



Agência de Gestão da Tesouraria  
e da Dívida Pública

# PORTUGAL

## ECONOMIC RESILIENCY AND DELEVERAGING

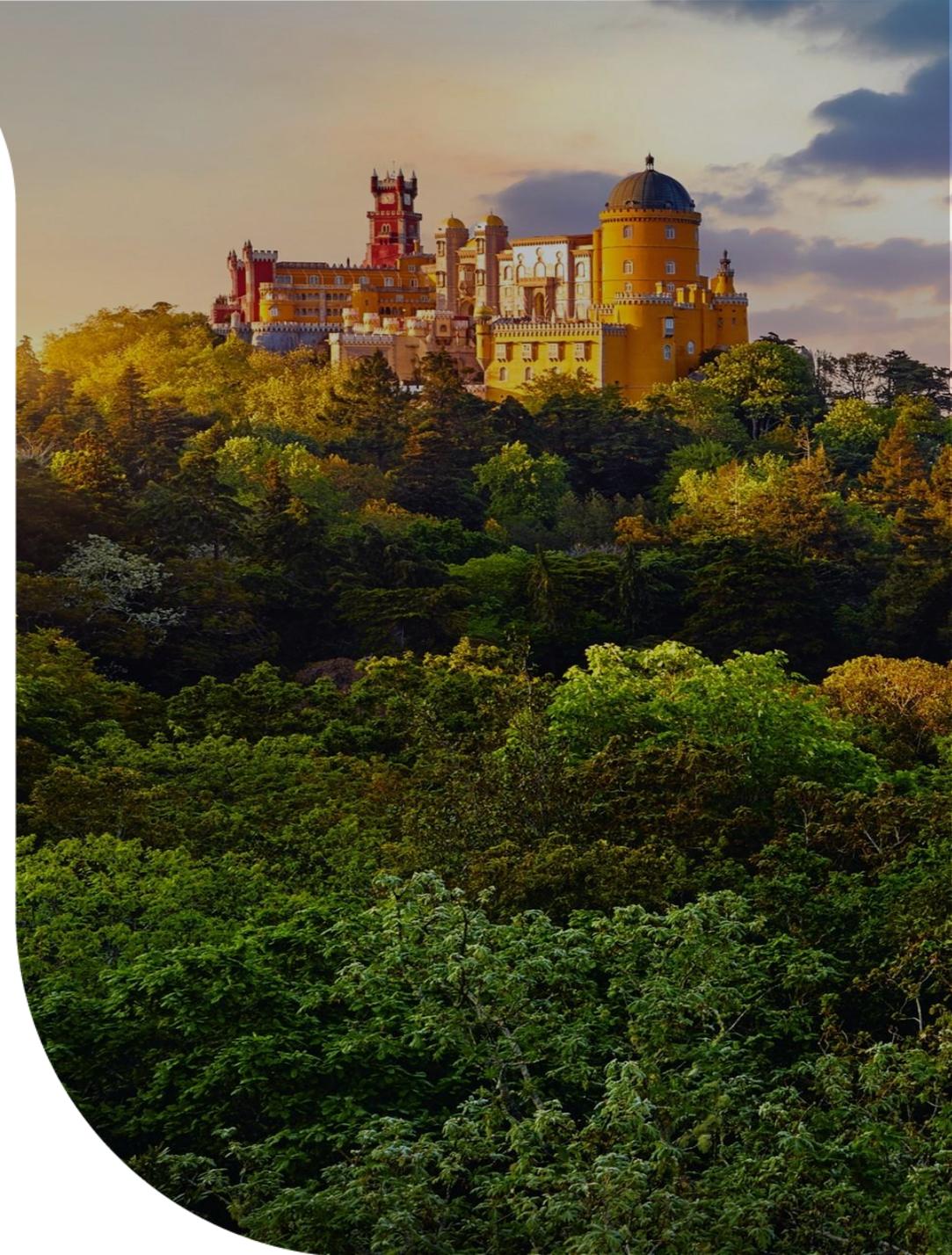
MAY 2025

### Disclaimer

The information and opinions contained in this presentation have been compiled or arrived at from Source(s) believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness.

All opinions and estimates contained in this document are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by a recipient and, therefore, do not form the basis of any contract or commitment whatsoever.

IGCP does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.



# CONTENTS

## 1. Executive Summary

---

- Portuguese economy in numbers

## 2. Macro Outlook

---

- Latest developments and projections

## 3. Fiscal Outlook

---

- Fiscal balance and public debt – performance and forecasts

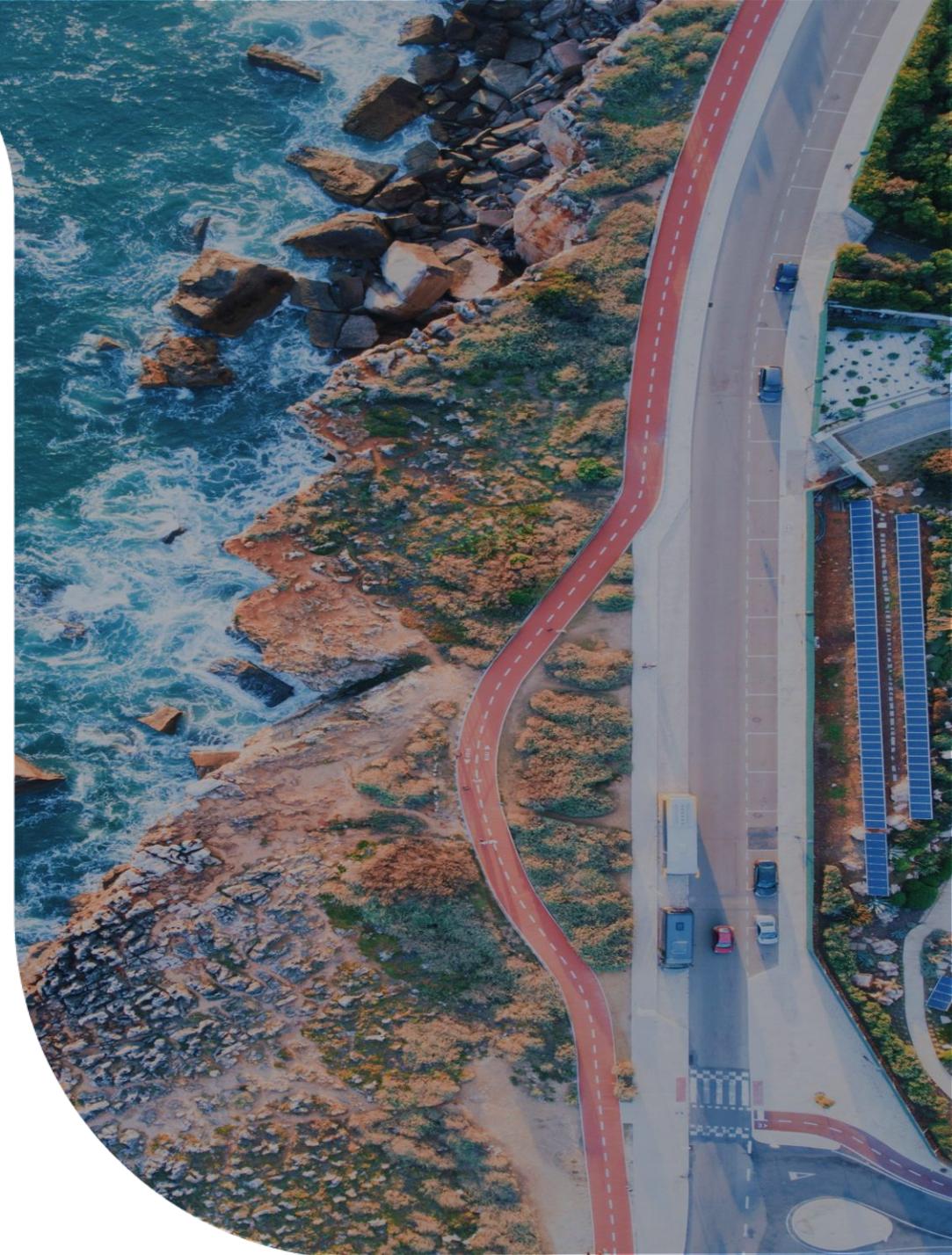
## 4. Debt Management and Funding Plan

---

- Risk indicators and market developments

## 5. Annex

---



# Executive Summary

- **Real GDP grew by 1.9% in 2024 and is projected to grow by an average of 2.0%** between 2025-26<sup>(1)</sup>, outperforming Euro Area growth
- **Domestic demand** is set to **continue supporting economic growth**, while external demand faces headwinds due to global trade tensions
- Portugal has a **diversified and open economy**, with manufacturing (mechanical & electronics, chemicals & plastics, automotive & mobility, textiles & clothing and renewables) as well as travel and tourism, driving the export sector (almost 50% of GDP)
- The **current account** is expected to remain in **surplus**, suggesting that **net external debt** will continue its **downward trajectory**
- **Public accounts are in surplus** (1.2% of GDP in 2023 and 0.7% in 2024) and are expected to remain so in the coming years <sup>(2)</sup>, with tax revenues growth accommodating the adoption of policy measures aimed to increase households' disposable income and to improve the country's competitiveness
- **High primary balances** combined with economic growth have resulted in a sharp decline of public debt (94.9% of GDP in 2024, -39.2 pp vis-à-vis the 2020 peak) and will continue to bring debt down by 3 to 4 pp yearly, as part of a process of deleveraging in the entire economy
- **Banking sector profitability** increased considerably, with improvement in asset quality and rise of net interest margins
- **Prudent public debt management** has kept risks at bay, with a lower refinancing risk (around 40% for 5 years) and a safe weighted average maturity (above 7,5 years)
- Despite the increase in net cash requirements of the State, **net issuance of PGB remains stable around EUR 8 billion in 2025**
- **Upgrading trend in credit ratings**, currently at A3 | Stable by Moody's, A | Positive by S&P, A- | Positive by Fitch, A (high) | Stable by DBRS, and A | Stable by Scope, acknowledging a solid and improving economic outlook

(1) Annual average growth rate between 2025-2026 [[European Commission](#), Economic Forecast, May 2025]

(2) Ministry of Finance ([State Budget 2025](#), October 2024 and [Medium-Term Fiscal Structural Plan 2025-2028](#), October 2024)

# Portuguese economy snapshot

## 2024

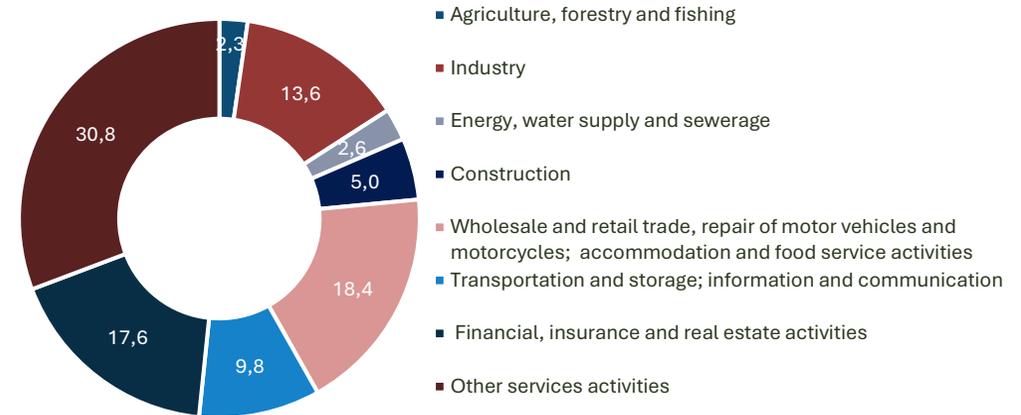
	<b>Area</b> (sq. km '000)	<b>92.2</b>
	<b>Resident population</b> (number)	<b>10 639 726</b> (2023)
	<b>GDP real growth rate</b> (%)	<b>1.9%</b>
	<b>GDP per capita</b> (current prices, €)	<b>26.697</b>
	<b>Savings rate</b> (Disposable income %)	<b>12.2%</b>
	<b>Unemployment rate</b> (%)	<b>6.4%</b>
	<b>General Government balance</b> (GDP %)	<b>0.7%</b>
	<b>Public Debt</b> (GDP %)	<b>94.9%</b>
	<b>Current and Capital account</b> (GDP %)	<b>3.3%</b>
	<b>Inflation</b> (annual average)	<b>2.7%</b>

[[Statistics Portugal](#), [Banco de Portugal](#), [Eurostat](#)]

### Open and diversified economy within Euro Area

✓ Strong growth fundamentals and diversified economic activity<sup>1</sup>

GVA decomposition by sector of activity, 2024, current prices, % of total



- ✓ Robust and diversified exports (both in terms of sectors and markets; ≈ 50% of GDP)
- ✓ Solid labor market: low unemployment and high level of employment
- ✓ Strong institutions and governance
- ✓ One of the safest countries in the world
- ✓ One of first countries to announce the commitment to be carbon neutral by 2050

<sup>1</sup> [[Statistics Portugal](#)], Breakdown of industry sector in annex.

## 1. Executive Summary

---

- Portuguese economy in numbers

## 2. Macro Outlook

---

- Latest developments and projections

## 3. Fiscal Outlook

---

- Fiscal balance and public debt – performance and forecasts

## 4. Debt Management and Funding Plan

---

- Risk indicators and market developments

## 5. Annex

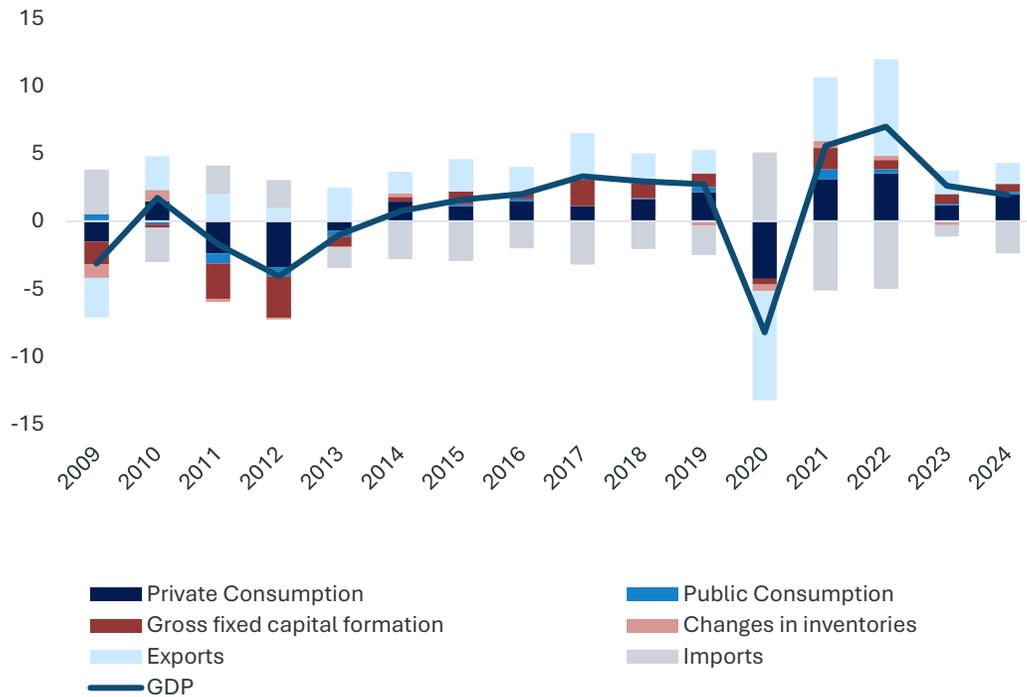
---



# In 2024, Portuguese economy continued to grow at solid levels

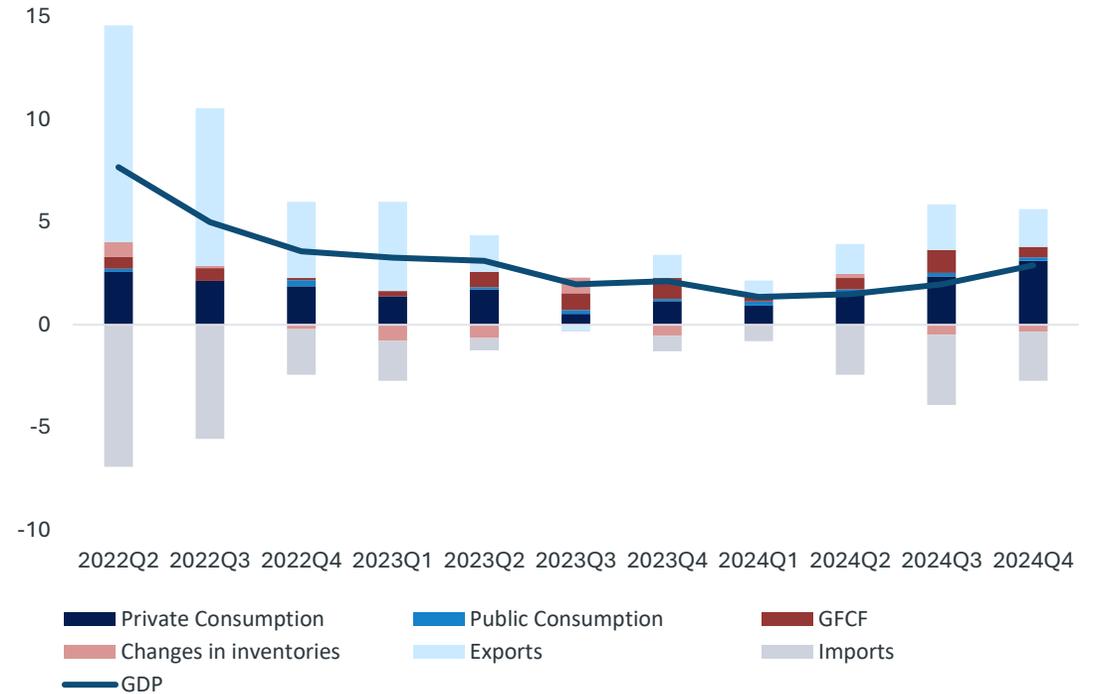
## Real GDP increased by 1.9% in 2024, after 2.6% in 2023

[Real GDP, YoY, %, Contributions, pp] [[Statistics Portugal](#)]



## Acceleration of private consumption in 2024Q4 led to higher carry-over effect into 2025

[Real GDP, YoY, %, Contributions, pp] [[Statistics Portugal](#)]



# After a strong increase in the last quarter of 2024, the Portuguese economy slowed at the beginning of 2025 amid a moderation in private consumption

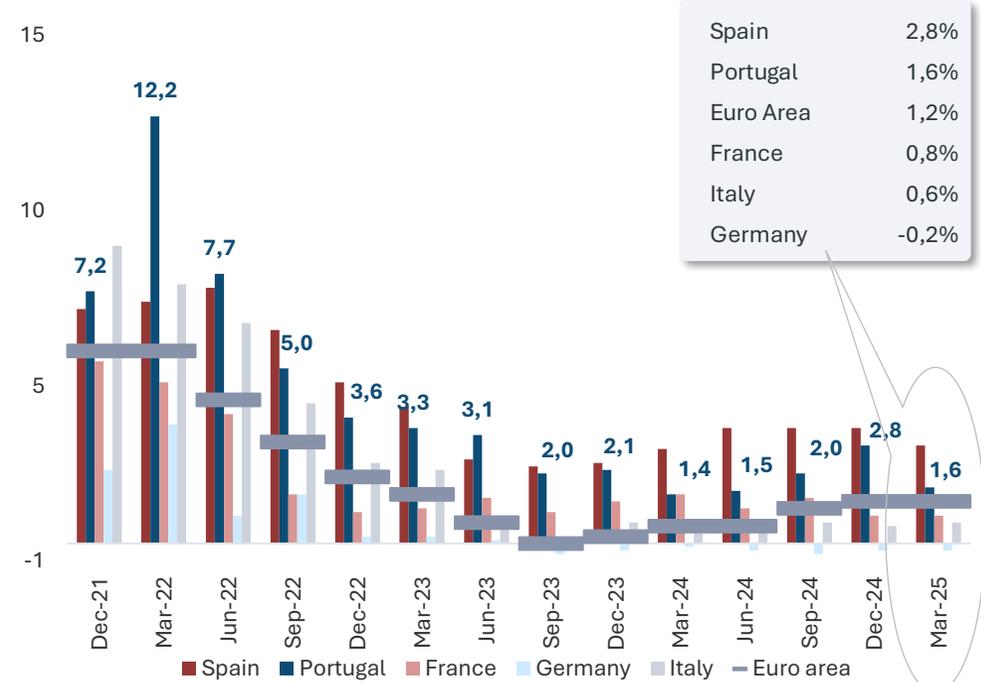
Portugal's real GDP grew by 1.9% in 2024, above EA average growth for the third consecutive year

[Real GDP, YoY, %] [[Eurostat](#), [INE](#)]



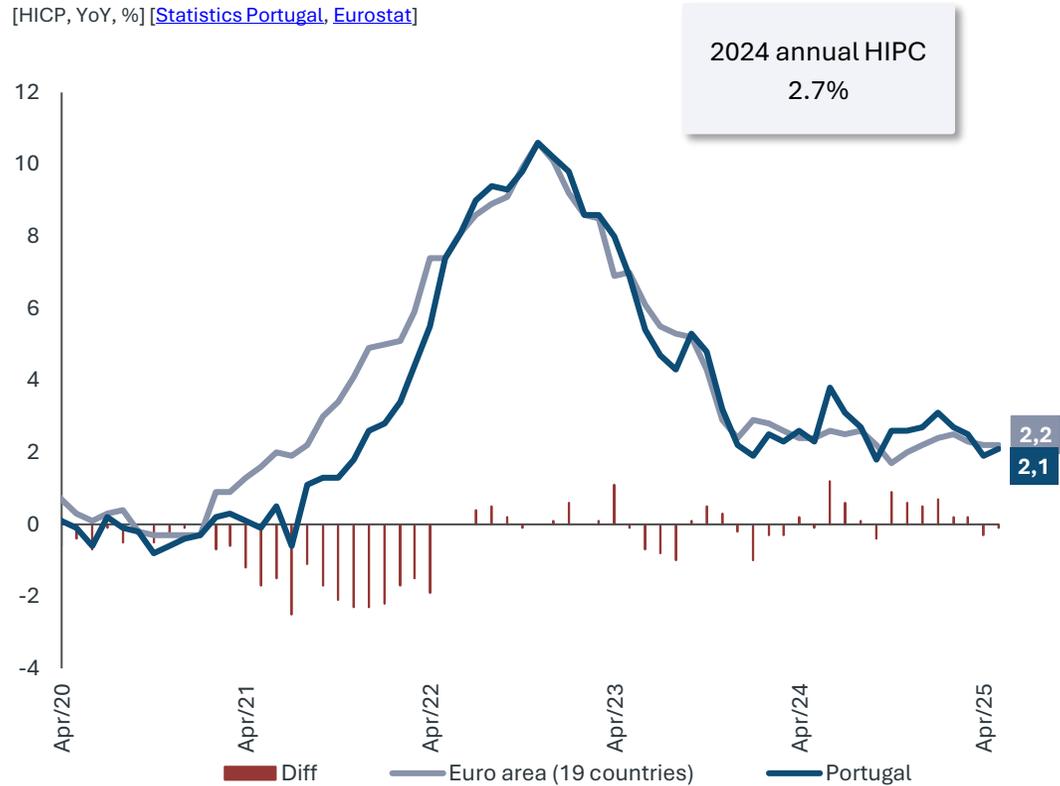
In 2025Q1, Portugal's real GDP fell by 0.5% QoQ but grew by 1.6% YoY

