

Financial Stability of state-owned and private companies in Slovakia

ROBERT KIČINA, 13 JUNE 2019, KIEV

Goal of the project activity

TO INFORM about financial stability of state-owned enterprises (SOEs).

TO CREATE the **Portal of financial stability of SOEs**

TO COMPARE 30 selected Slovak SOEs with 30 selected Slovak private companies of appropriate size to set benchmarks

Own mathematical model to assess financial stability of companies:

Profitability – Liquidity – Leverage (indebtedness) – Activity

SK Energy Companies



- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

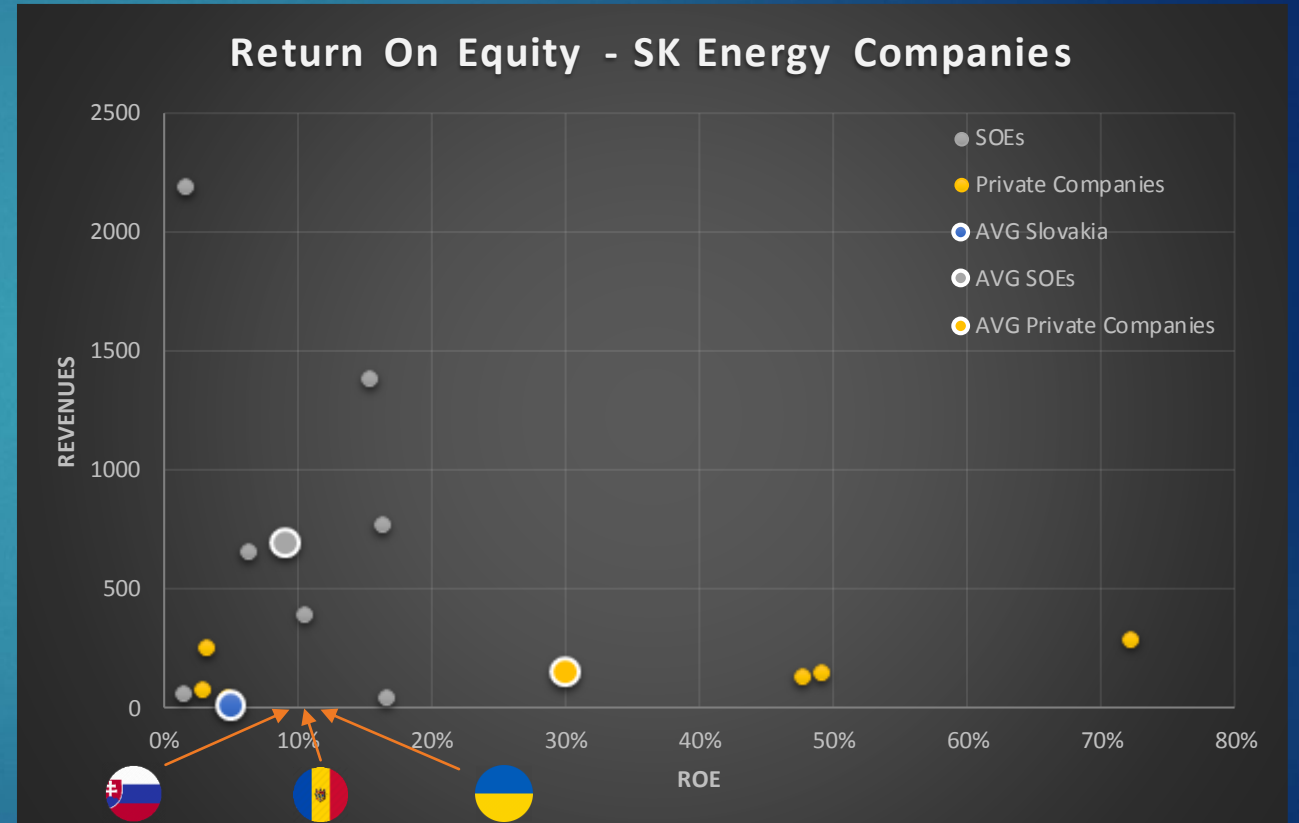
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



