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Performance of Commercial Companies in 2013 – Overview by Economic Activity

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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 2008–2013 (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.

After one year improvement business result of commercial companies in 2013 deteriorated for the second year in a row, however, it remained positive. The deterioration originated from bigger financial loss while operating profit increased modestly but it was only slightly higher compared to the bottom in 2009. Its improvement came again from the tradable sector while in non-tradable part some improvement took place only in construction (after many years of negative trends). On the side of operating revenues positive results were again based on increasing export revenues, however, their growth slowed down compared to previous years. At the same time revenues from domestic sales decreased further. Cost pressures lowered too in the last period. Labour costs per unit of value added have decreased for the third year in a row, but were still higher compared to 2008 (beginning of the crisis). With the improvement of terms of trade which had been deteriorating in the period 2010–2012, the ratio between goods, material and services costs and operating revenues improved too. As regards high financial loss it was still the result of relatively high expenditures while revenues kept falling. Financial expenditures were mainly related to impairments and reliefs of financial assets which in the last two years increased mainly in the tradable sector (with the biggest contribution of manufacturing and trade sector) and to expenditures from financial liabilities which have decreased considerably since 2011. The major part of expenditures from financial

liabilities is related to bank loans and they have almost halved since the beginning of the crisis. The deleveraging process was the strongest in 2012 and 2013 and was mainly driven by lowering of liabilities in operating companies which is the difference compared to previous years when the deleveraging process predominantly originated from companies bankruptcies. Ratio between companies total debt and assets therefore decreased further, to 60 %, the most in companies from financial sector (without banks and other financial mediators) and construction, however, this two sectors (together with real estate companies) remained the most indebted sectors in the Slovenian economy.

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