[Real GDP, YoY, %] [[Eurostat](#), [Statistics Portugal](#)]

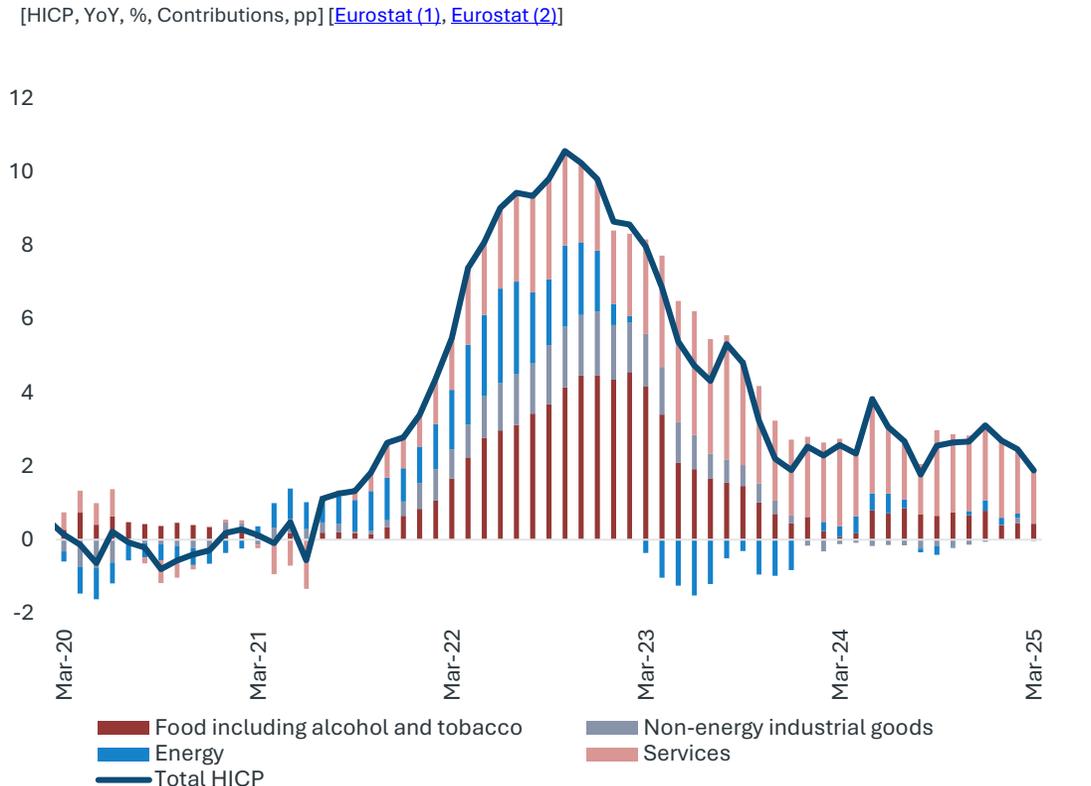


# Convergence of inflation to the 2% target accelerates

Downward trend in inflation, but with some bumps



Prices of services have been moderating



## Projections point to steady growth, low unemployment and declining inflation

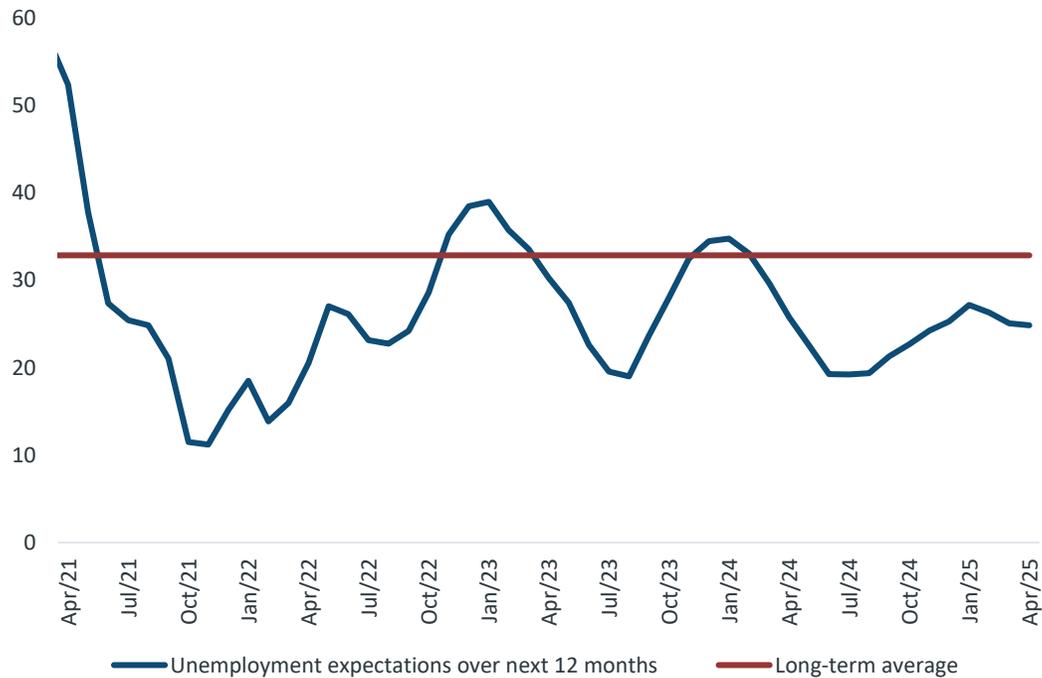
Macroeconomic projections for Portugal	Statistics Portugal			Ministry of Finance Medium-Term Fiscal Structural Plan 2025-2028 October 2024					IMF World Economic Outlook April 2025			Banco de Portugal Economic Bulletin March 2025			European Commission Economic Forecast May 2025	
	2022	2023	2024	2025 F	2025 F	2026 F	2027 F	2028 F	2025 F	2026 F	2027 F	2025 F	2026 F	2027 F	2025 F	2026 F
	<b>Real GDP (yoy %)</b>	7.0	2.6	1.9	2.1	2.4	2.2	1.7	1.8	2.0	1.7	1.5	2.3	2.1	1.7	1.8
Private Consumption (yoy %)	5.6	1.9	3.2	2.0	2.4	1.9	1.8	1.8	.	.	.	2.8	1.8	1.8	3.3	2.8
Public Consumption (yoy %)	1.7	0.6	1.1	1.2	1.7	0.9	0.3	0.5	.	.	.	1.1	0.8	0.4	1.2	1.2
Gross Fixed Capital Formation (yoy %)	3.3	3.7	2.9	3.5	4.4	3.7	1.8	2.7	.	.	.	3.9	4.4	0.1	3.5	4.3
Exports of goods and services (yoy %)	17.2	3.8	3.4	3.5	2.2	3.4	3.3	2.8	2.0	1.9	1.9	2.7	2.9	3.0	1.7	2.8
Imports of goods and services (yoy %)	11.3	1.8	5.0	3.5	2.8	3.4	3.2	2.9	2.9	2.7	2.1	2.8	3.0	2.0	4.3	4.1
<b>Domestic demand contribution (pp GDP growth)</b>	4.8	1.7	2.7	2.1	2.7	2.1	1.6	1.8	.	.	.	2.3	2.2	1.2	2.9	2.8
<b>Net exports contribution (pp GDP growth)</b>	2.1	0.9	-0.8	0.0	-0.3	0.0	0.1	0.0	.	.	.	.	.	.	-1.1	-0.5
<b>Employment growth (yoy %)</b>	3.7	1.0	1.6	0.7	0.6	0.5	0.4	0.3	.	.	.	1.3	0.7	0.4	1.0	0.9
<b>Unemployment rate (% labor force)</b>	6.1	6.5	6.4	6.5	6.4	6.4	6.4	6.3	6.4	6.3	6.2	6.4	6.4	6.4	6.4	6.3
<b>Net lending/borrowing of the economy (% GDP)</b>	-1.3	1.7	2.9	3.6	.	3.9	2.9	3.0	.	.	.	.	.	.	2.4	2.0
<b>Current account balance (% GDP)</b>	-2.0	0.6	2.2	0.7	.	1.0	1.0	1.2	1.7	1.5	1.6	.	.	.	1.2	0.9
<b>GDP deflator (yoy %)</b>	5.3	7.0	4.4	2.6	2.7	2.0	2.0	2.0	2.6	2.3	2.1	2.9	2.5	2.3	3.1	2.2
<b>Inflation (HICP, yoy %)</b>	8.1	5.3	2.7	2.3	2.4	2.0	2.0	2.0	1.9	2.1	2.0	2.3	2.0	2.0	2.1	2.0

[[Statistics Portugal](#), Ministry of Finance ([State Budget 2025](#), October 2024, [Annual Progress Report](#), April 2025, [Medium-Term Fiscal Structural Plan 2025-2028](#), October 2024), IMF ([World Economic Outlook](#), April 2025), Banco de Portugal ([Economic Bulletin](#), March 2025), European Commission ([Economic Forecast](#), Spring 2025)]

# Labor market remains robust, despite high levels of uncertainty

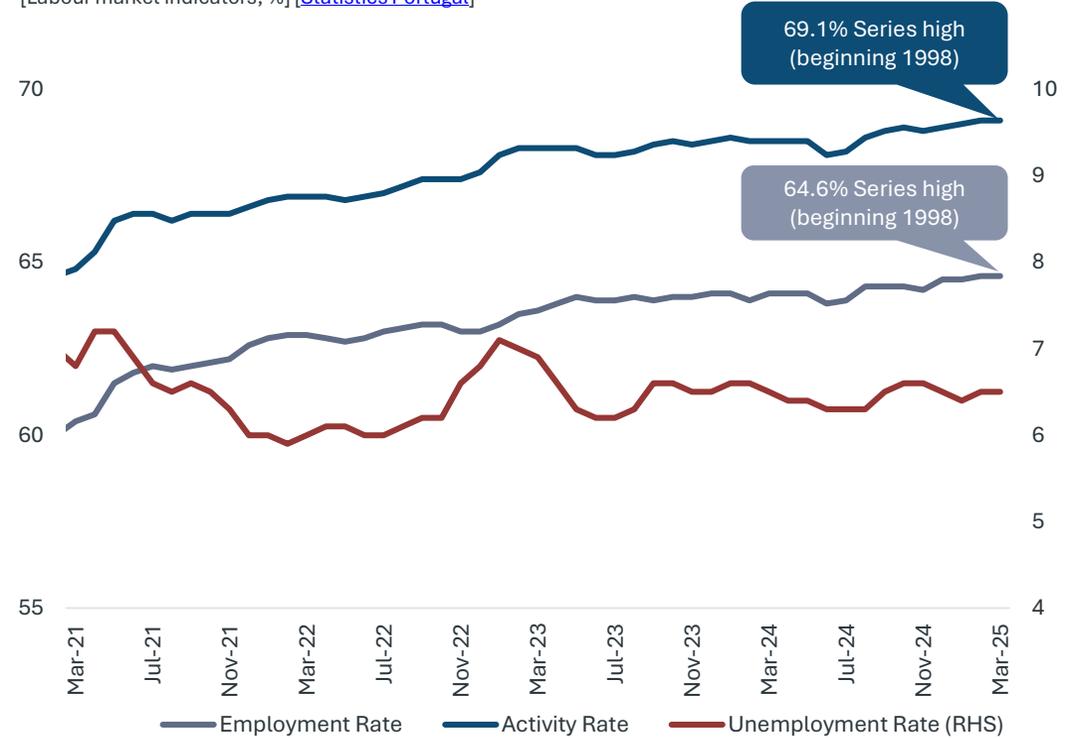
## Fears of unemployment remain below the long-term average

[Unemployment expectations over next 12 months, balance, e.v. 3mma (e.v. = effective value)] [\[Statistics Portugal\]](#)



## Labor market continues to show resilience

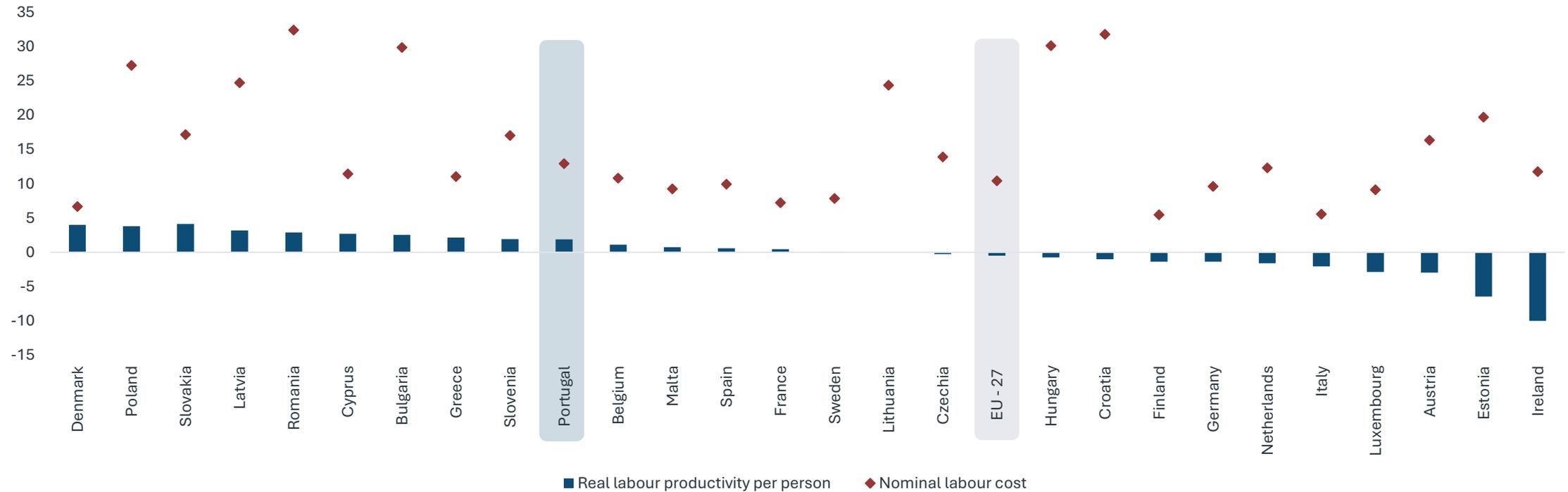
[Labour market indicators, %] [\[Statistics Portugal\]](#)



# Portugal among the top 10 countries with higher real productivity growth in 2022-24

## In 2022-24, productivity growth in Portugal was above the EA

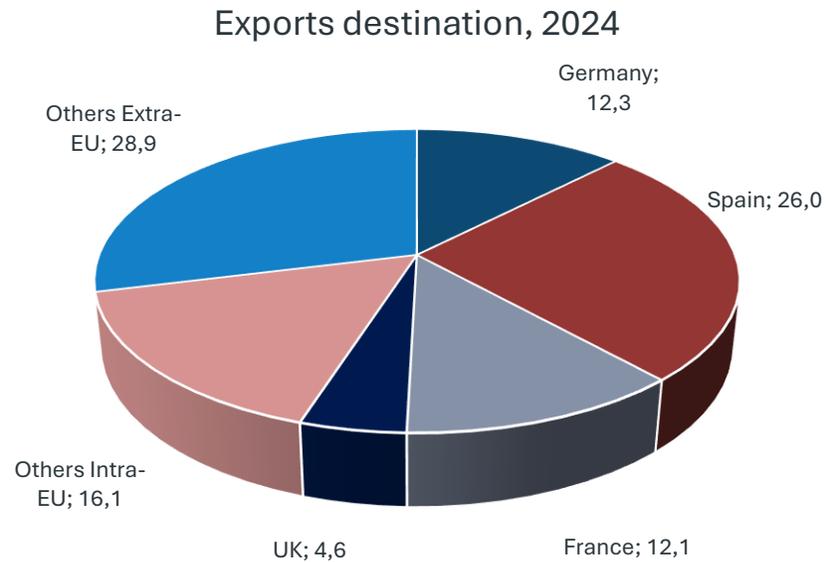
[Real labour productivity per person and Nominal labour cost (compensation of employees plus taxes minus subsidies) 2022-2024, YoY, %] [Eurostat [1](#), [2](#)]



# Goods exports benefit from diversified base of destinations and product type

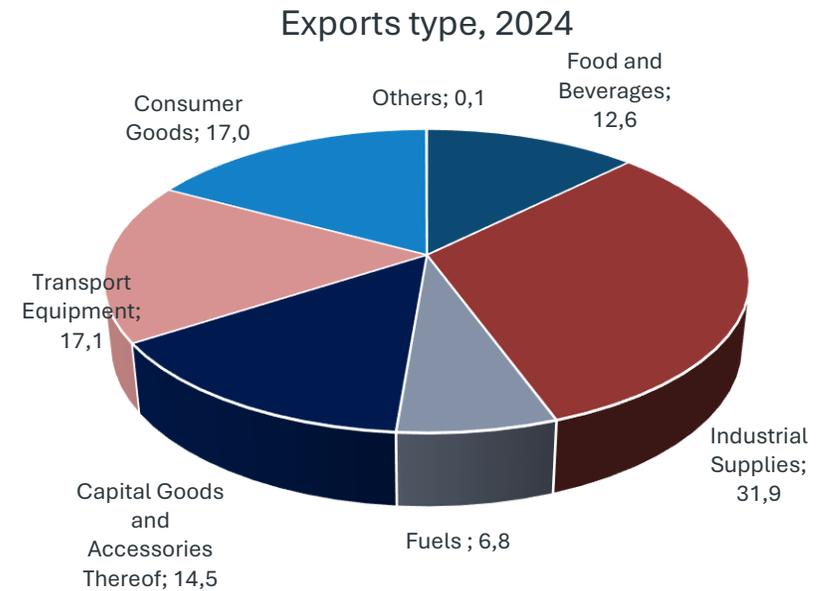
## Spain, Germany, France and UK represented 55% of total goods exports

[Exports destination, 2024, % of total goods exports] [\[Statistics Portugal\]](#)



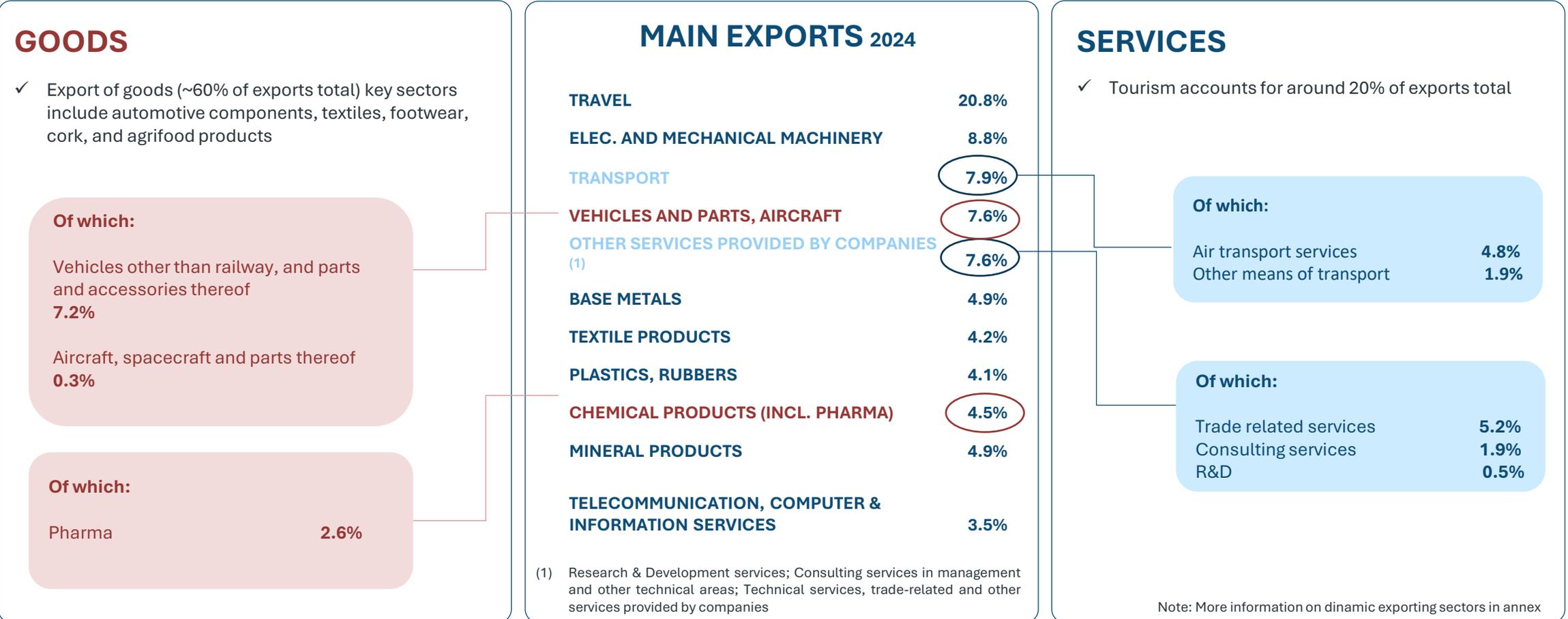
## Industrial Supplies represented 32% of total goods exports

[Exports type, 2024, % of total goods exports] [\[Statistics Portugal\]](#)



# Portuguese exports have proven to be diversified

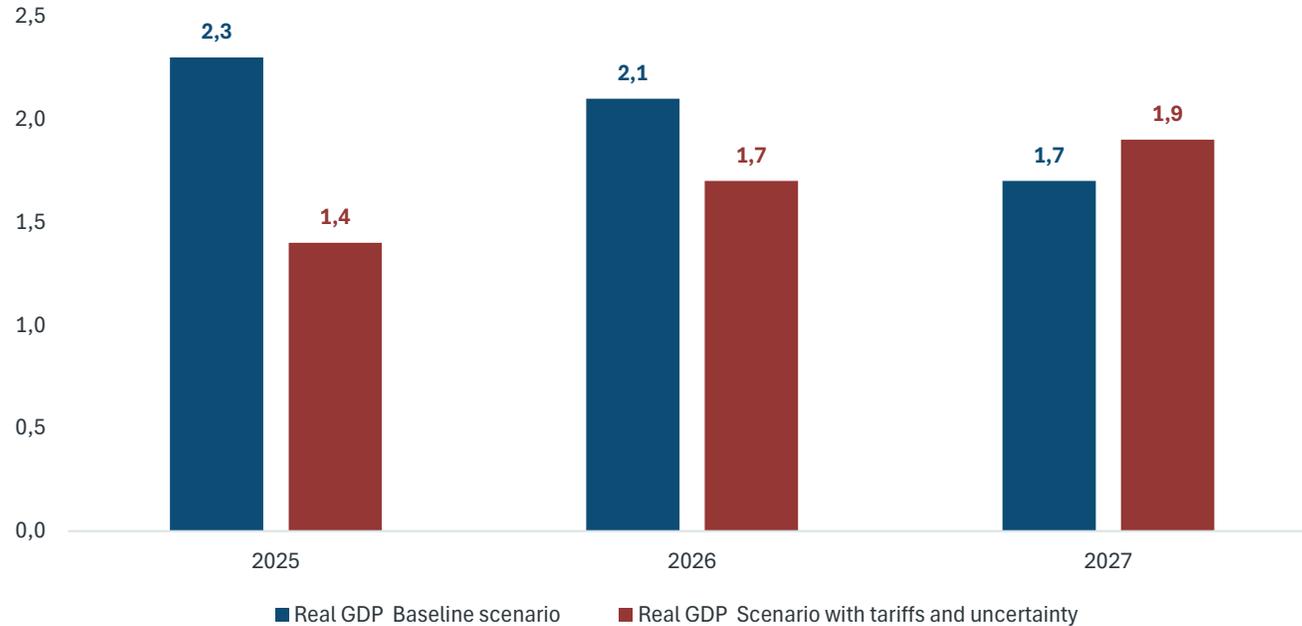
[Main exports by product groups and services as % of total exports, 2024] [[Statistics Portugal](#); [Banco de Portugal](#)]



# Portugal's exposure to the US and the potential impact of tariffs

## Impact of the tariff increase shock, along with increased uncertainty/reduced confidence, on Portuguese real GDP

[Real GDP, YoY, %] [Banco de Portugal (BdP), [Economic Bulletin March 2025](#)]



Exercise: a 25pp increase in tariffs imposed by the US, particularly on goods imported from the European Union (EU), accompanied by retaliation of equal magnitude by the affected countries. This tariff increase could result in a cumulative contraction of the euro area GDP between 0.5% and 0.7% after three years, with a more significant impact in the first year. The results obtained for Portugal are similar for the Euro Area, showing a reduction in GDP of around 0.7% after three years, with a greater concentration in the first year. In addition to the direct effect of tariffs on economic activity in Portugal, an additional shock of uncertainty and confidence was considered, with a negative impact on private consumption and investment. The overall impact of the shocks considered points to a cumulative reduction in GDP of around 1.1% at the end of three years, with the effects concentrated in the first two years.

