ratio was 85.71% in 2020, discounting the compensation fund and insolvencies. Taking into account the depreciation of the new investments made, this ratio will tend to increase in coming years. However, the EBITDA, which was down 11.61%, will remain at similar levels during the years included in the Business Plan, thus guaranteeing financial stability.

With that in mind, it should be noted that the Balance Sheet provides a very robust equity and financial image. The Fixed Assets were fully funded using Equity and there is no indebtedness either in the long or the short term that does not result from the normal operating of the Company. The company is meeting its payment commitments without problems, with the existing debts arising from the normal operating of the activity. In that regard, it should be noted that the Port Authority meets the average supplier payment period of 30 days established in the legislation to combat late payments.

Return on assets (E_01)

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

	2018	2019	2020
Result for the year, adjusted (€)	12,651,917	11,191,475	11,366,519
Total assets (as per Art.157 RDL 2/2011) (€)	414,233,395	415,408,899	405,777,873
RATIO (%)	3.05%	2.69%	2.80%

EBITDA Evolution (E_02)

The evolution of the EBITDA expressed in euros, out of the total tons moved, of the EBITDA ratio compared to the tons moved and of the percentage variation of the EBITDA compared to the previous year was as follows:

	2018	2019	2020
EBITDA (€)	19,779,850	25,527,194	22,564,534
% variation in EBITDA	-21.40%	29.06%	-11.61%
Tonnes moved	32,996,864	33,813,726	29,919,220
RATIO EBITDA/Tm	0.60	0.75	0.75

Debt servicing (E_03)

The Fixed Assets were fully funded using Equity and there is no indebtedness either in the long or the short term that does not result from the normal operating of the Entity. All the possible default contingencies are duly covered. As regards the Liabilities, it only needs to be noted that the Company is meeting its payment commitments without problems, with the existing debts arising from the normal operating of the activity. In short, there is no indebtedness and debt servicing is zero.

	2018	2019	2020
Repayments of debt	0	0	0
Interest on debt	0	0	0
Total	0	0	0
Cash flow (€)	16,053,079	20,813,181	19,924,344
RATIO (%)	0.00%	0.00%	0.00%

Inactive assets (E_04)

Inactive assets, defined as land and natural assets showing no activity in the last three years that may be valued environmentally, socially or economically, were:

	2018	2019	2020
Unused land (m ²)	42,403,104	42,403,104	42,403,104
Total assets (as per Art.157 RDL 2/2011) (€)	414,233,395	415,408,899	405,777,873
RATIO (%)	10.24%	10.21%	10.45%

Evolution of the operating costs and income (E_05)

The evolution of the operating costs with respect to operating income was:

	2018	2019	2020
Operating expenditure (€)	46,396,825	42,465,737	43,994,161
Operating income (€)	51,026,977	52,435,283	51,330,395
RATIO (%)	90.93%	80.99%	85.71%



Level and structure of investment

Evolution of the public investment (E_06)

The evolution of the public investment by the Port Authority in recent years in relation to the cash flow was:

	2018	2019	2020
Total public investment (€)	19,240,327	20,457,632	41,205,728
Cash-flow (€)	16,053,079	20,813,181	19,924,344
RATIO (%)	119.85%	98.29%	206.81%



Evolution of outside investment (E_07)

The evolution of outside investment with respect to public investment by the Port Authority, in recent years, was:

	2018	2019	2020
Private investment (€)	15,285,000	18,365,000	27,452,000
Public investment (€)	19,240,327	20,457,632	41,205,728
RATIO (%)	79.44%	89.77%	66.62%

Assessment of the renewal of assets (E_08)

The evolution, in recent years, of the relation of the annual investment volume and the average net assets was:

	2018	2019	2020
Public investment (€)	19,240,327	20,457,632	41,205,728
Average net assets (€)	414,233,395	415,408,899	405,777,873
RATIO (%)	4.64%	4.92%	10.15%



Business and Services

Evolution of income by occupancy and activity rates (E_09)

The evolution, in recent years, of the income by occupancy and activity rates, along with the percentage of each of them with respect to the net turnover was:

	2018	2019	2020
Revenue	45,291,597	45,129,705	42,837,290
Occupancy charge	9,113,524	9,317,085	9,228,256
RATIO (%)	20.12%	20.65%	21.54%
Activity charge	5,277,468	4,998,569	4,500,855
RATIO (%)	11.65%	11.08%	10.51%

Evolution of the tonnes moved per commercial use square metre (E_10)

In recent years, the evolution of tons moved per square meter of the land service area for commercial use was:

	2018	2019	2020
Tonnes moved	32,996,864	33,813,726	29,919,220
Commercial space m ²	5,245,600	5,246,600	5,246,600
Mt/m ²	6.28	6.44	5.70



Evolution of the tonnes moved per linear metre of operational Wharf (E_11)

The evolution in recent years of the tons moved per linear metre of operational Wharf was:

	2018	2019	2020
Tonnes moved	32,996,864	33,813,726	29,919,220
Linear metres of active dock space	7,745	7,413	7,413
Tm/m	4,260.41	4,561.41	4,036.05



It should be noted that an important part of the traffic of the Port of Huelva, nearly 26.96%, was through a mono-buoy (8,066,009 Tm of crude oil in 2020).

Value generated and productivity

Evolution of the net amount of the turnover per employee (E_12)

In recent years, the evolution of the net amount of the turnover per employee (annual average workforce) was:

	2018	2019	2020
Revenue (€)	45,291,597	45,129,705	42,837,290
Annual average workforce	218	220	220
Net revenue/employee	207,759.62	205,135.02	194,714.95

EBITDA evolution per employee (E_13)

In the last three years, the evolution of the EBITDA per employee (annual average workforce) was:

	2018	2019	2020
EBITDA (€)	19,779,850	25,527,194	22,564,534
Annual average workforce	218	220	220
EBITDA/employee	90,733.26	116,032.70	102,566.06



Socio-Economic impact

The socio-economic impact study is conducted every two years. The new study will be prepared using 2020 data in 2021.