



Sustainability Report

Economic Dimension





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Economic Policy

A basic line of the economy policy was financial self-sufficiency regarding investment in the construction of port infrastructures. The port work considered necessary given the demand or forecasts was executed efficiently using own resources and without resorting to indebtedness.

Economic-Financial Situation

As discussed in 1.5 “Markets and Services”, activity at Huelva docks recovered and ended the year with a total of 30,685,994 tonnes moved, which was up 750,000 tonnes on the previous year. That meant growth of 2.56% compared to the 29,919,220 tonnes in 2020.

The recovery of the most conventional freight accounted for the greatest contribution to the year ending with positive figures, as both solid and liquid bulk showed growth of 2.92% and 2.96%, respectively. However, the new container and Ro-Ro traffic showed greater resistance to making up the ground lost during the pandemic and closed 2021 with negative values of between -3.84 and -2.42%. However, the still small share of that freight in the global calculation of the Port of Huelva cushioned the final effect of those slight losses of traffic.

The total amount invoiced stood at €46.21 million at year end, which meant it was therefore up 2.13% on the amount invoiced in 2020. Payment of rates and tariffs was nearly €1 million more in absolute value than in 2020. This rise in income was due both to the increase of traffic at year end, and to the application of RD26/2020 regarding measures for

the economy to recover after COVID-19. That meant that a large part of those concessions that had requested aid in the second half of 2020 had been settled at the start of 2021. Therefore, there were large amounts billed both in terms of Occupancy (+10.35%) and Activity (+12.00%) right from the start of the financial year.

The activity and occupancy rates amounted to €15.22 million for the year, 10.89% up on the €13.73 million billed in 2020, which offset the T3 downturn in billing (-2.76%) generated by 5% drop in the corrective coefficient and the increase in freight in transit, along with the reduction of the T4 Fresh Fish Charge (-72.25%), which was also down on 2020 due to the new concession of the fish auction unit, operational from February.

The increases in the rates from the concessions meant that the amount invoiced was up €1.5 million at year end on 2020, with this being the main reason for the increase in income.

The usage rates, which are more closely related to the port traffic, posted a 0.53% increase, up to €23.77 million compared to the €23.64 million in 2020. This circumstance was envisaged in the budgeted amounts and the invoicing remained at 10.32% over the reviewed forecasts for the year. The passenger fee was up 24.91, the T1 vessel fee rose by 6.90%, the T6 fee for special use of the transit zone increased 20.22%, compared to 2020.

The rest of the turnover, with earnings of €4.4 million were made up by income for tariff services, which dropped by 13.91%, due to the lower "Tariff for use of dredging areas" and the "Works Management and Inspection" fee that were particularly high in 2020 and was down €543,000 in 2021, due to the lower amount of works carried down, which dropped 29.65%.

In the Other Operating Income heading, which dropped slightly by 0.87%, "Sundry Services" was particularly significant and included the impact of the property taxes (IBI) and which were higher in 2020 due to receipts from previous years.

In addition to the above income, the Financial Income heading should be highlighted and which includes the income generated by the treasury positions, even though late interest and surcharges, deferrals and loans are also entered there. 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 European economy by seeking to inject more liquidity into the financial system, as that income had practically disappeared, with just €9,560.21 in 2021.

As regards the Operating Costs, including depreciation, they stood at €42.74 million, compared to €43.99 million in 2020, meaning a drop of 2.86%. This was mainly due to the Repairs & Upkeep heading, where major work was undertaken in 2020 to repair the promenade along the river estuary and to the railway due to a rail accident. Even though an increase was already beginning to be noted to these heading to cover the maintenance of the new works being handed over, the provision for customer insolvency also has to be taken into consideration and which was mainly focused on the concessionary of the Aqualon Shopping Mall, along with a drop of 6.36% in the Staff heading due to the drop in Other Social Costs headings.