Share of the US in Portuguese exports in 2024



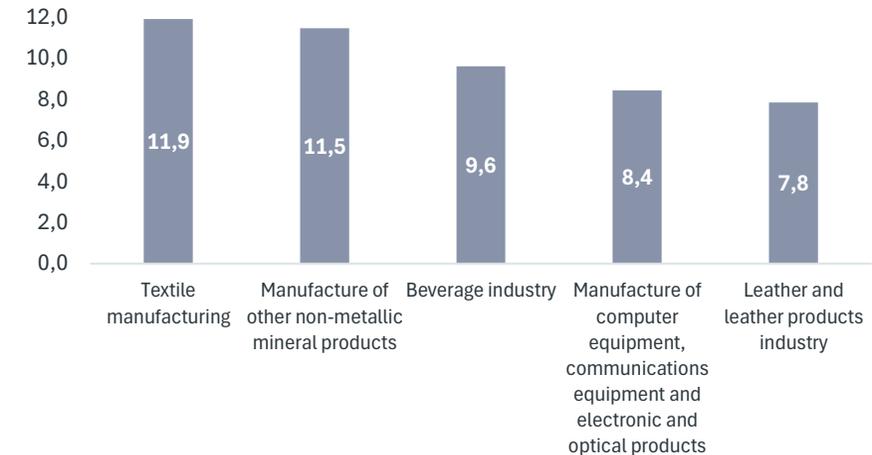
Share of exports to the US in Portugal's GDP in 2024



[Banco de Portugal, INE]

## Companies with high exposure to the US market in 2023

[% of exporting companies in the sector] [BdP, [Economic Bulletin March 2025](#)]



Manufacturing companies that export to the US. High exposure – goods exports to the US account for more than 10% of total sales value. In 2023, the exports of high-exposure companies represented, respectively, 76%, 82%, 34%, 75%, and 69% of the total exports to the US in each of the five represented sectors.

# Tourism maintains an upward trajectory, surpassing historical highs

## Tourism plays a key role in the Portuguese economy

[\[Turismo de Portugal\]](#)



## Tourism accommodation continues to rise, but at a more moderate pace

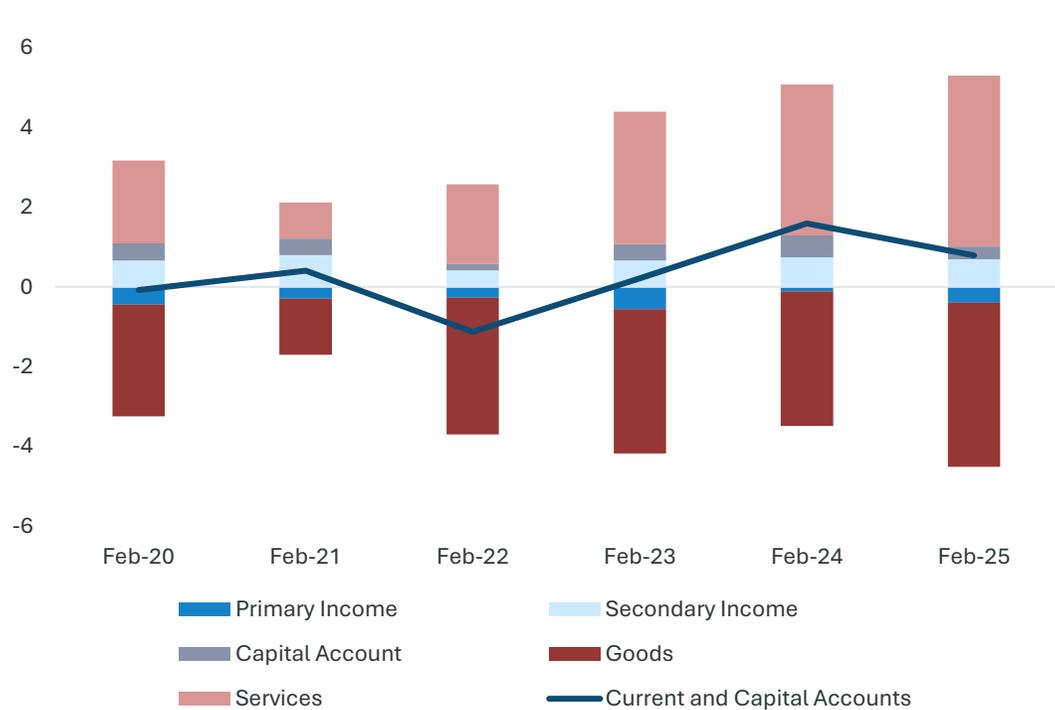
[Overnight Stays, million, Total Revenues, EUR million] [\[Statistics Portugal\]](#)



# Dynamism of export sector contributes to consolidation of current account surplus

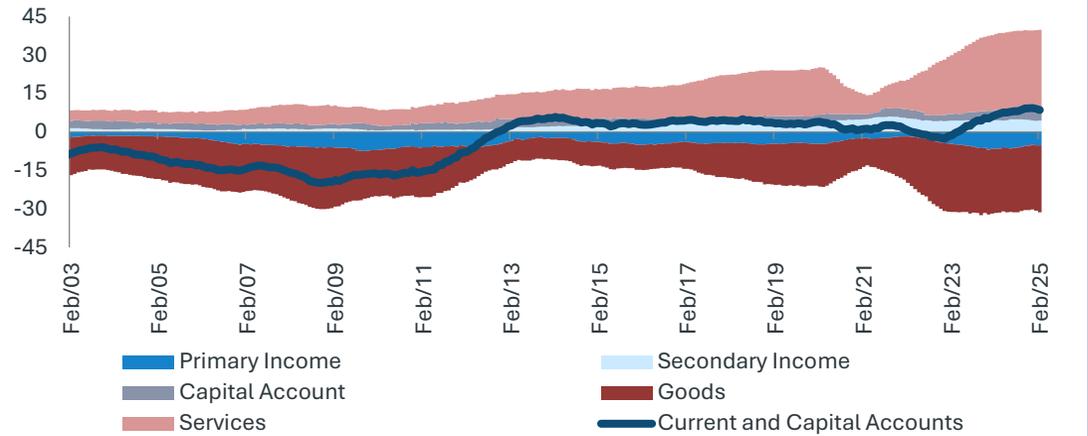
## Services surplus offsets goods deficit

[Current account balance, February, EUR billion] [\[Banco de Portugal\]](#)



## Current and capital account surplus keep improving

[12-month cumulative Current and Capital Account, EUR billion] [\[Banco de Portugal\]](#)



## Current account surplus is forecast to continue

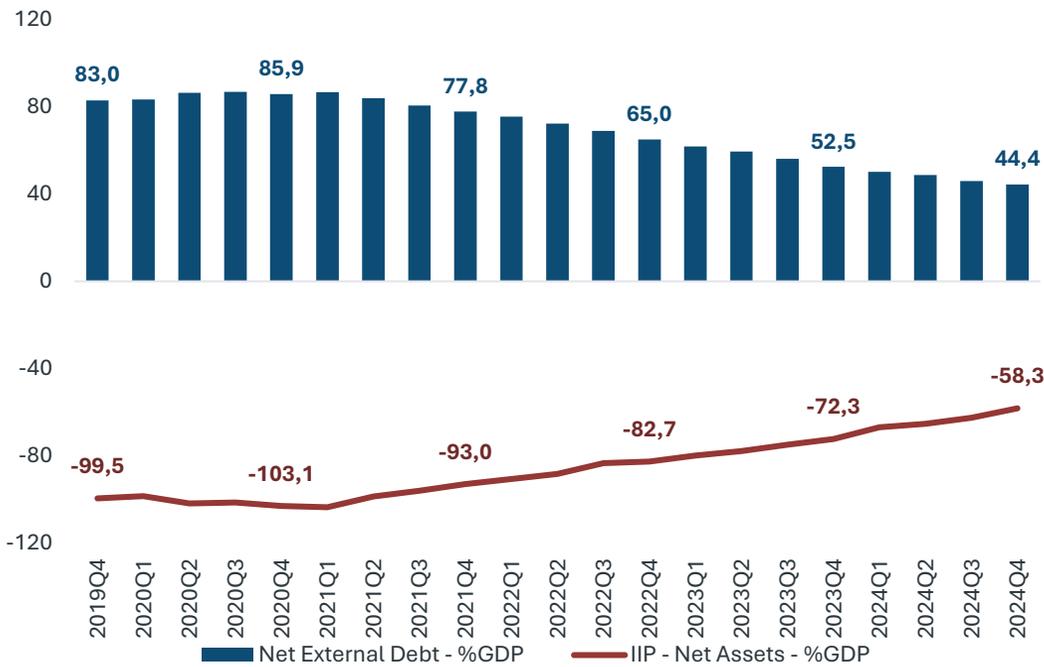
[IMF [World Economic Outlook](#), April 2025]

	2024	2025	2026	2027	2028	2029
Current Account (% GDP)	2.2%	1.7%	1.5%	1.6%	1.4%	1.5%

# Portugal is improving its external position, confirming the positive structural change

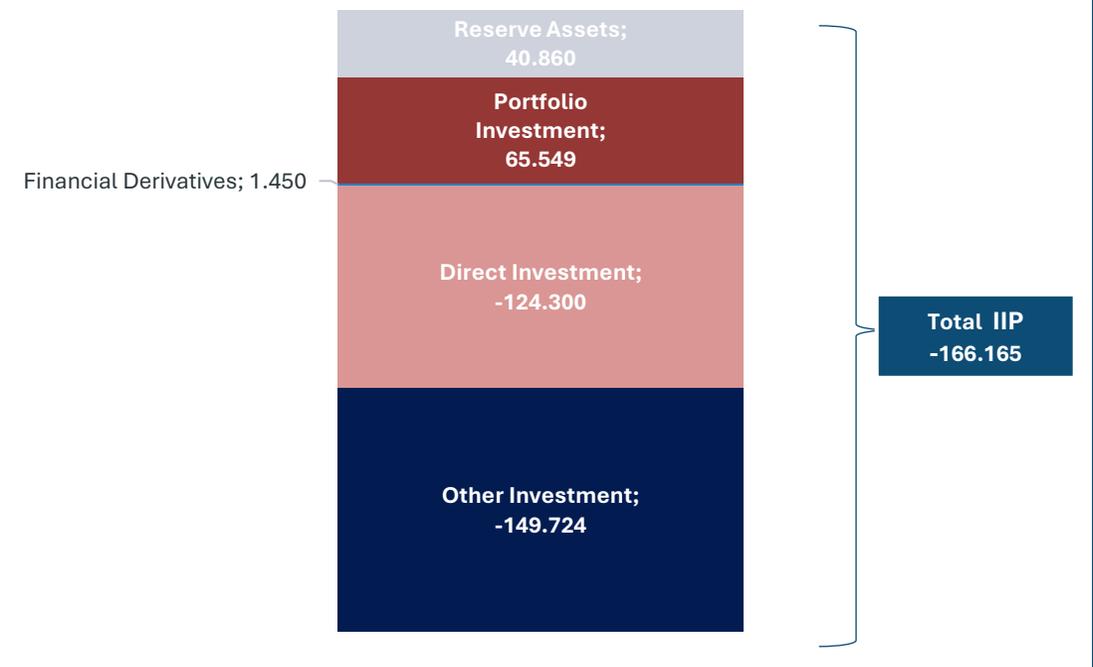
## Net external debt has maintained a downward trend, reaching the lowest level since 2005

[Net External Debt and International Investment Position, % GDP] [\[Banco de Portugal\]](#)



## Net International Investment Position has seen a strong improvement

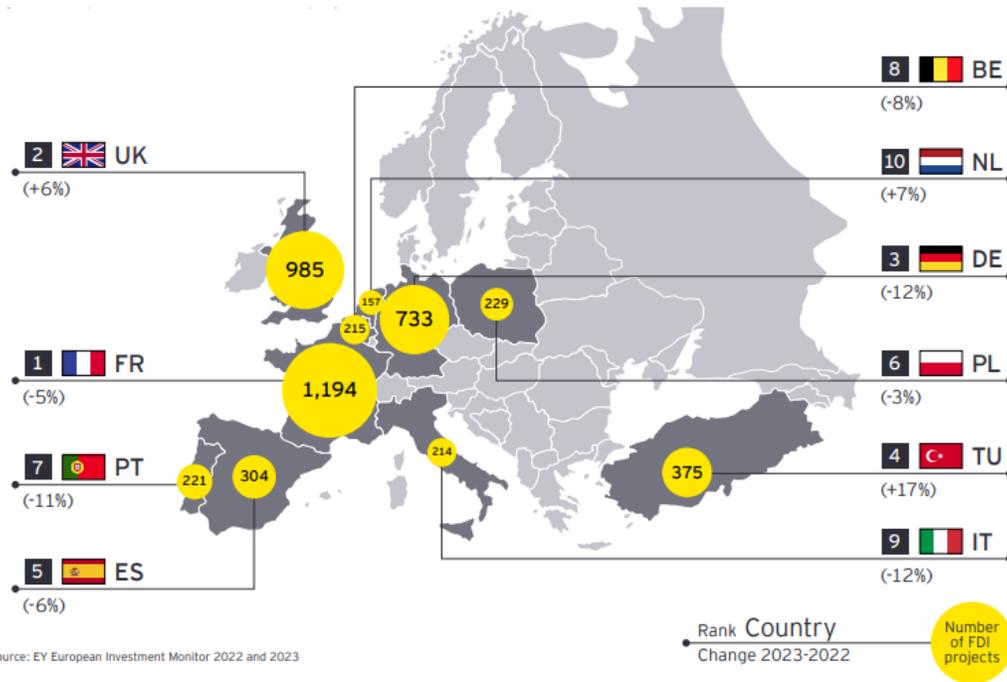
[International Investment Position decomposition, 2024Q4, EUR million] [\[Banco de Portugal\]](#)



# In 2023, Portugal was in the Top-10 host European countries for FDI projects

With 221 foreign direct investment projects in 2023, Portugal ranked as the 7th European country that attracted the most investment

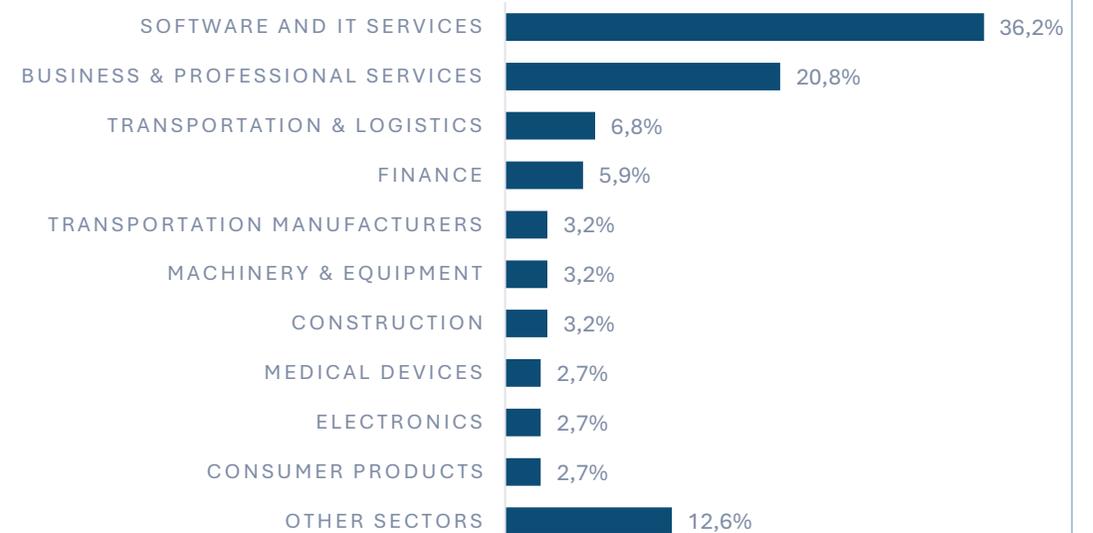
[EY, [Attractiveness Survey Portugal](#) September 2024]



More than 56% of the FDI projects in 2023 were in Software and IT Services

[EY, [Attractiveness Survey Portugal](#) September 2024]

## Main Sectors



# Foreign Direct Investment attractiveness

## BUSINESS ENVIRONMENT

Strategic location, solid infrastructure, political stability and a growing economy



**#21 /141**  
IN THE WORLD WITH BETTER  
INFRASTRUCTURES



**OECD most open country**  
for FDI 2020 **#2/68**



**Political Stability and Absence**  
**of Violence/Terrorism 2022** **#19/214**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## DIGITAL TRANSFORMATION

Strong tech infrastructure and innovation makes Portugal a hub for international companies and startups

**R&D INTENSITY 2022** (1.7% OF GDP)  
R&D expenditure as a % of GDP **#12/EU27**  
Source: Eurostat

**Digital Economy and Society**  
**Index 2022** **#15/EU27**



In 2023, **Lisbon** was considered the **1<sup>st</sup> European Capital of Innovation** and the **#8 Startup Hub in Europe.**

Sources: European Innovation Council, 2023 and Startup Heatmap Europe, 2024

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## TALENT

Highly qualified human resources: high share of tertiary education in new generations; known for strong language skills and adaptability



**IMD WORLD**  
**TALENT RANKING**  
**#25/64**



**INSEAD GLOBAL**  
**TALENT**  
**COMPETITIVENESS**  
**#27/134**



**DIGITAL SKILLS**  
**#23/134**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

## ENVIRONMENTAL SUSTAINABILITY

Sustainability is a cornerstone of future growth. Portugal leads in renewable energy and is becoming a hub for green innovation

**2024**  
**CLIMATE CHANGE**  
**PERFORMANCE**  
**INDEX**  
(WORLDWIDE)  
**#13/67**

**2023**  
**GREEN FUTURE**  
**INDEX (MIT)**  
**#18/76**

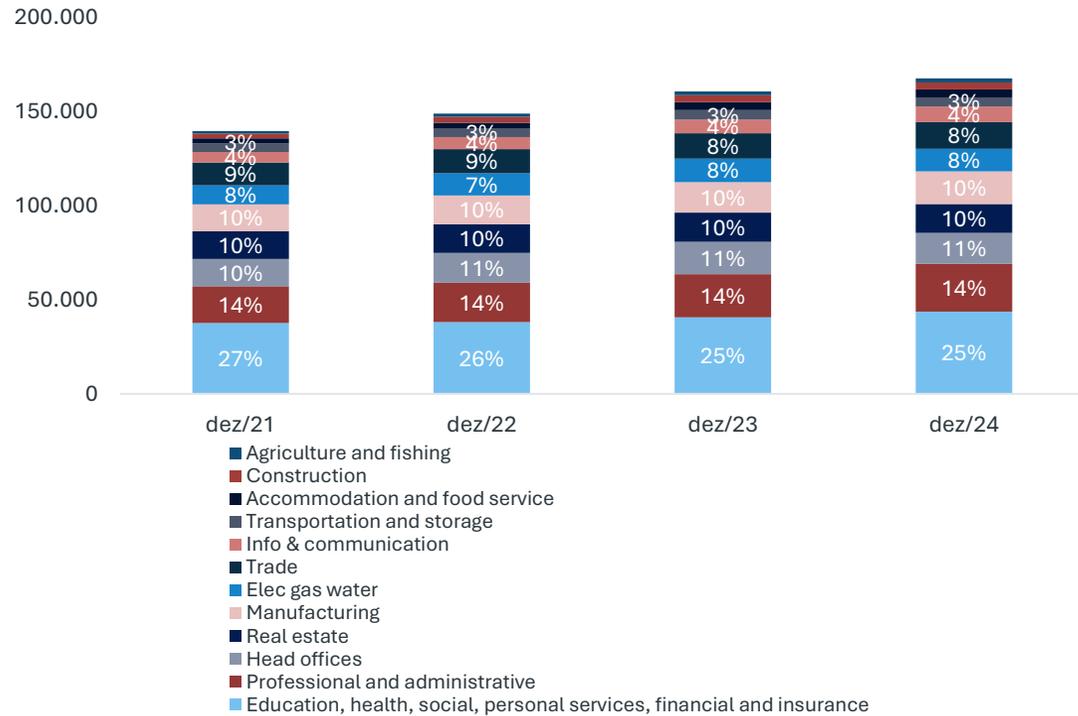
**2022**  
**Rank on the global**  
**role to Planet &**  
**Climate domain (Good**  
**Country Index)**  
**#22/169**

[AICEP, Portugal FactSheet October 2024 and Why invest in Portugal]

# Inward FDI flows growing in various sectors

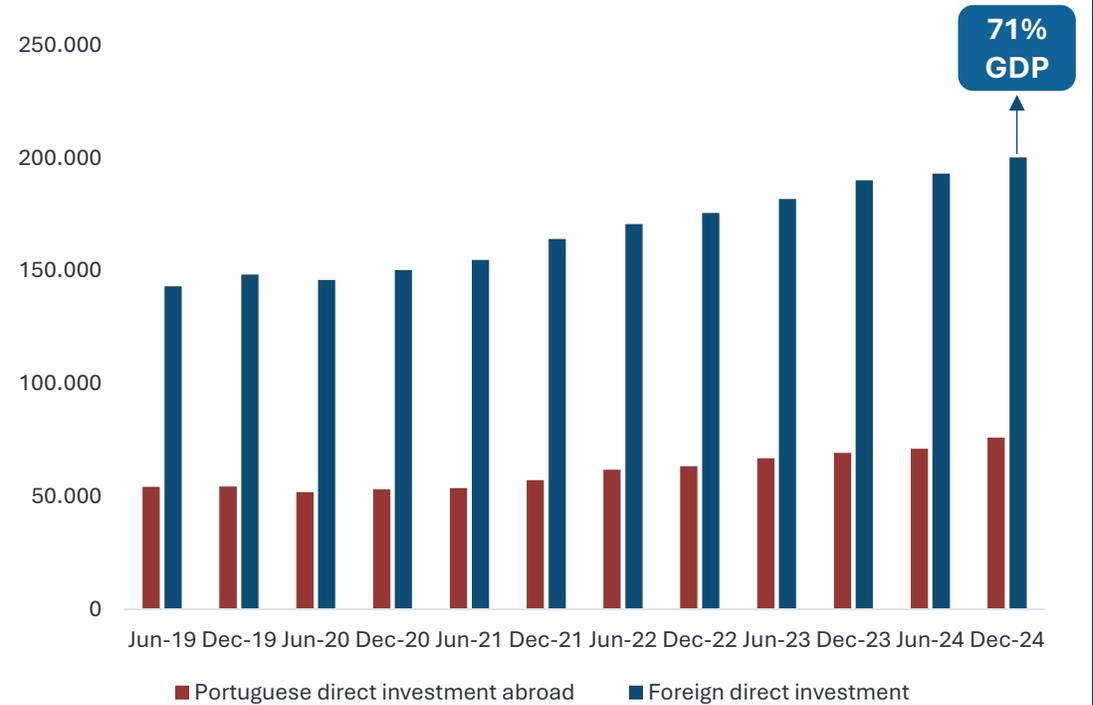
## Manufacturing, Electricity, gas and water and Education, health, other social and personal service, financial and insurance attract the most FDI