9,2 % | 10,9 % | 12,7 %

SK Energy Companies



- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

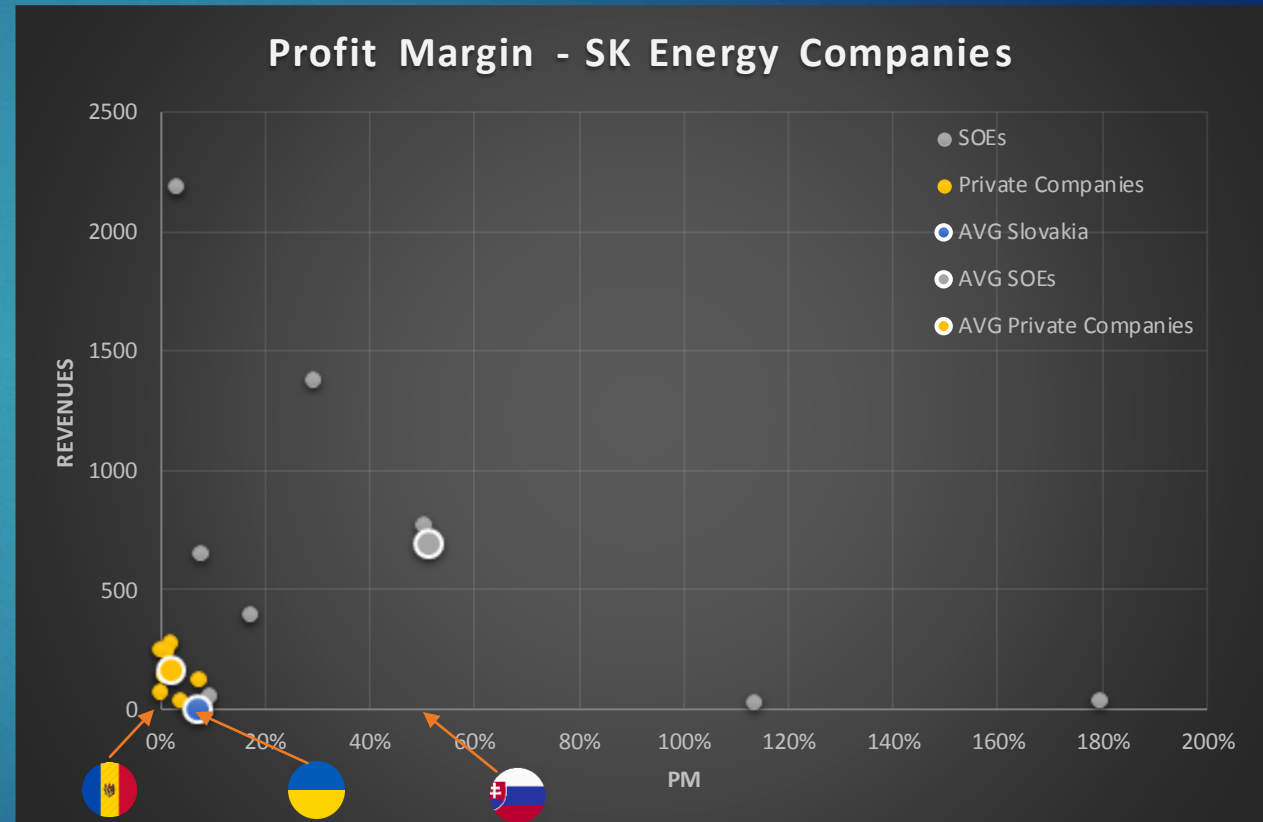
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



