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Activites of the Slovenian economy in the Light of Company Performance in 2014

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Summary

This working paper analyses business results of Slovenian commercial companies using statistical data from companies' balance sheets and profit and loss statements. The period covered in the analysis is 2008–2014 (following the revision of NACE classification in 2008), where the main focus is given to changes in business results during the last year. Commercial companies analysed in the paper are responsible for approximately half of total value added and two thirds of total employment in the Slovenian economy.

Business result of commercial companies improved considerably in 2014 after huge deterioration during the crisis. Negative trends at the beginning of the crisis originated from huge financial loss and deterioration of operating profit. Improvement in 2014 stemmed from both components and resulted in total net profit of approximately 900 million EUR which is the highest level since the onset of the crisis and similar to the one created at the beginning of the previous decade. In comparison to the extremely high level reached before the crisis (in 2007) it was still around four times lower. Net operating profit, which grew only modestly after a huge fall in 2009, increased for one fifth in 2014. Its level was approximately one fourth lower compared to that in 2007. As in previous years, the increase in the operating profit derived from tradable part of the economy. On the revenue side we saw a further increase of export revenues while revenues from domestic market increased modestly only last year after declining since the beginning of the crisis. The cost pressures (unit labour costs, terms of trade), which in addition to lower demand negatively affected the profitability of companies in the first years of the crisis, have eased significantly over the past few years. Financial loss, which appeared with the beginning of the crisis, remained relatively high despite a gradual decline. High financial expenses has been falling since 2010, among them the most expenses attributable to bank loans, which is a sign of intensive corporate deleveraging. The ratio of debt to total liabilities (indicator of indebtedness) declined further in 2014 to 58% and was around 7 percentage points lower than its 2008 peak. A gradual decline has been also registered in financial expenses related to write-offs and impairment. In 2014 financial revenues increased slightly for the first time after declining since the beginning of the crisis due to the falling value of shares, interests and other investments.

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