[Inward direct investment stock by sector of economic activity, excluding the non-allocated, M€] [[Banco de Portugal](#)]



## The stock of inward FDI in Portugal accounts for 71% of GDP

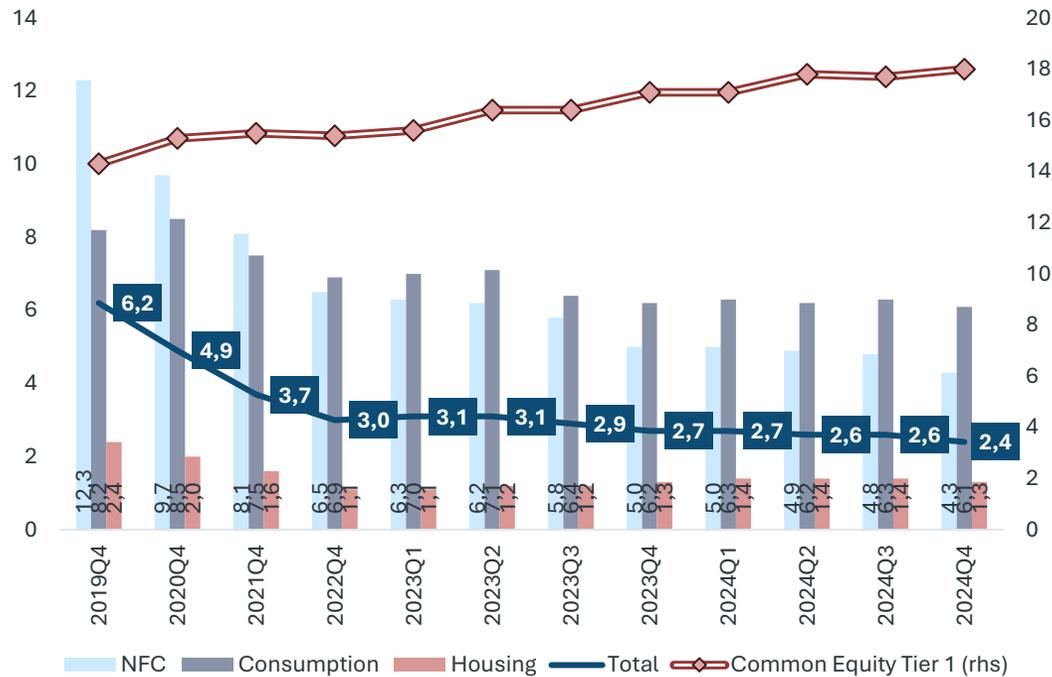
[Stock of direct investment: Portuguese and External (Directional principle), M€] [[Banco de Portugal](#)]



# Stronger banking sector and deleveraging in the private sector

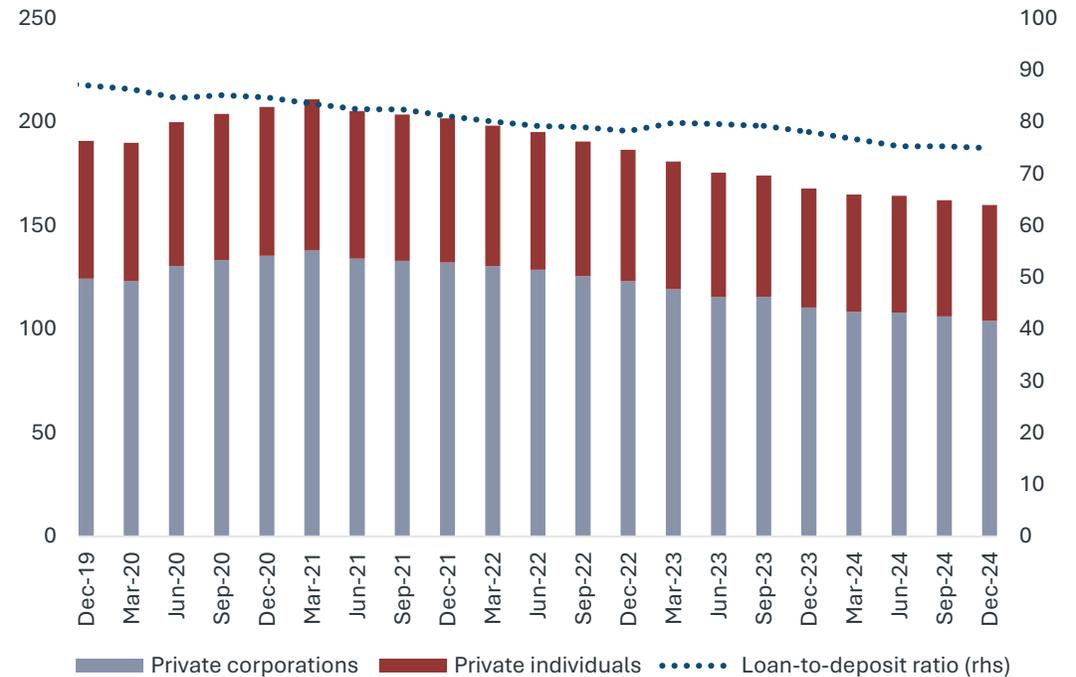
## Banks recent profitability improvement builds on strengthened capital, liquidity and asset quality

[NPL ratio, end of period, % of gross credit] [[Banco de Portugal](#)]



## Private sector indebtedness has decreased past pre-pandemic level

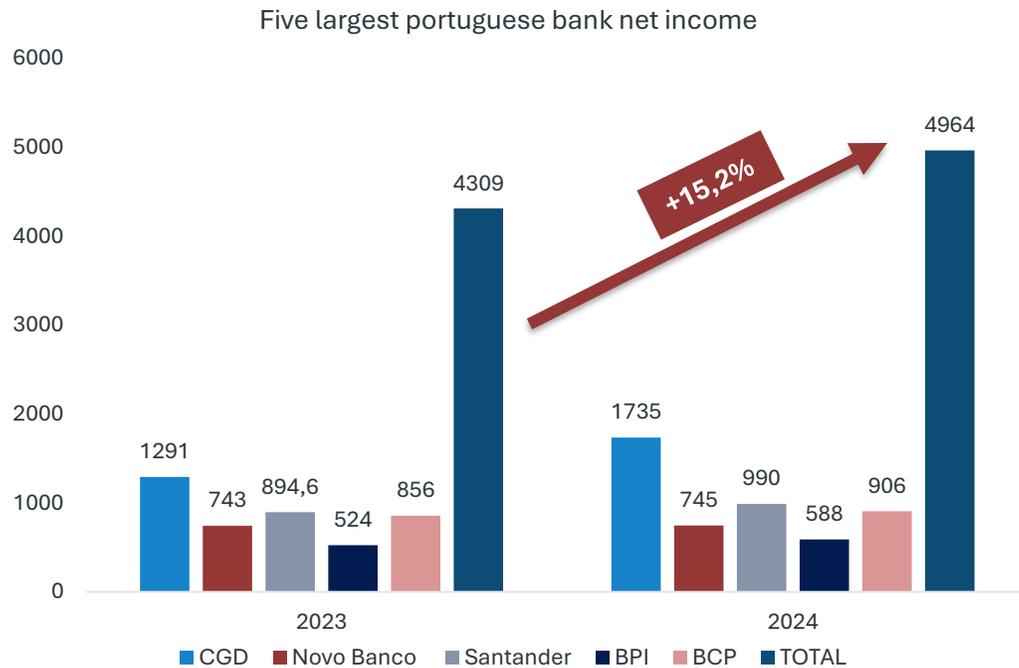
[Non-financial private sector debt, % GDP] [[Banco de Portugal](#)]



# Recovery of net interest income pulled up profits of the banking sector

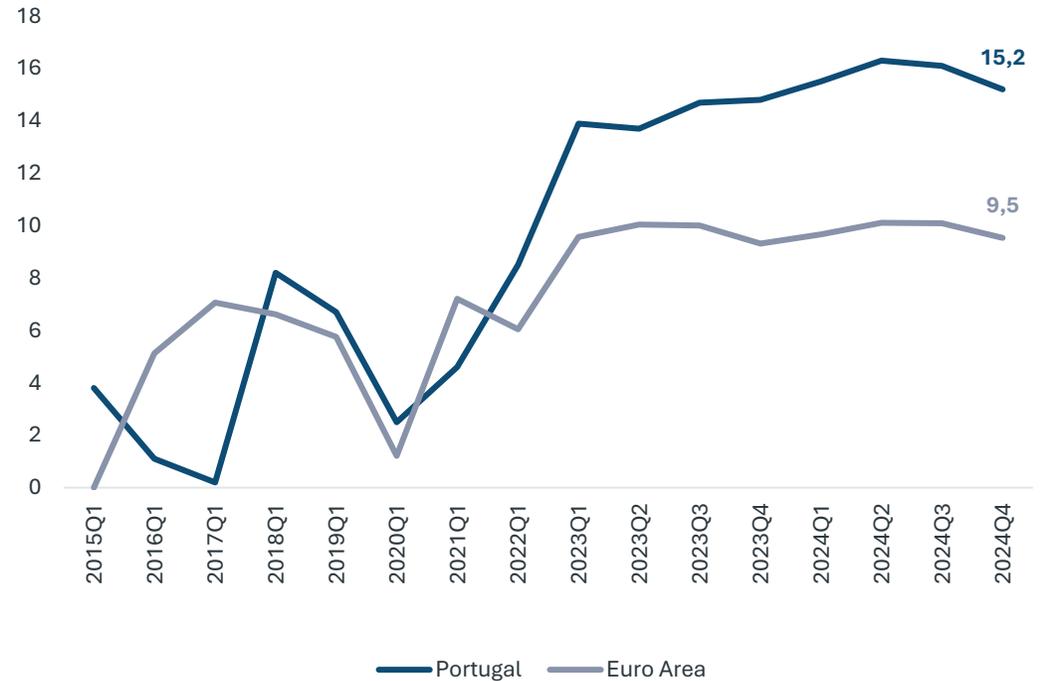
## In 2024, major banks in Portugal increased their net income by 15% (vs. 2023)

[Five biggest Portuguese bank's net income, EUR million] [Institutional websites of banks (financial statements audited and non-audited)]



## ROE of Portuguese banks higher than EA

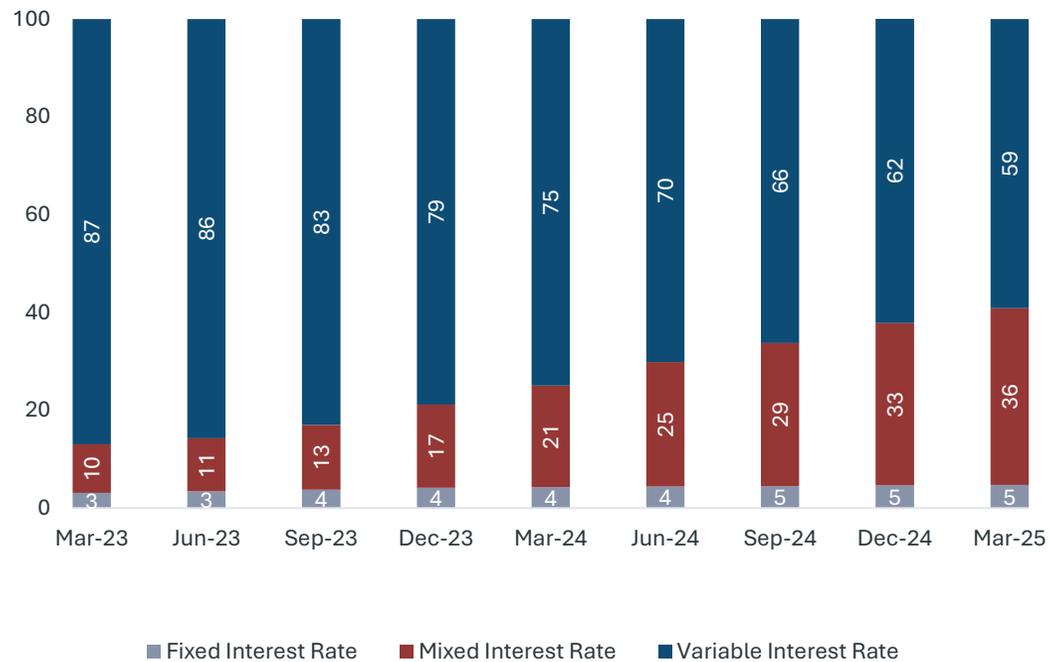
[Return on Equity (ROE), %] [[Banco de Portugal](#), [ECB](#)]



# Most residential property loans in Portugal are indexed to Euribor

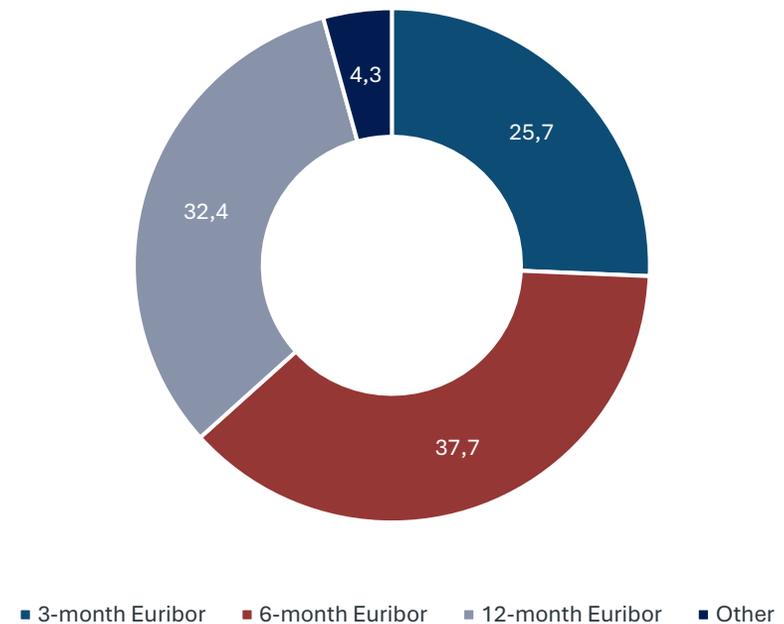
## Most contracts are variable rate, despite the declining trend

[Stock of loans for residential property by the type of interest rate, %] [\[Banco de Portugal\]](#)



## 37.7% of mortgage loans are indexed to the 6-month Euribor

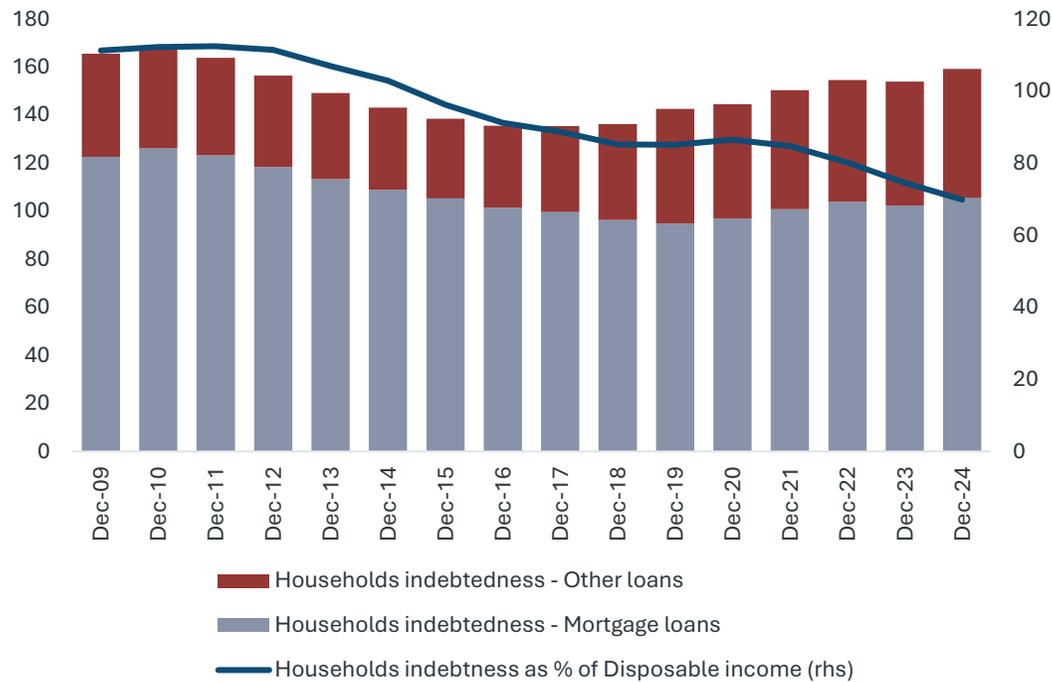
[Stock of loans for residential property by reference rate, March 2025, %] [\[Banco de Portugal\]](#)



# The financial situation of households remains resilient

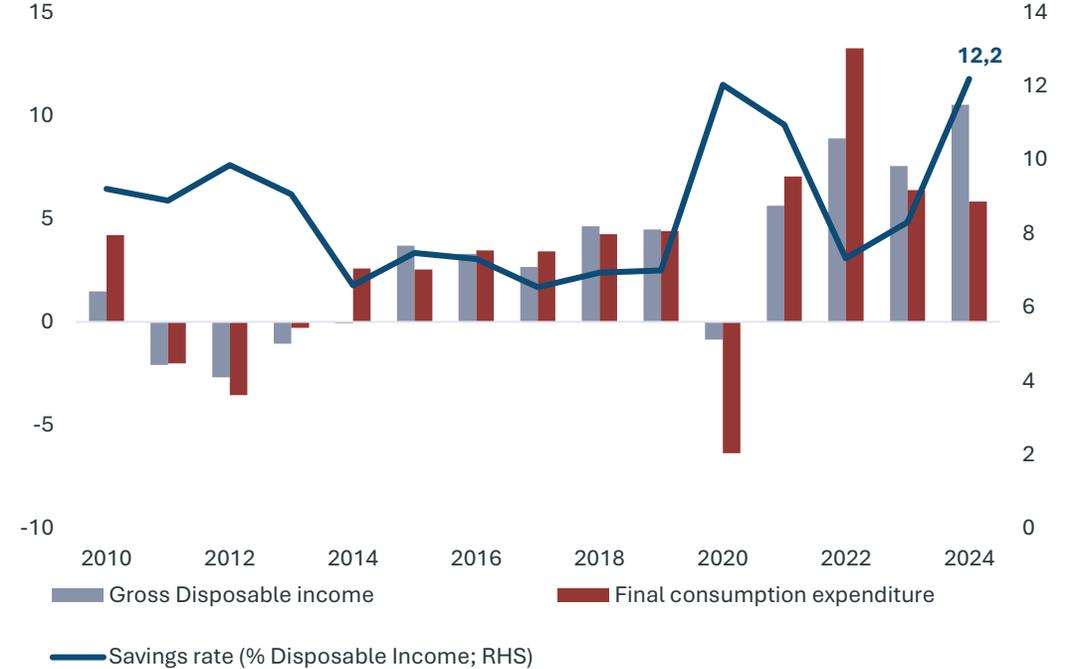
## Household debt stays below its long-run average

[Household indebtedness - Loans, EUR billion, Household indebtedness, % of Disposable Income] [[Banco de Portugal](#)]



## Savings rate continued to increase in 2024

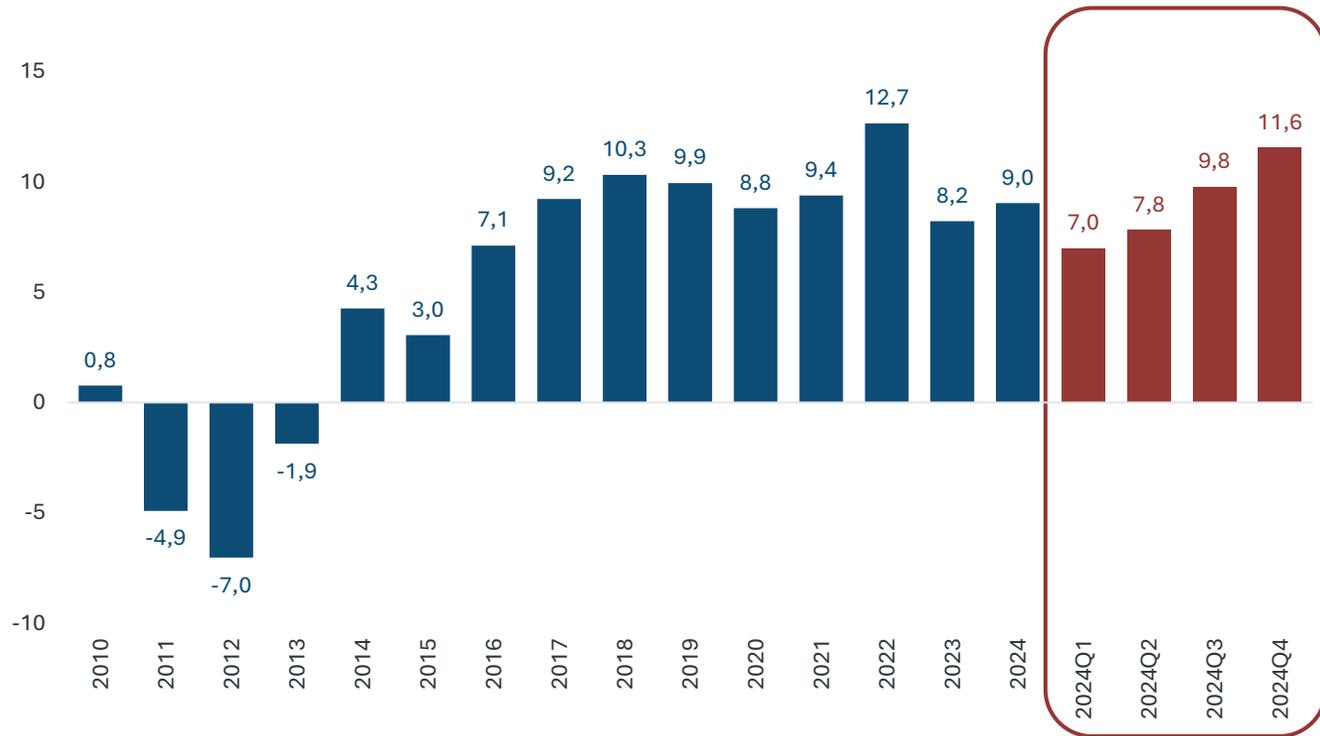
[Gross Disposable Income and Final consumption expenditure, YoY, %, Savings rate, % Disposable Income] [[Statistics Portugal](#)]