With respect to the approved budget, the Staff Costs heading was down 10.37%, with expenditure falling by €1,047,981.48. The Other Operating Costs heading was down by 8.25% with expenditure falling by €1,635,094.87, with the smaller contracting of professional services to the tune of €930,233.91 and expenditure in the Other External Services being down by €413,241.88.

It should be noted that the interport compensation fund contribution was €1,303,000.00, while the amount received was €253,000.00, resulting in a net contribution of €1,005,000.00, which appear under Operating Costs.

The pre-tax result stood at €10.35 million in 2021, compared to €6.57 in 2020. However, taking into account the Corporation Tax provision of €3.42 million in favour of the Port Authority, after establishing tax return credits for future years, the final profit for the year stood at €13.77 million, compared to €9.45 million for the previous year.

The target annual return was 3.33%, slightly higher than the 2.80% of the previous year, after excluding the income and costs that distort the result, except for Corporation Tax.

The usual cash ratios show that there is an ample capacity to meet the debts, in particular, the immediate cash ratio to cover the current liabilities was 3.50, 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 an unnecessary excess in order to avoid idle resources. Such a high ratio was due to the available cash being placed in the short term due to the low return on traditional financial products and given the uncertainty on the financial markets regarding the long-term conditions.

During 2021 where the resources from the operations stood at €23.47 million and a high volume in the implementation of works was maintained, the working capital fell by €21.68 million, remaining at a €111.37 million.

The ratio between operating costs and income in 2021 was 82.06%. In the coming years, and taking into account the depreciation of the new investments to be made, this ratio will tend to be over 100%. We therefore envisage that the EBITA will remain at similar levels throughout 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.

As regards the Liabilities, the net equity accounts for 95.16% of the total and given that the working capital is very healthy, the entity is easily meeting its payment commitments. 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. The average payment time was 2021 in 11.72 days.



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:

	2019	2020	2021
Result for the year, adjusted (€)	11,191,475	11,366,519	14,098,089
Total assets {as per Art.157 RDL 2/2011} (€)	415,408,899	405,777,873	423,145,792
RATIO (%)	2.69%	2.80%	3.33%

EBITDA Evolution (E_02)

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

	2019	2020	2021
EBITDA (€)	25,527,194	22,564,534	24,935,288
% variation in EBITDA	29.06%	-11.61%	10.51%
Tonnes moved	33,813,726	29,919,220	30,685,994
RATIO EBITDA/Tm	0.75	0.75	0.81

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.

	2019	2020	2021
Repayments of debt	0	0	0
Interest on debt	0	0	0
Total	0	0	0
Cash flow (€)	20.813.181	19,924,344	23,471,016
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:

	2019	2020	2021
Unused land (m ²)	42,403,104	42,403,104	42,403,104
Total assets {as per Art.157 RDL 2/2011} (€)	415,408,899	405,777,873	423,145,792
RATIO (%)	10.21%	10.45%	10.02%



Evolution of the operating costs and income (E_05)

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

	2019	2020	2021
Operating expenditure (€)	42,465,737	43,994,161	42,820,246
Operating income (€)	52,435,283	51,330,395	52,183,167
RATIO (%)	80.99%	85.71%	82.06%

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:

	2019	2020	2021
Total public investment (€)	20,457,632	41,205,728	28,986,443
Cash-flow (€)	20,813,181	19,924,344	23,471,016
RATIO (%)	98.29%	206.81%	123.50%



Evolution of outside investment (E_07)

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

	2019	2020	2021
Private investment (€)	18,365,000	27,452,000	47,589,000
Public investment (€)	20,457,632	41,205,728	28,986,443
RATIO (%)	89.77%	66.62%	164.18



Assessment of the renewal of assets (E_08)

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

	2019	2020	2021
Public investment (€)	20,457,632	41,205,728	28,986,443
Average net assets (€)	415,408.899	405,777,873	423,145,792
RATIO (%)	4.92%	10.15%	6.85%

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:

	2019	2020	2021
Revenue	45,129,705	42,837,290	43,747,672
Occupancy charge	9,317,085	9,228,256	10,183,484
RATIO (%)	20.65%	21.54%	23.28%
Activity charge	4,998,569	4,500,855	5,040,999
RATIO (%)	11.08%	10.51%	11.52%

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

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

	2019	2020	2021
Tonnes moved	33,813,726	29,919,220	30,685,994
Commercial space m2	5,246,600	5,246,600	5,246,600
Mt/m2	6.44	5.70	5.85



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

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

	2019	2020	2021
Tonnes moved	33,813,726	29,919,220	30,685,994
Linear metres of active dock space	7,413	7,413	7,413
Tm/m	4,561.41	4,036.05	4,139.48

It should be noted that an important part of the traffic of the Port of Huelva, nearly 26.24%, was through a single-buoy (8,051,082 Tm of crude oil in 2021).



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:

	2019	2020	2021
Revenue (€)	45,129,705	42,837,290	43,747,672
Annual average workforce	220	220	206
Net revenue/employee	205,135.02	194,714.95	212,367.34

EBITDA evolution per employee (E_13)

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

	2019	2020	2021
EBITDA (€)	25,527,194	22,564,534	24,935,288
Annual average workforce	220	220	206
EBITDA/employee	116,032.70	102,566.06	121,045.09



Socio-Economic impact

The Port is, unquestionably, an important factor in the socio-economic development of the province of Huelva, and makes an important contribution to the province's employment and Gross Value Added. In 2021, the Port Authority put out a call to tender for technical assistance to prepare two-yearly impact studies on the Port of Huelva in order to provide continuity to its work to determine the impact of the port activity on its hinterland. The study conducted in 2021 measures the economic impact of the Port of Huelva in 2020. The results of the study showed that the Port of Huelva, given its activity, is the essential logistical support for the main economic sectors of the province.

The study applies a methodology based on the 2016 input-output framework of the Andalusian Institute of Statistics and Cartography, which allows the total impact to be estimated on the Gross Value Added (GVA) and employment, disaggregated into direct, indirect and induced effects, along with the contribution to the regional and provincial economy.

The port ecosystem considered in the impact assessment consists of 190 companies and entities, 78 of which are considered port industry while there were 112 companies included as dependent industry.

All the impact studies conducted can be consulted on the Port of Huelva website.

Estimate of the number of direct and indirect jobs and those induced by the port community (E_14)

The number of attributable jobs was 36,589 jobs, out of which:

	Activity without investments	Investment Impact	Total Wokers
Direct	1,174	-	1,174
Indirect	1,218	1,744	2,962
Inducid	2,235	774	3,009
Total Port Industry	4,627	2,518	7,145
Direct	2,401	-	2,401
Indirect	9,189	5,023	14,212
Inducid	1,966	10,865	12,831
Total Dependent Industry	13,556	15,888	29,444
Direct	3,575	-	3,575
Indirect	10,407	6,767	17,174
Inducid	4,201	11,639	15,840
Total Impact	18,183	18,406	36,589

That accounted for 1.2% of employment in Andalusia and 19.4% of the province of Huelva

Estimate of the Gross Value Added of the port community (E_15)

On the other hand, and with respect to the contribution to the GVA, the amount stood at €2,122,820,000, which meant a contribution to the Andalusian GVA of 1.4% and 21.9% of the provincial GVA, distributed as follows:

	VAB (Miles de €)		
	Activity without investments	Investment Impact	Total GVA
Direct	89,600	-	89,600
Indirect	58,600	87,900	146,500
Induced	59,150	37,720	96,870
Total Port Industry	207,350	125,620	332,970
Direct	376,180	-	376,180
Indirect	543,900	244,900	788,800
Induced	95,760	529,110	624,870
Total Dependent Industry	1.015,840	774,010	1,789,850
Direct	465,780	-	465,780
Indirect	602,500	332,800	935,300
Induced	154,910	566,830	721,740
Total Impact	1.223,190	899,630	2,122,820