# Residential market indicators continue to demonstrate resilience and robustness

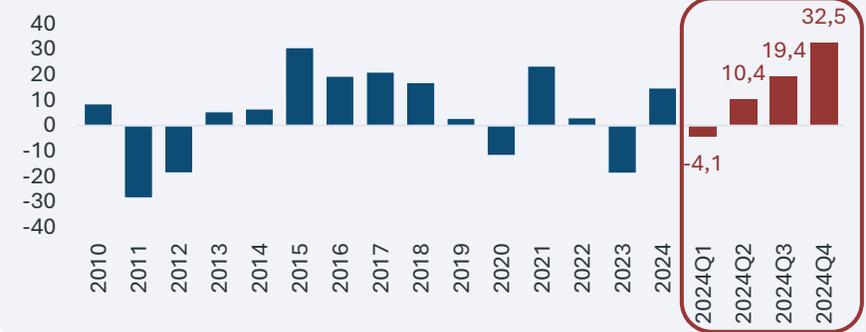
## House prices have been rising continuously since 2014

[House Price Index, YoY (annual average), %] [\[Statistics Portugal\]](#)



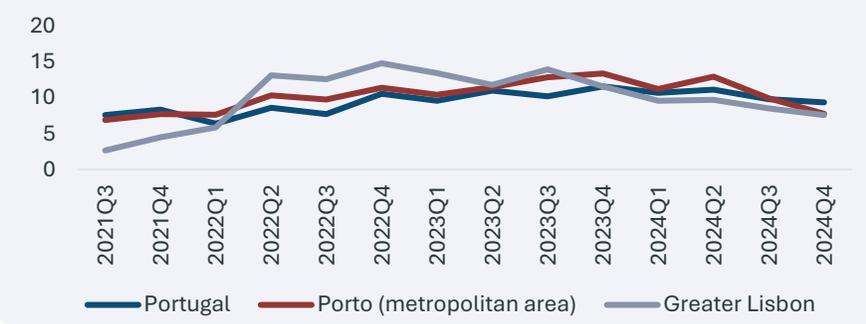
## Transactions recovered in 2024, after a drop in 2023

[Transactions in Housing Market, YoY (annual average), %] [\[Statistics Portugal\]](#)



## House rents continue to grow strongly

[Median value of rents per m2 of new rental contracts for family accommodation, YoY, %] [\[Statistics Portugal\]](#)



## 1. Executive Summary

---

- Portuguese economy in numbers

## 2. Macro Outlook

---

- Latest developments and projections

## 3. Fiscal Outlook

---

- Fiscal balance and public debt – performance and forecasts

## 4. Debt Management and Funding Plan

---

- Risk indicators and market developments

## 5. Annex

---

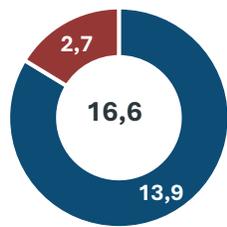


# Adjustments to the Recovery and Resilience Plan

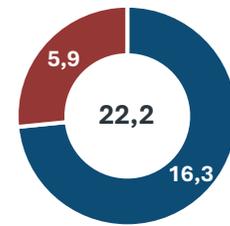
## Revision approved by EU in 2023 increased total amount

[Portugal's Recovery and Resilience Plan revision request ([May 2023](#))]

### Initial RRP



### Modified RRP



■ Grants ■ Loans

■ Grants ■ Loans

Revision of RRF grants allocation  
+ € 1.6 bn

RePower EU additional funds  
+ € 0.8 bn

Additional loans request  
+ € 3.2 bn

## Addendum approved in 2025 has adjusted milestones and targets but kept the maximum allocation amount

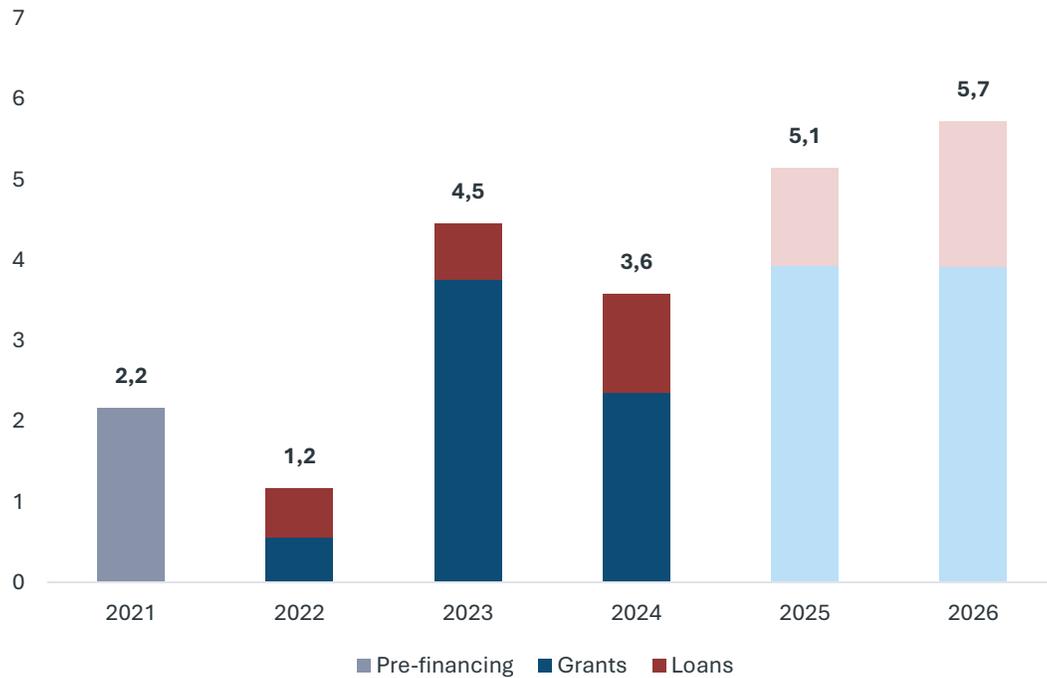
PRR		Addendum	
CURRENT		REVIEW	ADJUST.
<b>RESILIENCE</b>			
1.689 M €	C01. National Health Service	2.025 M €	+ 336 M €
3.226 M €	C02. Housing	2.835 M €	- 391 M €
1.045 M €	C03. Social Responses	1.127 M €	+ 81 M €
319 M €	C04. Culture	346 M €	+ 27 M €
4.911 M €	C05. Investment and Innovation	5.345 M €	+ 434 M €
1.959 M €	C06. Qualification and Skills	1.938 M €	- 21 M €
790 M €	C07. Infrastructure	790 M €	0 M €
615 M €	C08. Forests	615 M €	0 M €
461 M €	C09. Water Management	236 M €	- 224 M €
<b>15.017 M €</b>		<b>15.257 M €</b>	<b>+ 240 M €</b>
<b>CLIMATE</b>			
389 M €	C10. Sea	390 M €	0 M €
737 M €	C11. Decarbonisation of Industry	737 M €	0 M €
145 M €	C12. Bioeconomy	175 M €	+ 30 M €
610 M €	C13. Energy Efficiency in Buildings	622 M €	+ 12 M €
406 M €	C14. Hydrogen and Renewables	446 M €	+ 40 M €
1.262 M €	C15. Sustainable Mobility	847 M €	- 416 M €
855 M €	C21. REPowerEU	970 M €	+ 115 M €
<b>4.405 M €</b>		<b>4.187 M €</b>	<b>- 219 M €</b>
<b>DIGITAL</b>			
763 M €	C16. Enterprises 4.0	724 M €	- 39 M €
406 M €	C17. Quality and Sustainability of Public Finances	406 M €	0 M €
267 M €	C18. Economic Justice and Business Environment	267 M €	0 M €
684 M €	C19. Digital Public Administration	702 M €	+ 18 M €
674 M €	C20. Digital School	674 M €	0 M €
<b>2.794 M €</b>		<b>2.773 M €</b>	<b>- 21 M €</b>
<b>22.216 M €</b>		<b>22.216 M €</b>	<b>0 M €</b>

[Recuperar Portugal, [Adenda Plano de Recuperação e Resiliência](#)]

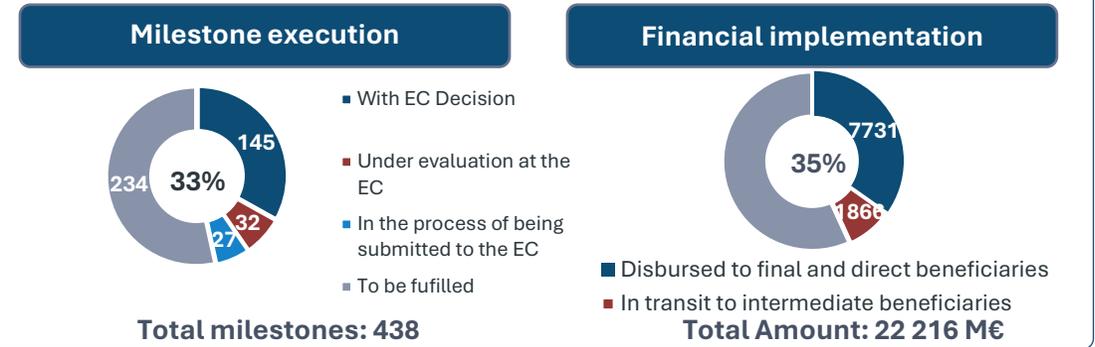
# Implementation of NGEU funds is advancing

## Portugal has received 51% of total amount

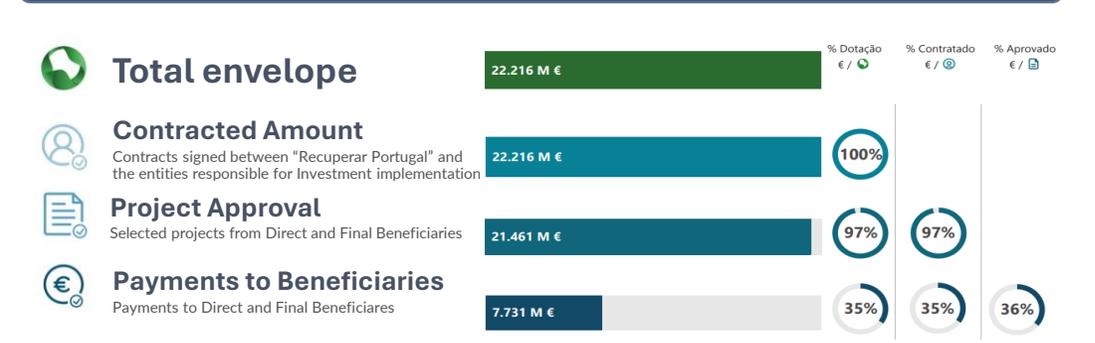
[RRP Allocation, EUR billion] [[European Commission](#)]



## 33% of the milestones have been achieved and disbursements to final and direct beneficiaries stand at EUR 7,731 M



## Financial implementation (details)



[Recuperar Portugal, [Monitoring Report 14/05/2025](#)]

### 3. FISCAL OUTLOOK

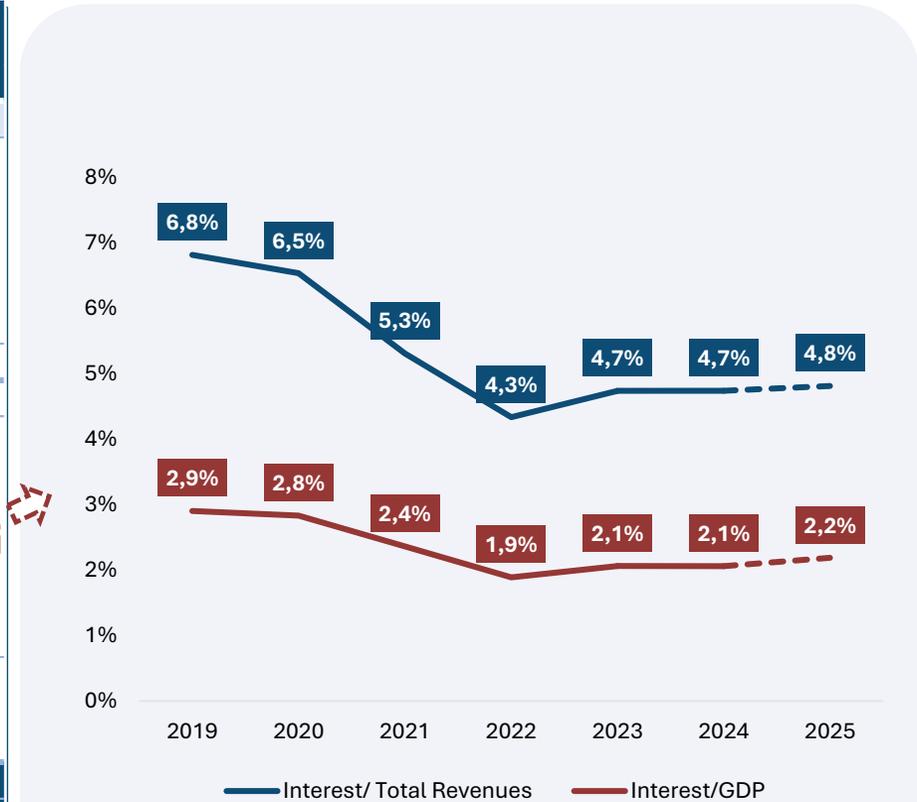
Fiscal balance and public debt – performance and forecasts

Previous

## Breakdown of Fiscal Balance shows improvement

General Government Accounts (Accrual basis)	2023	2024	2025F	2023	2024	2025 F	2024/2023	2025/2024
	EUR bn	EUR bn	EUR bn	% GDP	% GDP	% GDP	y-o-y	y-o-y
<b>Total revenue</b>	<b>116,6</b>	<b>124,0</b>	<b>133,8</b>	<b>43,5</b>	<b>43,5</b>	<b>45,5</b>	<b>6%</b>	<b>8%</b>
Current revenue	113,5	121,5	127,6	42,4	42,6	43,3	7%	5%
Current taxes on income and wealth	28,5	29,5	29,4	10,6	10,3	10,0	4%	0%
Taxes on production and imports	38,7	41,5	43,2	14,4	14,6	14,7	7%	4%
Social contributions	32,8	35,9	37,9	12,2	12,6	12,9	9%	5%
Sales	8,4	8,9	9,1	3,1	3,1	3,1	6%	3%
Other current revenue	5,2	5,8	8,0	1,9	2,0	2,7	12%	39%
Capital revenue	3,1	2,5	6,2	1,2	0,9	2,1	-21%	153%
<b>Total expenditure</b>	<b>113,4</b>	<b>122,0</b>	<b>132,9</b>	<b>42,3</b>	<b>42,8</b>	<b>45,2</b>	<b>8%</b>	<b>9%</b>
Current expenditure	102,9	112,2	118,6	38,4	39,3	40,3	9%	6%
Social benefits	46,9	51,8	53,3	17,5	18,2	18,1	10%	3%
Compensation of employees	27,9	30,3	32,0	10,4	10,6	10,9	8%	6%
Interest	5,5	5,9	6,4	2,1	2,1	2,2	6%	10%
Intermediate consumption	13,9	14,9	16,2	5,2	5,2	5,5	7%	8%
Subsidies	2,2	2,1	2,0	0,8	0,8	0,7	0%	-8%
Other current expenditure	6,5	7,2	8,7	2,4	2,5	3,0	11%	21%
Capital expenditure	10,5	9,7	14,3	3,9	3,4	4,8	-7%	46%
Gross Fixed Capital Formation	7,0	7,8	10,9	2,6	2,7	3,7	10%	41%
Other capital expenditure	3,5	2,0	3,3	1,3	0,7	1,1	-42%	68%
<b>Overall Balance</b>	<b>3,2</b>	<b>2,0</b>	<b>0,9</b>	<b>1,2</b>	<b>0,7</b>	<b>0,3</b>		
Primary Balance	8,8	7,9	7,3	3,3	2,8	2,5		

[Statistics Portugal, Ministry of Finance (2025 State Budget)]

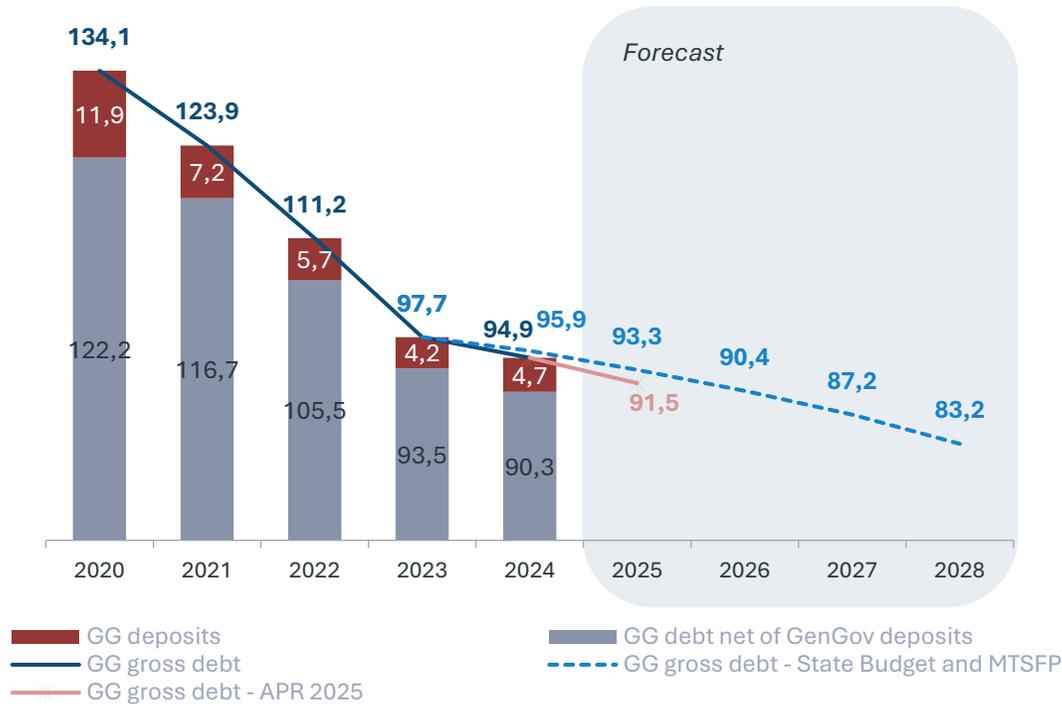


[Statistics Portugal, Ministry of Finance (2025 State Budget)]

# Commitment to fiscal prudence continues to take public debt ratio lower

## Debt-to-GDP ratio spiked to a maximum in 2020, but the pre-Covid downward trend resumed in 2021 anchored in favorable metrics

[Maastricht debt, % GDP] [Statistics Portugal, Banco de Portugal, Ministry of Finance (2025 State Budget and Medium-Term Fiscal – Structural Plan 2025-2028 and Annual Progress Report 2025)]



## Downward trend of debt is expected to continue

[Public Debt Dynamics] [2025 State Budget , Medium- term Fiscal- Structural Plan 2025-2028 and Annual Progress Report 2025]

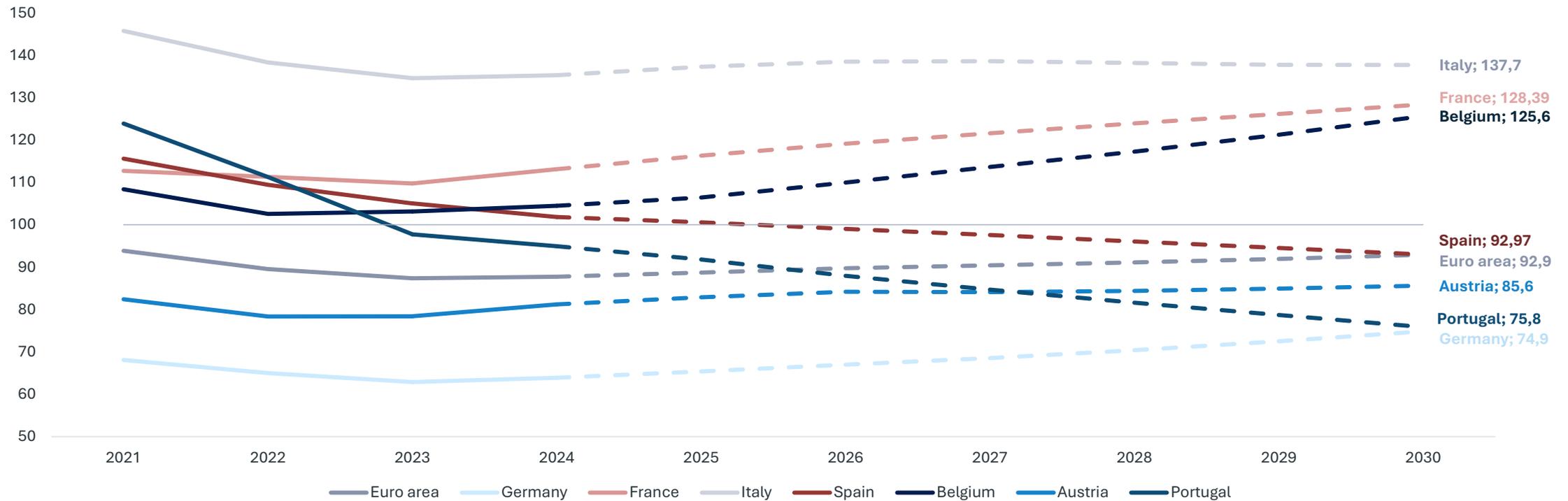
	2020	2021	2022	2023	2024	2025 F*	2026 F	2027 F	2028 F
<b>Maastricht debt % GDP</b>	134,1	123,9	111,2	97,7	94,9	91,5	90,4	87,2	83,2
<b>Annual change (pp GDP)</b>	18,0	-10,2	-12,6	-13,5	-2,8	-3,4			
<b>Primary balance effect</b>	2,9	0,5	-1,6	-3,3	-2,8	-2,4			
<b>Snowball effect</b>	10,6	-7,2	-12,1	-7,9	-3,9	-2,5			
Interest costs	2,8	2,4	1,9	2,1	2,1	2,2			
Nominal GDP	7,8	-9,6	-13,9	-9,9	-5,9	-4,7			
<b>Stock-flow adjustments</b>	4,5	-3,5	1,0	-2,3	3,8	1,5			
<b>Nominal GDP growth rate (yoy)</b>	-6,3	7,7	12,7	9,8	6,4	5,2			
<b>Overall fiscal balance (%GDP)</b>	-5,8	-2,8	-0,3	1,2	0,7	0,3			
Primary balance (%GDP)	-2,9	-0,5	1,6	3,3	2,8	2,4			
Interest costs (%GDP)	2,8	2,4	1,9	2,1	2,1	2,2			

\* 2025 forecast according to [Annual Progress Report 2025](#)

# Portugal's macro/fiscal outlook reflected in downward trend of public debt

The IMF projects a 19pp decrease in Portuguese public debt as a percentage of GDP by 2030 compared to 2024.

[General government gross debt, % of GDP] [IMF, [World Economic Outlook](#), April 2025]



## 1. Executive Summary

---

- Portuguese economy in numbers

## 2. Macro Outlook

---

- Latest developments and projections

## 3. Fiscal Outlook

---

- Fiscal balance and public debt – performance and forecasts

## 4. Debt Management and Funding Plan

---

- Risk indicators and market developments

## 5. Annex

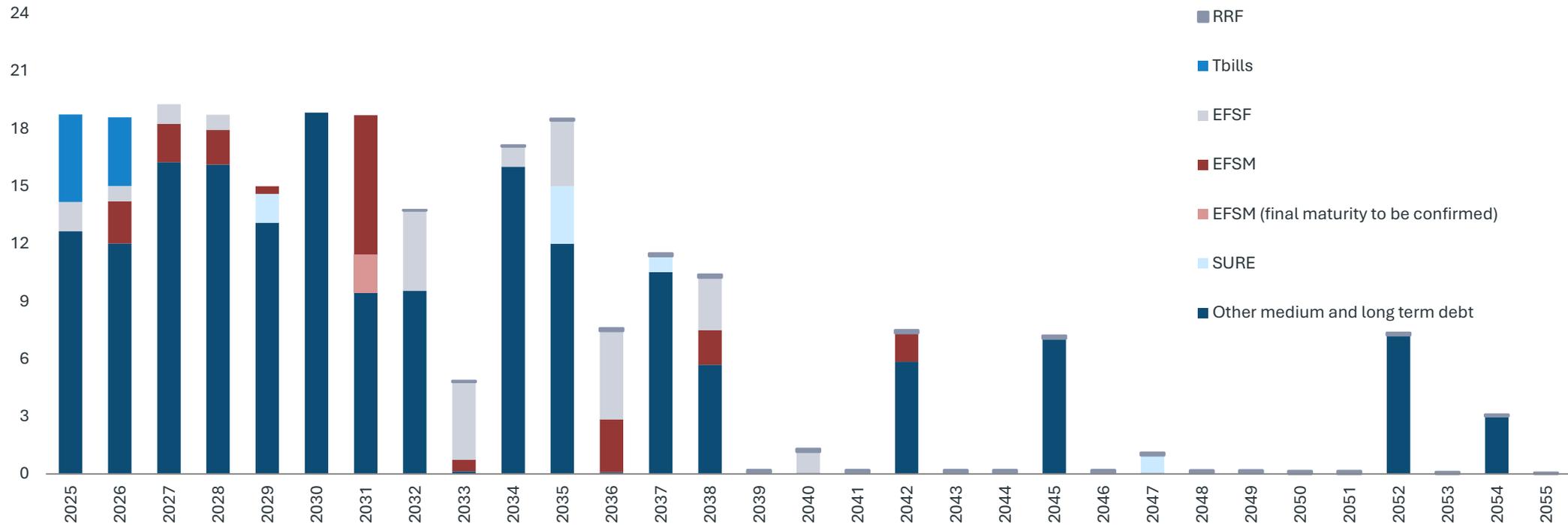
---



# Smooth debt redemption profile

**Objectives: avoid peaks of amortization, reduction of refinancing risk and flexibility in issuance plans**

[Redemption calendar debt\*, + rollover EFSM, March-2025, EUR billion] [\[IGCP\]](#)

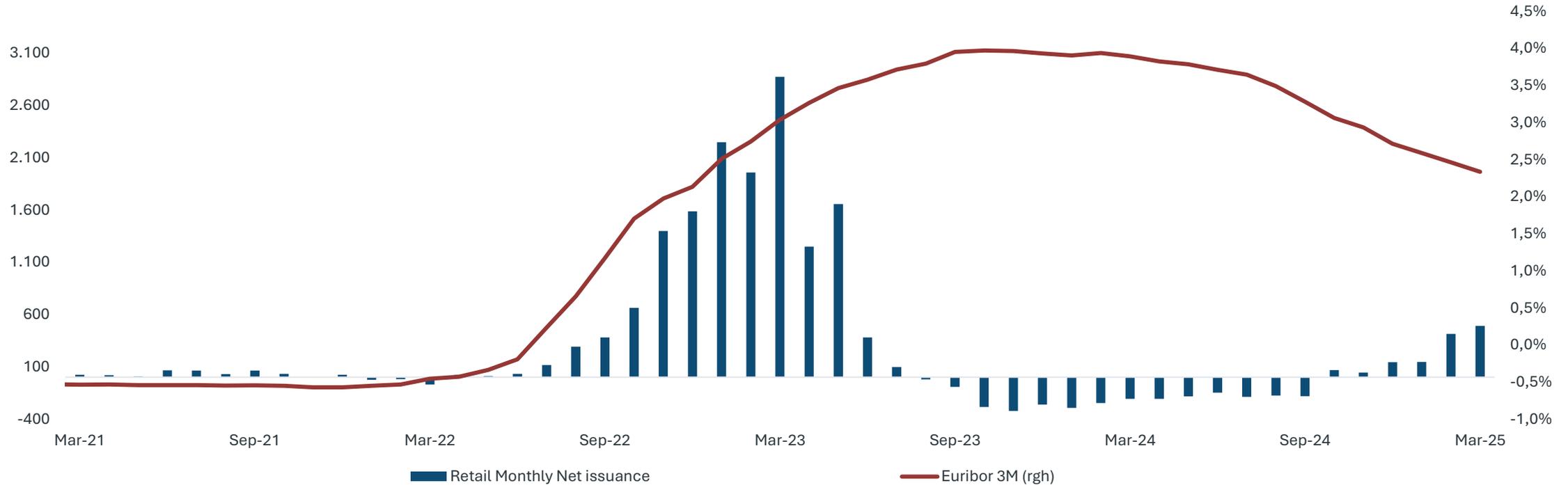


\*The redemption profile excludes the redemptions of Saving and Treasury certificates, as well as of CEDIC and CEDIM – short- and medium- to long term special certificates held by other public entities. The final maturity date of the EFSM loans is still not defined.

# The net issuance of retail debt certificates has turned positive in recent months

Net issuance of retail debt in 2025 YTD has reached EUR 1.3 bn (51% of funding target of EUR 2.5 billion)

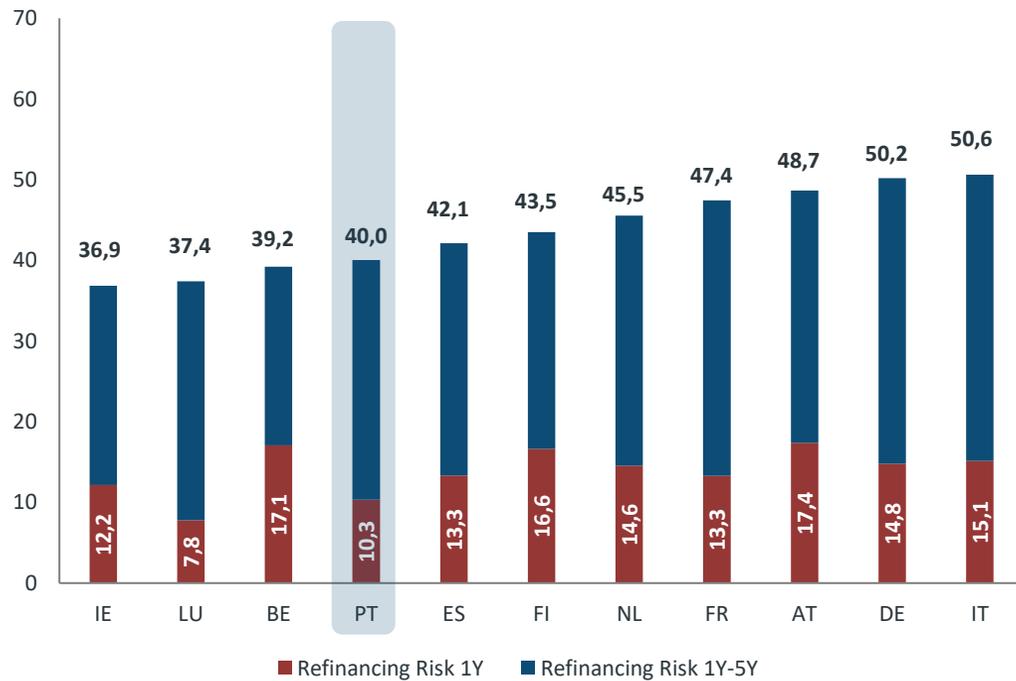
[Monthly net subscriptions, EUR million, Euribor, %] [IGCP, Bloomberg]



# Limited refinancing and refixing risks

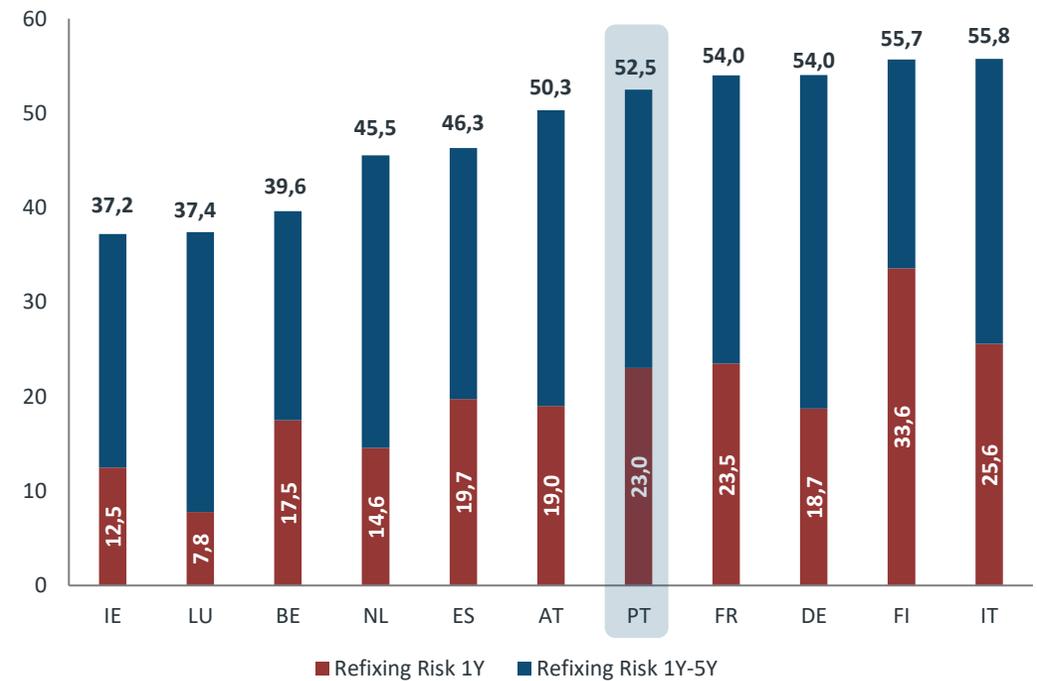
## Refinancing risk low compared with peers

[Refinancing risk, end of March-2025, % of outstanding debt] [ESDM]



## Refixing risk increase due to high subscriptions of floating rate certificates (old series cap at 3.5% and new series cap at 2.5%)

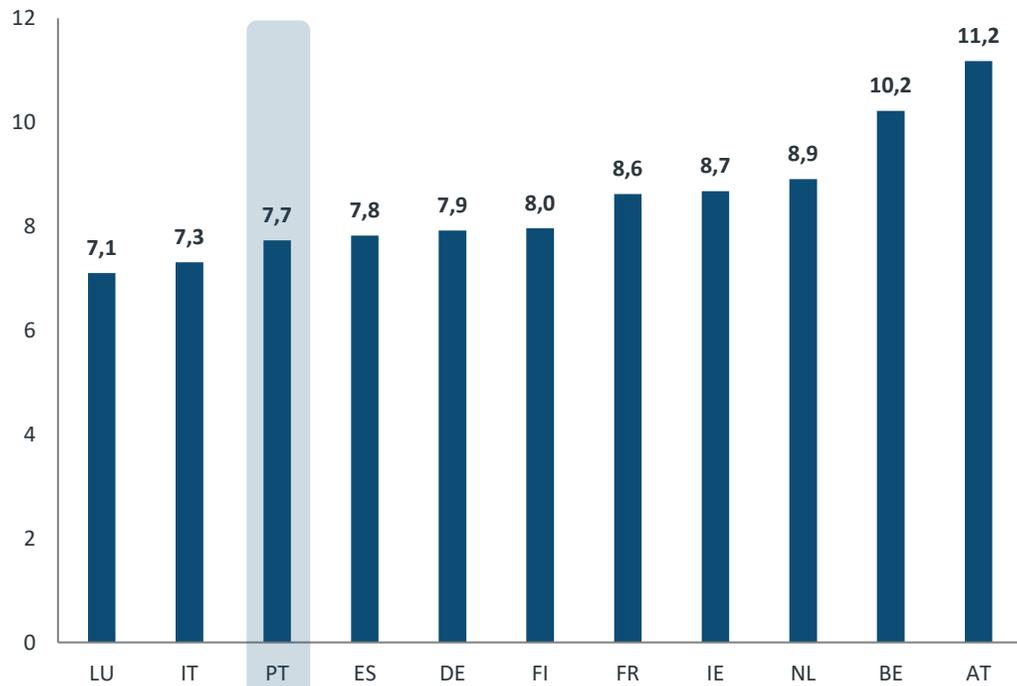
[Refixing risk, end of March-2025, % of outstanding debt] [ESDM]



# WAM expected to stay above 7 years

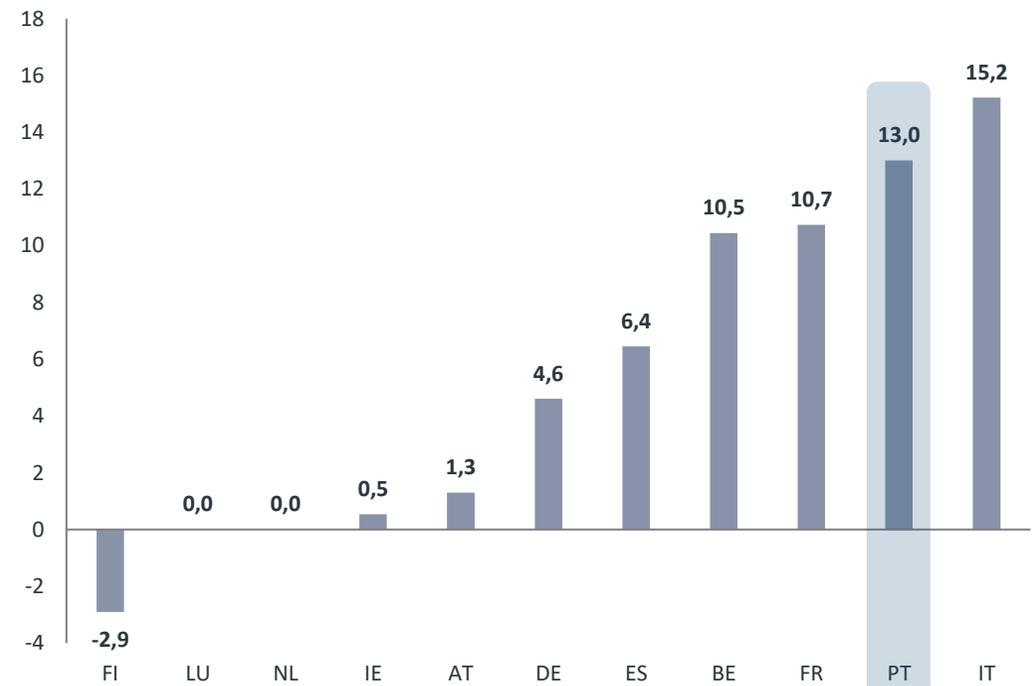
## Average maturity

[Average residual maturity of outstanding debt, end March-25, years] [\[ESDM\]](#)



## Floating rate ratio\* (old series of savings certificates cap at 3.5% and new series cap at 2.5%)

[Ratio Floating Debt (before derivatives), March-2025, % of outstanding debt] [\[ESDM\]](#)

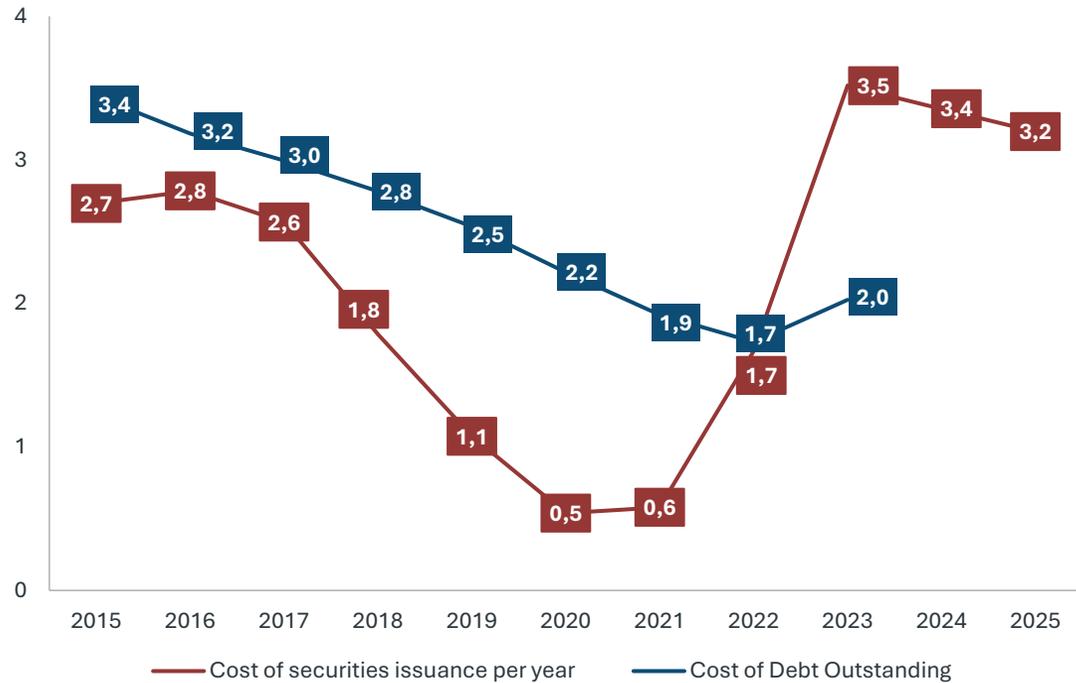


\* According to ESDM methodology, floating rate debt also includes inflation linked bonds.

# Affordability improved significantly with a stable average maturity

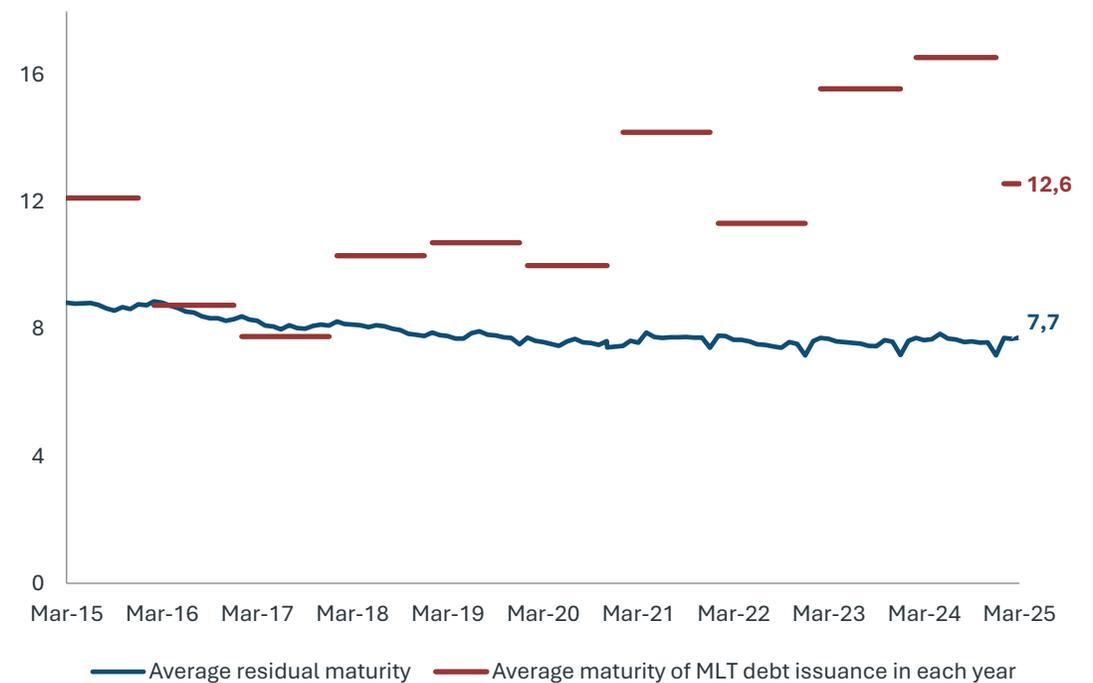
Sustainable cost of debt

[Cost of Debt indicators, %] [IGCP]



Stable weighted average maturity of debt

[Average Maturity, Years] [IGCP]



## Consistent and predictable funding plan with retained flexibility

### Net cash requirements of the State are projected to increase but PGB net issuance is stable in 2025

[Executed financing up to end-Apr; EUR billion] [IGCP, Ministry of Finance ([State Budget 2025](#))]

	2023	2024	2025 P
<b>State borrowing requirements</b>	<b>19,8</b>	<b>19,6</b>	<b>33,0</b>
<b>Net financing needs</b>	<b>3,5</b>	<b>9,8</b>	<b>18,0</b>
Overall deficit (a)	0,2	5,7	6,8
Net acquisitions of financial assets (b)	3,3	4,1	11,2
One-off operations			
<b>MLT Redemptions</b>	<b>16,3</b>	<b>9,9</b>	<b>14,9</b>
PGB (c)	13,6	7,4	12,4
MTN	1,1	2,4	
FRN/OTRV/Other MLT instruments			1,0
Official loans	1,5		1,5
<b>State financing sources</b>	<b>19,8</b>	<b>19,6</b>	<b>33,0</b>
<b>Use of deposits</b>	<b>0,6</b>	<b>-0,6</b>	<b>-0,2</b>
<b>Financing in the year</b>	<b>19,1</b>	<b>20,3</b>	<b>33,2</b>
<b>Executed</b>	<b>19,1</b>	<b>20,3</b>	<b>11,0</b>
EU	0,7	1,3	
PGB	9,4	15,3	8,0
MTN			
FRN/OTRV			
Retail debt (net)	10,2	-0,6	1,7
Tbills (net)	-4,6	5,7	1,3
Other flows (net) (d)	3,4	-1,4	
<b>To be executed</b>			<b>22,2</b>
EU			1,2
PGB			12,5
MTN			2,0
FRN/OTRV			1,5
Retail debt (net)			0,8
Tbills (net)			3,2
Other flows (net) (d)			0,9
<b>State Treasury cash position at year-end (e)</b>	<b>5,7</b>	<b>6,3</b>	<b>6,5</b>

### Funding needs and financing plan in 2025:

- ✓ The State's net financing needs are expected to reach EUR 18.0bn
- ✓ The medium- and long-term debt redemptions amount to EUR 14.9bn
- ✓ Issuance of:
  - PGBs: EUR 20.5bn
  - MTNs: EUR 2.0bn
  - Retail Floating Rate Bonds: EUR 1.5bn
  - T-Bills (net): EUR 4.6bn
- ✓ Disbursements under the EU Next Generation loans: EUR 1.2bn
- ✓ Cash position at end of 2025: EUR 6.5bn
- ✓ Execution of PGBs (end-Apr): 39%

a) State sub-sector cash deficit (2023 final figure, 2024 preliminary figures and 2025 estimates from Ministry of Finance)

b) Includes refinancing of other public entities (namely SOEs)

c) Includes net impact of exchange offers

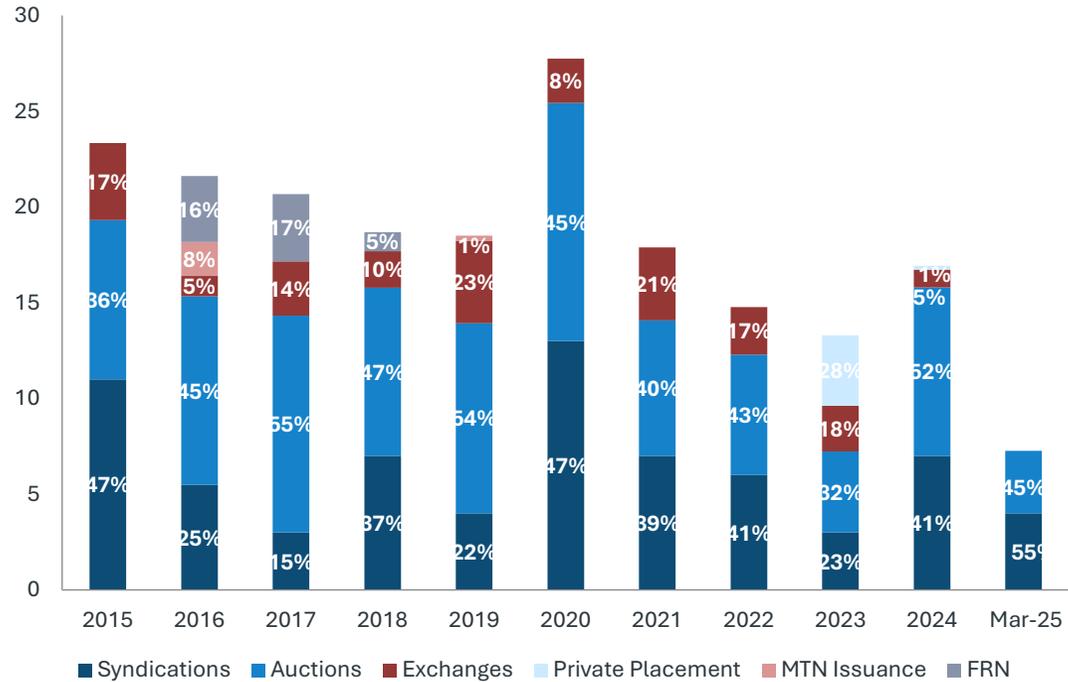
d) Includes centralization of funds of other public entities in the Single Treasury Account

e) Excludes cash-collateral.

# Regular and predictable issuance of MLT instruments

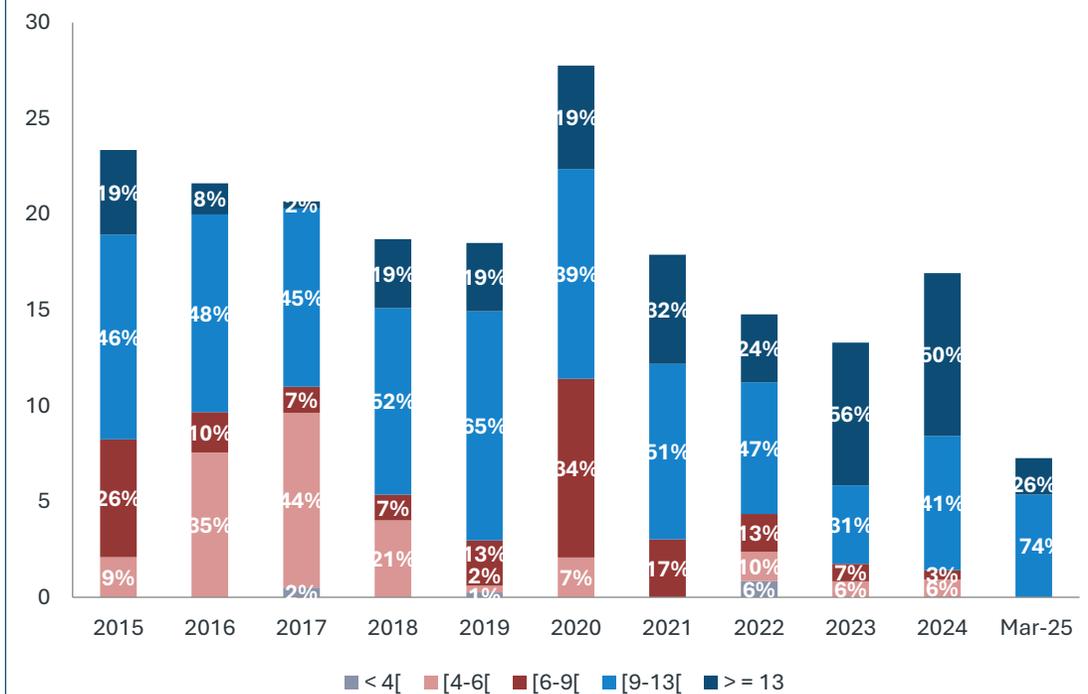
## Balanced funding of auctions and syndications

[Medium- and long-term debt issuance per method of issuance, EUR billion, % of total] [IGCP]



## Primary market issuance supports liquidity across the curve

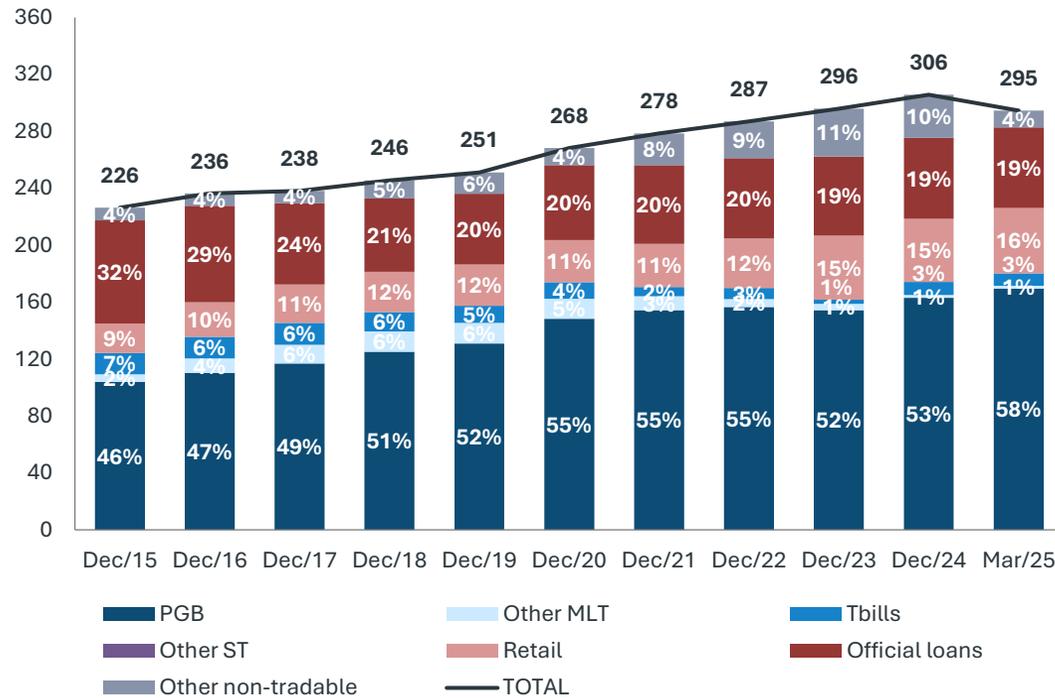
[Medium- and long-term debt issuance per bucket, EUR billion, % of total] [IGCP]



# Debt breakdown points to diversification and stability

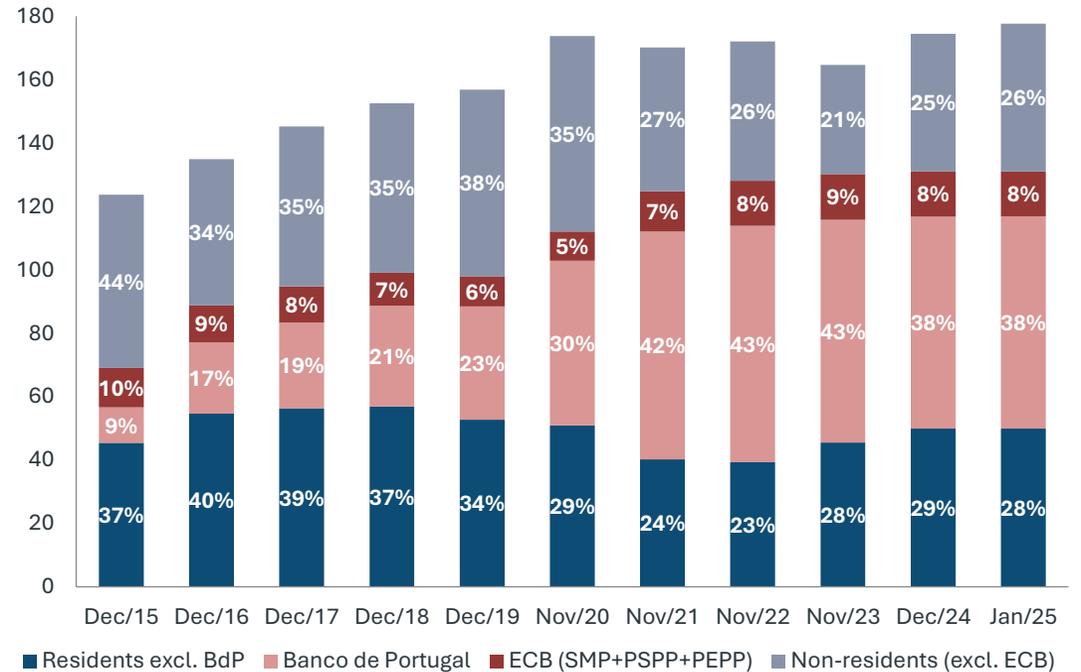
## PGBs are the “backbone” of the State’s funding

[State Direct Debt Composition, EUR billion, % of total] [IGCP]



## Holdings of non-resident investors continue replacing the Eurosystem

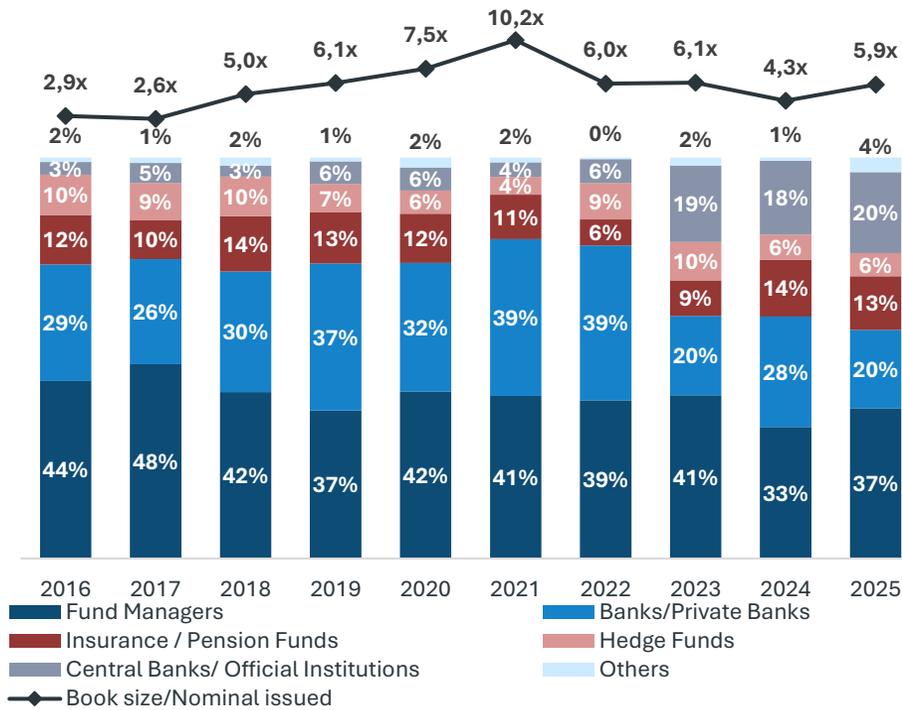
[State Direct Debt Securities Holders, EUR billion, % of total of State Direct Debt Securities] [IGCP, Banco de Portugal, ECB]



# OT syndications with a diversified and stable investor base

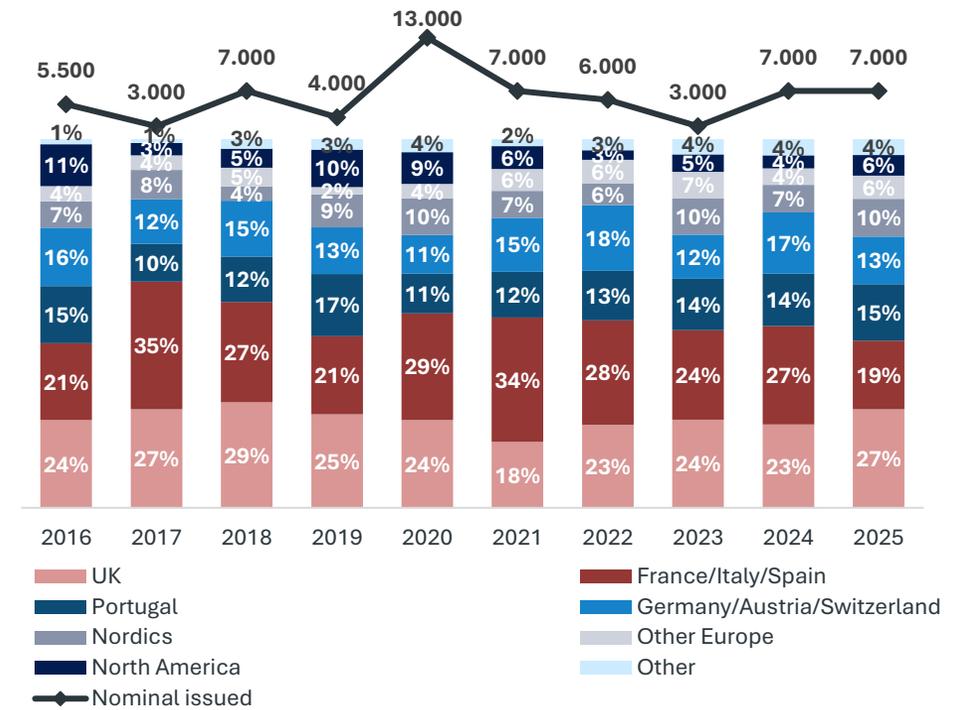
## By Type

[% of total allocation; Book size/Nominal issued] [IGCP]



## By Region

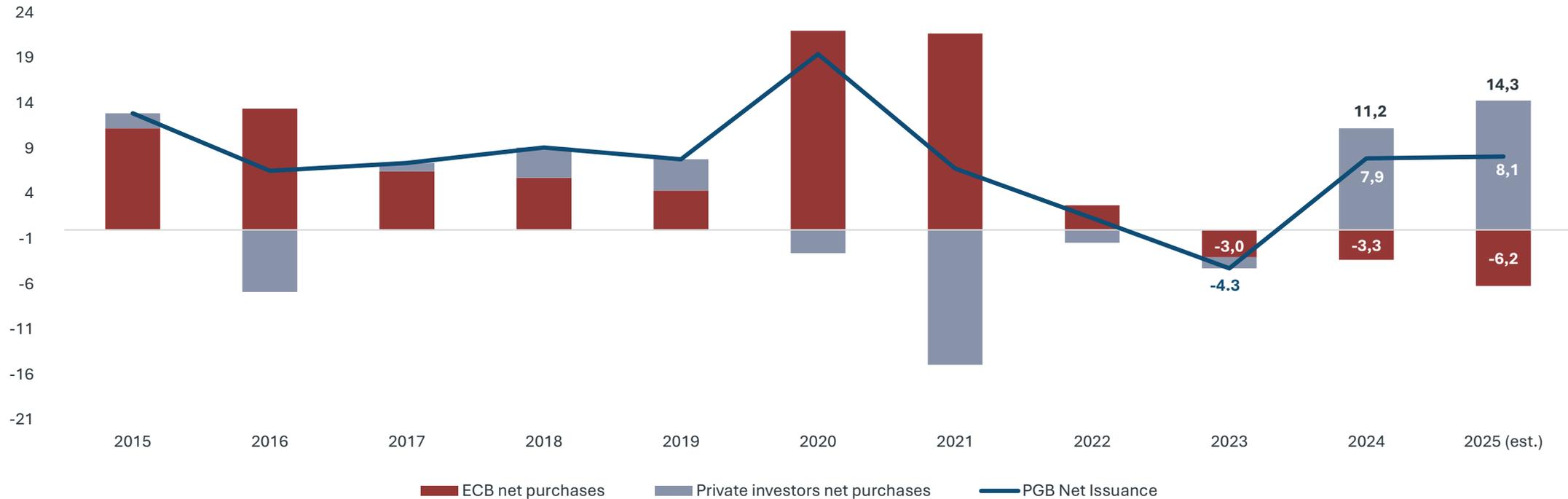
[% of total allocation; Nominal issued EUR million] [IGCP]



# In 2025, net issuance of PGB remains stable at around EUR 8 billion

In full passive QT in 2025, ECB's net purchases of PGB is expected to reduce by EUR 6.2 billion and private investors net purchases to increase by EUR 14.3 billion

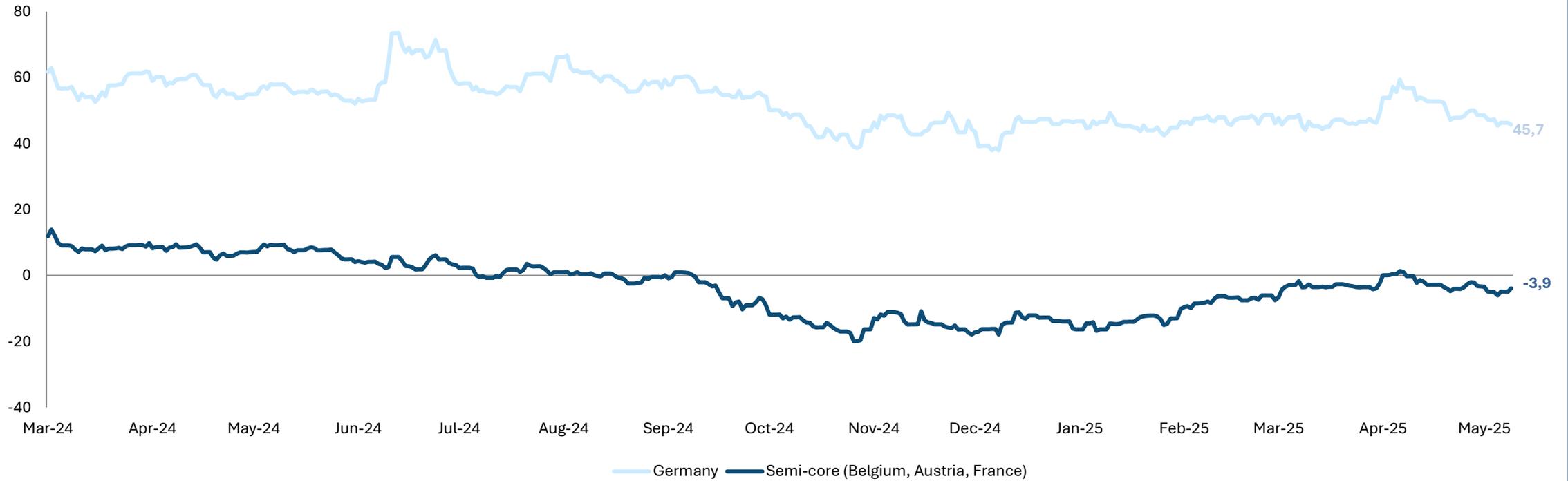
[PGB net issuance and ECB net purchases (EUR billion)] [IGCP, [ECB](#)]



# Portugal's convergence with the 'Semi-Core' group of countries

## PGB spreads have compressed relative to peers

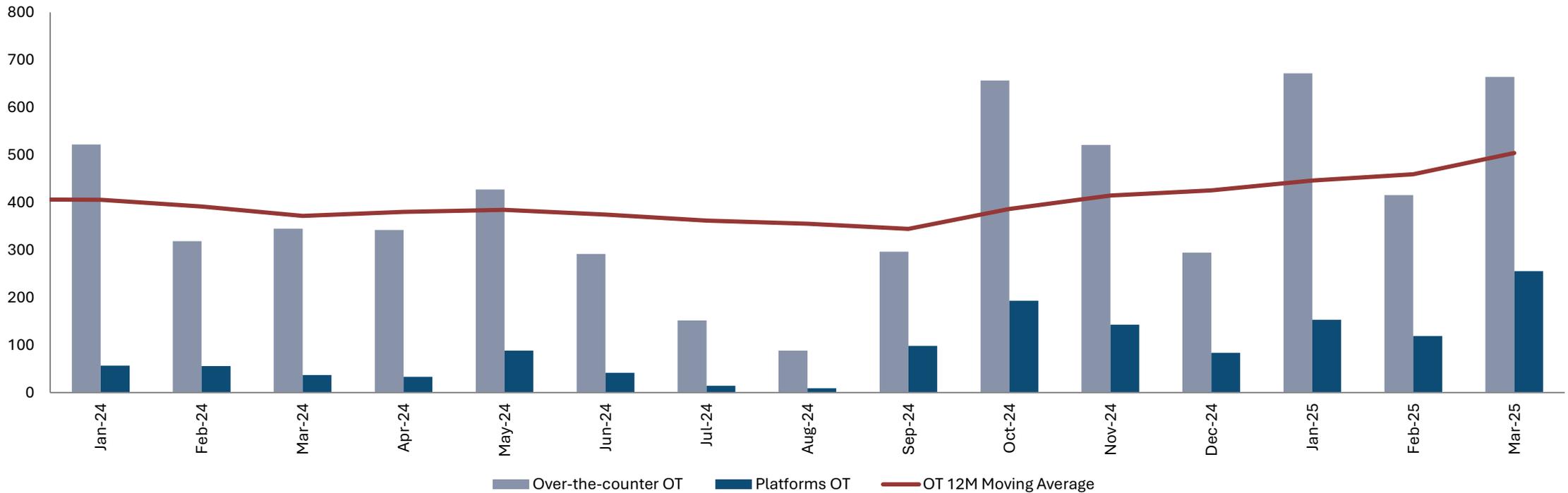
[PGB, 10Y interpolated spread, basis points] [Bloomberg, IGCP calculations]



# PGB liquidity momentum extends into 2025

Average daily turnover rises leading up to and following FTSE Russel World Bond Index return

[PGB trading in secondary market, average daily turnover in EUR million] [Bloomberg, IGCP calculations]



# Secondary market liquidity on MTS

## Bid/ask spreads on MTS remain stable for bills and have increase for bonds

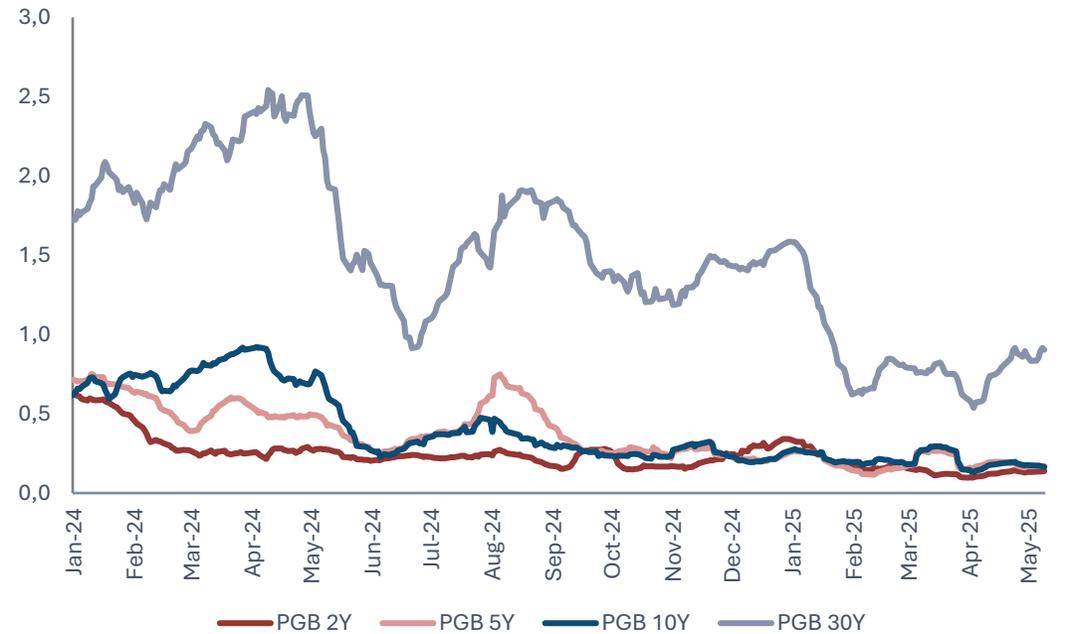
[VWBA = Volume Weighted Bid/Ask Spread, 20-day Moving Average, % of mid-price] [MTS]



[VWBA averaged from best 5 ask and bid prices/quantities at 11 a.m CET and 4 p.m CET each day until 31/07/2024 and at 30 min during each daily session after 1/08/2024]

## Stable bid/ask spreads observed across the PGB benchmarks, with an increase in the 30Y benchmark

[VWBA = Volume Weighted Bid/Ask Spread, 20-day Moving Average, % of mid-price] [MTS]

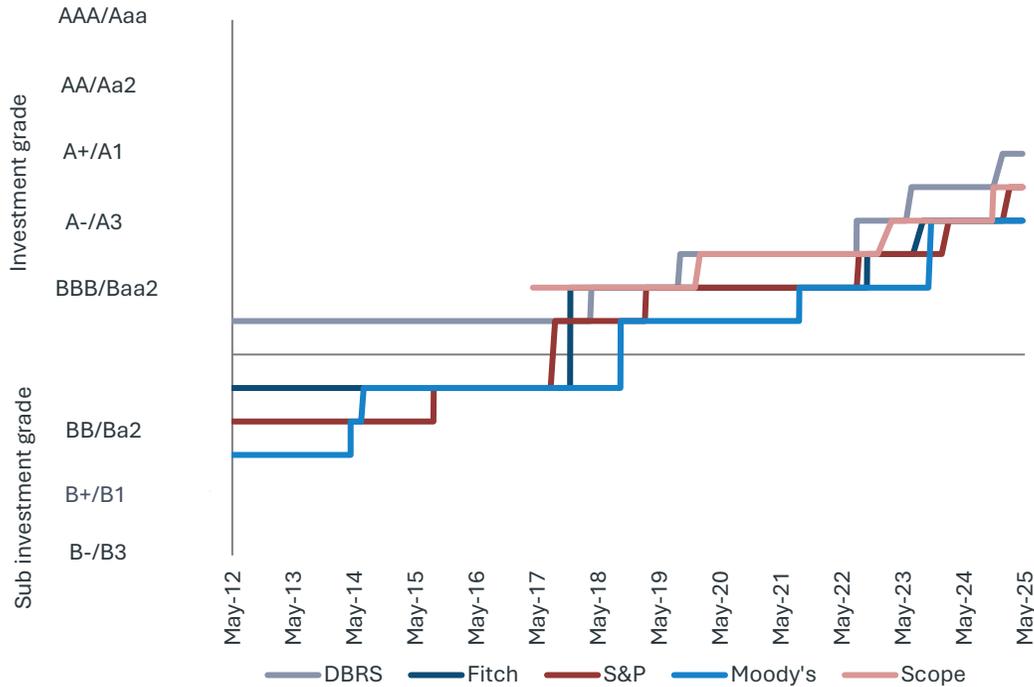


[VWBA averaged from best 5 ask and bid prices/quantities at 11 a.m CET and 4 p.m CET each day until 31/07/2024 and at 30 min during each daily session after 1/08/2024]

# Since March 2024, Portugal has been rated in the 'A' category by the major credit rating agencies

## Rating agencies recognition

[May-2025] [DBRS, Fitch, Moody's, S&P, Scope]



	DBRS	Fitch	Moody's	S&P	Scope
Current	( A (high) / Sta.)	( A- / Pos.)	( A3 / Sta.)	( A / Pos.)	(A/Sta.)
Sep-2023		27/Sep Upgrade to A-		8/Sep BBB+  Positive	8/Sep A-   Stable
Nov-2023			17/Nov Upgrade to A3		
Jan/2024	19/Jan A  Stable				
Feb/2024					16/feb A-   Stable
Mar/2024		22/Mar A-  Stable		01/Mar Upgrade to A-   Positive	
May/2024			17/May No rating action		
Jul/2024	19/Jul A  Positive				26/Jul A-   Positive
Aug/2024				30/Aug No rating action	
Sep/2024		20/Sep A-   Positive			
Nov/2024			15/Nov No rating action		22/Nov Upgrade to A
Jan/2025	17/Jan Upgrade to A (High)				
Feb/2025				28/Feb Upgrade to A	
Mar/2025		14/Mar A-   Positive			
May/2025			16/May No rating action		16/May No rating action
Jul/2025	18/Jul				



Agência de Gestão da Tesouraria  
e da Dívida Pública

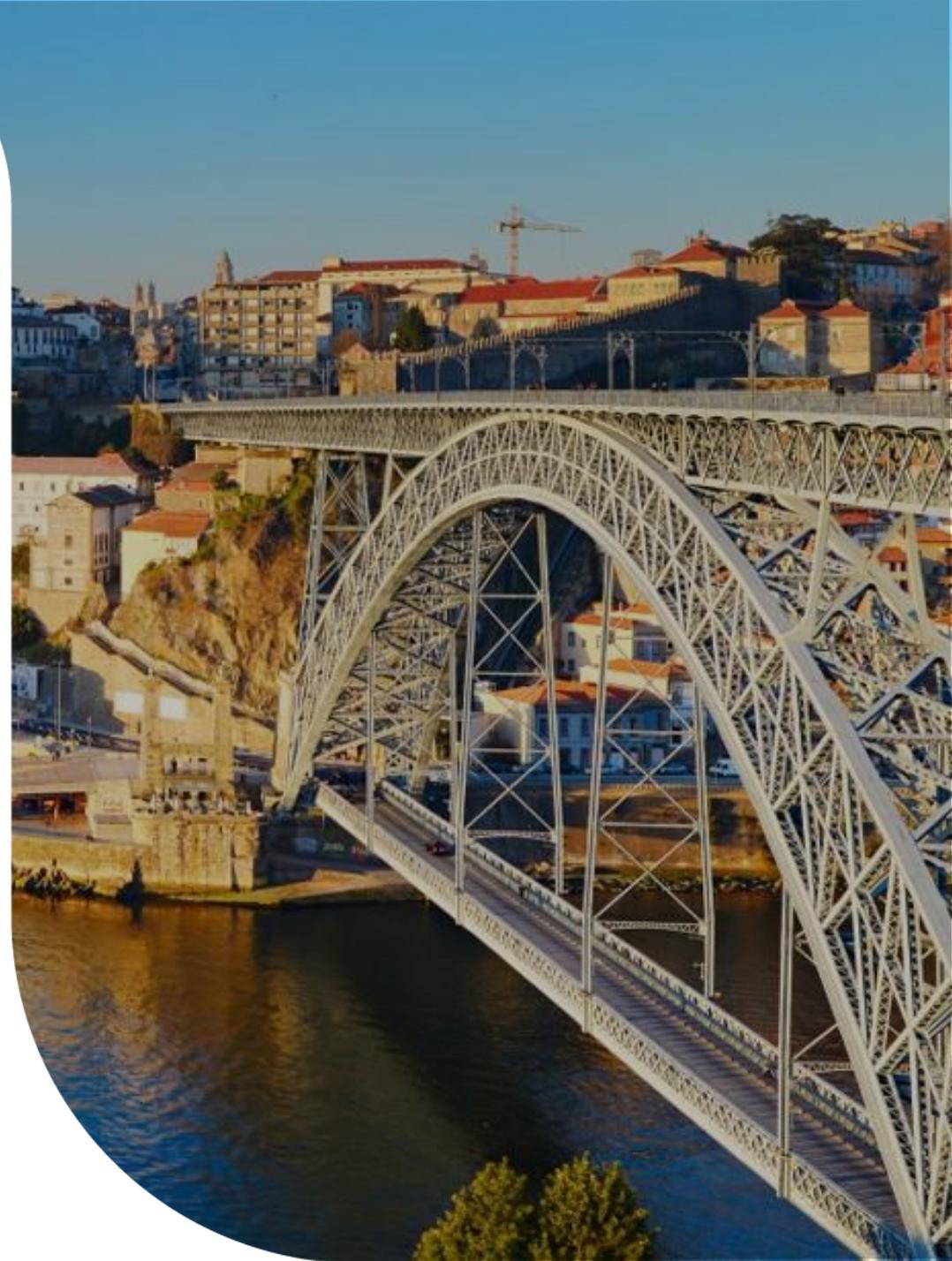
# Thank You

## Disclaimer

The information and opinions contained in this presentation have been compiled or arrived at from Source(s) believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness.

All opinions and estimates contained in this document are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by a recipient and, therefore, do not form the basis of any contract or commitment whatsoever.

IGCP does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.



## 1. Executive Summary

---

- Portuguese economy in numbers

## 2. Macro Outlook

---

- Latest developments and projections

## 3. Fiscal Outlook

---

- Fiscal balance and public debt – performance and forecasts

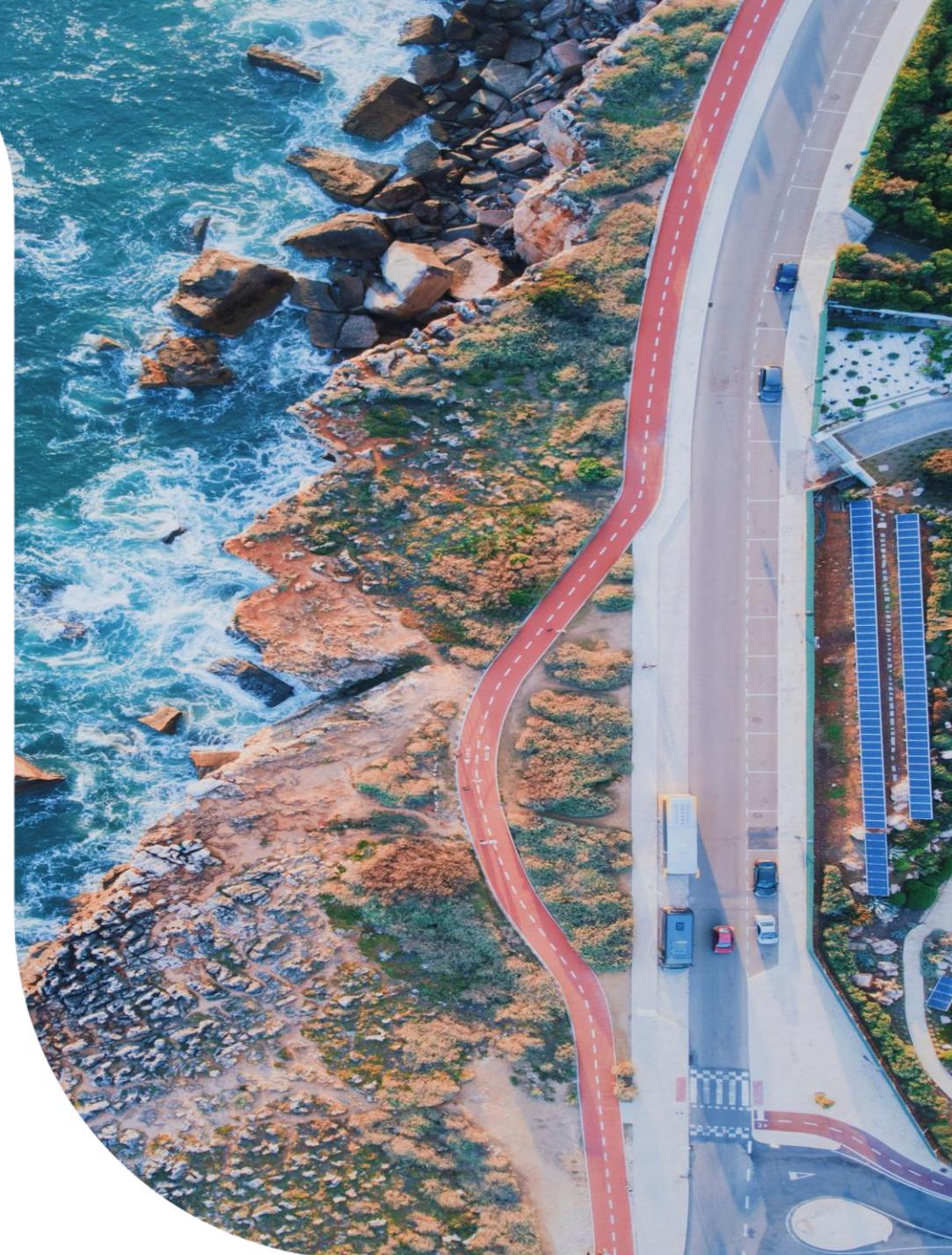
## 4. Debt Management and Funding Plan

---

- Risk indicators and market developments

## 5. Annex

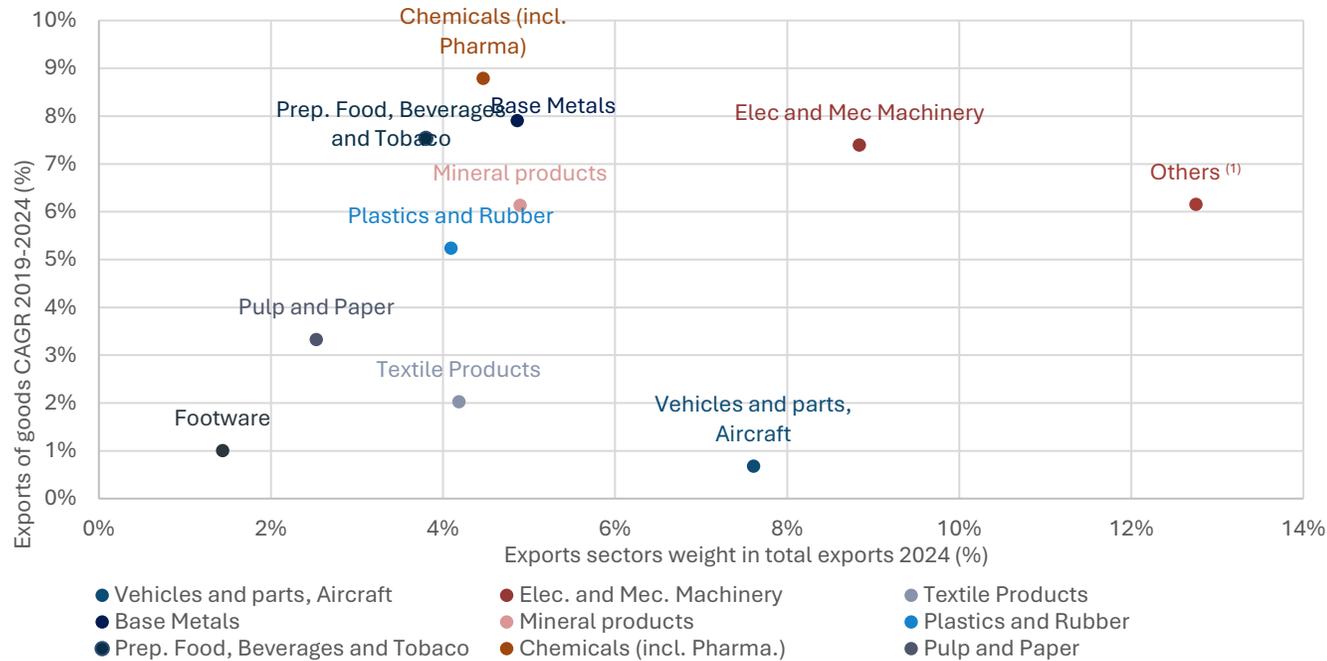
---



# Portuguese exports have proven to be competitive, diversified and dynamic

## Advanced engineering (electrical & machinery) and Automotive & Mobility are two of the main exporting sectors

[Main exports by product groups as % of total exports 2024; Compound annual growth rate 2019-2024, %] [Statistics Portugal, Banco de Portugal]



- ✓ Chemicals (inc. Pharma) showing stronger growth (8.8% cagr) and already an exports' weight of 4.5%
- ✓ Electrical and mechanical machinery has heavier weight in total exports (8.8%) and still is demonstrating steady growth (7.4% cagr)
- ✓ Vehicles and parts & aircraft has significant weight of total exports (7.6%) but has presented slow growth (0.7% between 2019 and 2024) due to the combined effects of the Pandemic, supply chain disruptions, rising production costs and green transition

[<sup>(1)</sup> Others include for example: Agricultural products; Cork; Miscellaneous manufactured articles; Optical and precision instruments]

# Automotive and Mobility sector is an important industrial value chain in Portugal

## 80% of production in the automotive industry in Portugal is exported

[AICEP, [Automotive and Mobility Industry Report](#) 2024]

### Automotive and mobility industry in figures | 2021



**58.189**  
Employees

▲ 4,5%<sup>1</sup> (2015-2021)



**€12,4B**  
Turnover

▲ 6,5%<sup>1</sup> (2015-2021)



**€2,2B**  
Gross Value Added

▲ 5,7%<sup>1</sup> (2015-2021)

#### Main export indicators<sup>1</sup>

**€14,8B**

Exports of automotive<sup>1</sup>  
and mobility products,  
2022

**▲ 3,8%**

CAGR<sup>2</sup> 2018-22 of  
automotive and mobility  
industry exports

**19%**

Weight of automotive and  
mobility exports in total  
Portuguese exports of  
goods, 2022

[<sup>1</sup> Compound annual growth rate]

- ✓ Automotive & Mobility turnover accounts for 12.1% of the manufacturing industry in Portugal
- ✓ 95% of the vehicles assembled in Europe have components produced in Portugal
- ✓ In 2021, Portugal was the main producer of bicycles in Europe
- ✓ The growing importance of the two-wheeler industry is observed in the increase of its turnover (27%) and GVA (16%) between 2015 and 2021
- ✓ Sector exported €14.8bn of products in 2022, with growth rate of 3.8% since 2019 and a weight of 19% in total exports

## Internationally renowned Renewable Energy sector

Green location, openness to innovation, safe country, highly skilled workforce, strong R&D in Renewables and energy market connectivity are some FDI attractiveness factors in sector

[AICEP, [Renewable Energy Report](#) 2024]



[<sup>2</sup> Compound annual growth rate]

- ✓ Portugal is at the EU forefront in development of green energy sources. Fourth largest share of Renewables in electricity production within the EU (61% in 2023)
- ✓ Renewable Energy sector accounted for 76.897 <sup>(1)</sup> direct and indirect jobs in 2022, demonstrating its importance in developing complementary industries (steel, metal etc.)
- ✓ Portugal expects €60bn of investment in new Renewables projects until 2030 <sup>(2)</sup>
- ✓ Important role in the production of components for renewables, having attracted relevant international players in the sector
- ✓ Europe's largest solar farm being built, covering over 100 acres and ranking #5 in the World

[(1) Estimate by the Portuguese Renewable Energy Association (APREN)]

[(2) According to the Portuguese Government]

# Leading in the incorporation of Renewables in electricity production

## Recognition from investment in emerging Energy sources and innovative engineering solutions

[AICEP, [Renewable Energy Report](#) 2024]

### Portugal's Renewables main achievements

**32%**

Share of Renewables on gross final energy consumption (DGEG), 2022

**▲ 12,3%**

Reduction of the Portuguese energy dependency (DGEG), 2011-21.

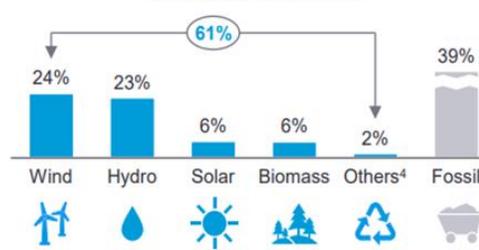
**61%**

Share of electricity from renewable sources in total annual production (DGEG), 2022

**22<sup>nd</sup>**

Ranking on role to Planet & Climate (out of 169 countries) (Good Country Index) | 2022

Production of electricity by energy source, in Portugal (DGEG) | 2022



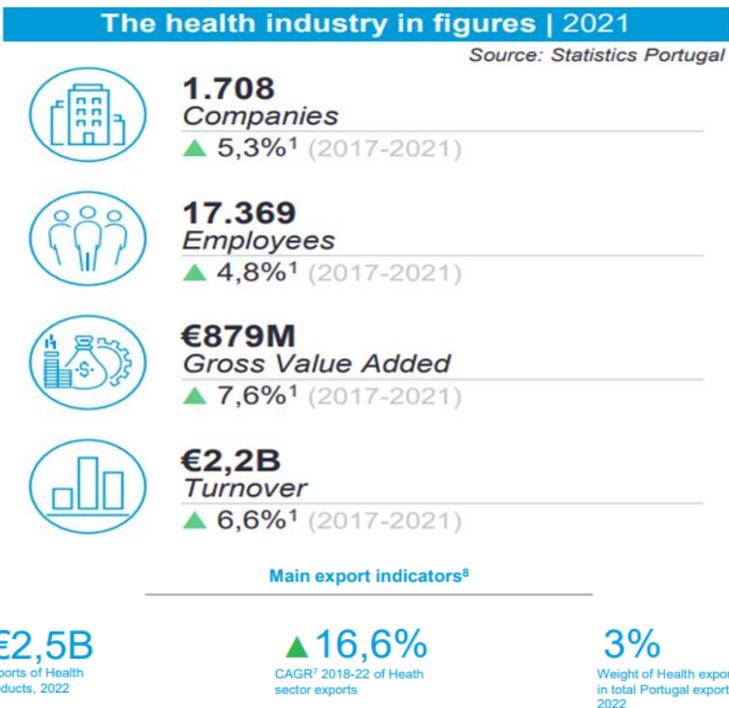
- ✓ #4/EU27 share of energy from renewable sources in gross electricity consumption (2022)
- ✓ #6/EU27 share of energy from renewable sources in gross final energy consumption (2022)
- ✓ #13/67 Climate change performing Index 2024
- ✓ #16/167 Overall sustainability performance (SDG achievement – 2024 SDR)

- ✓ First floating offshore wind farm in Europe (project WindFloat Atlantic)
- ✓ First Iberian hybrid parks (solar + wind) – EDP Renewables in Sabugal
- ✓ Largest European floating solar project in a reservoir (12.000 floating solar panels in Alqueva)
- ✓ Innovative projects in wave/tidal (WaveRoller in Peniche; Wave Centre in Pico Island of Azores)
- ✓ Re-using coal plants for the green hydrogen (€150M to adapt the former Sines' coal-fired plant as a 100 MW hydrogen production hub)

# Innovative ecosystem in the Health industry sector (Pharma & biotech, Medical Devices and E-health)

## Health industry exports more than 50% of its production

[AICEP, [Health industry Report](#) 2024]



[<sup>1</sup> Compound annual growth rate 2017-2021]

- ✓ Portugal was 5th/82 countries in the number of health researchers per million inhabitants (2022)
- ✓ The pharma & biotech industry is growing at a fast pace (7% turnover CAGR1)
- ✓ While medical devices subsector has the largest number of companies, pharma & biotech subsector surpasses in turnover and GVA
- ✓ Sector exported €2.5bn of health products in 2022, with a growth rate of 16.6% since 2018 (CAGR)