-0,4 % | 7,0 % | 51,4 %

SK Energy Companies

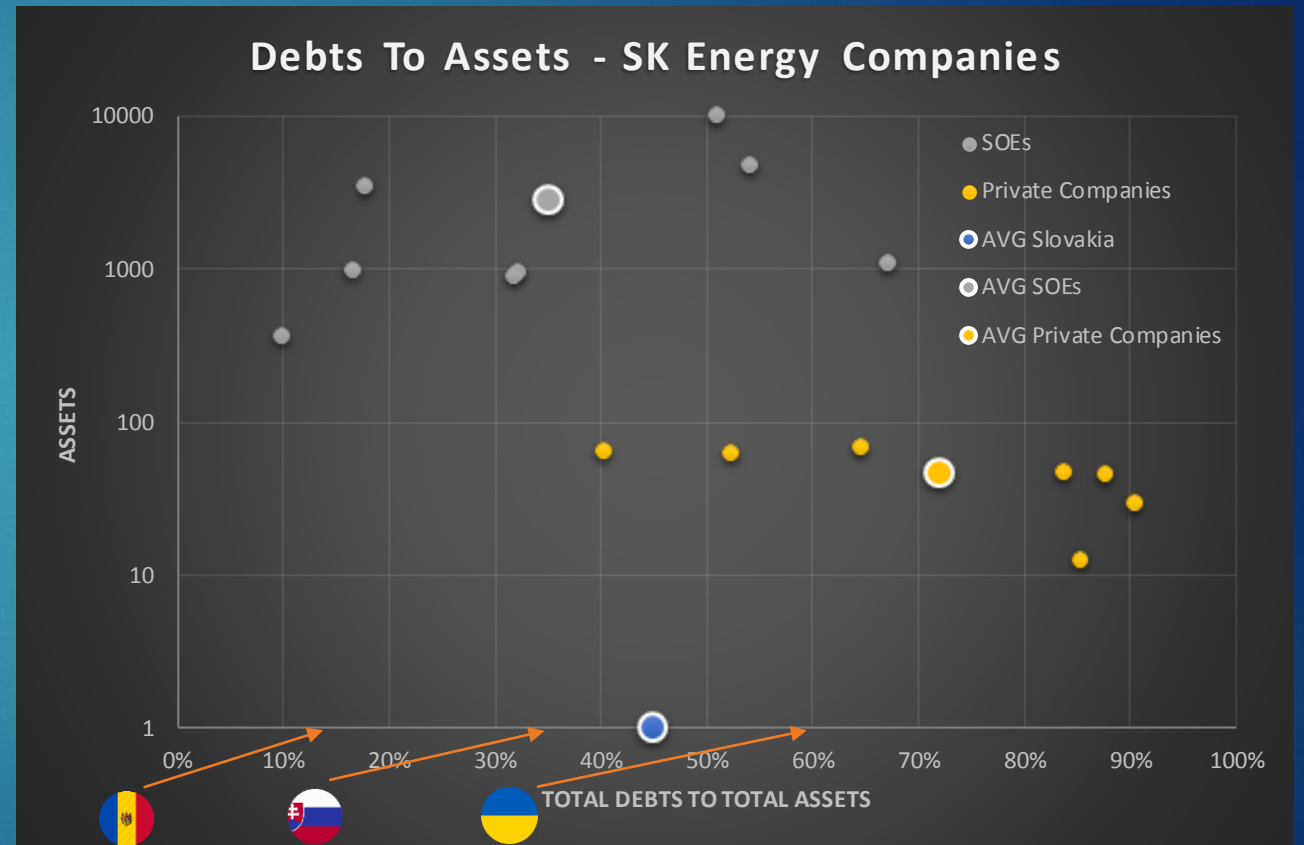


▶ Return on Equity
 $\text{Profit} / \text{Equity}$

▶ Profit margin
 $\text{Profit} / \text{Sales}$

▶ Debts to Assets
 $\text{Total Debts} / \text{Total Assets}$

▶ Current Ratio
 $\text{Current Assets} / \text{Current Liabilities}$



14,1 % | 35,1 % | 59,9 %

SK Energy Companies



- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

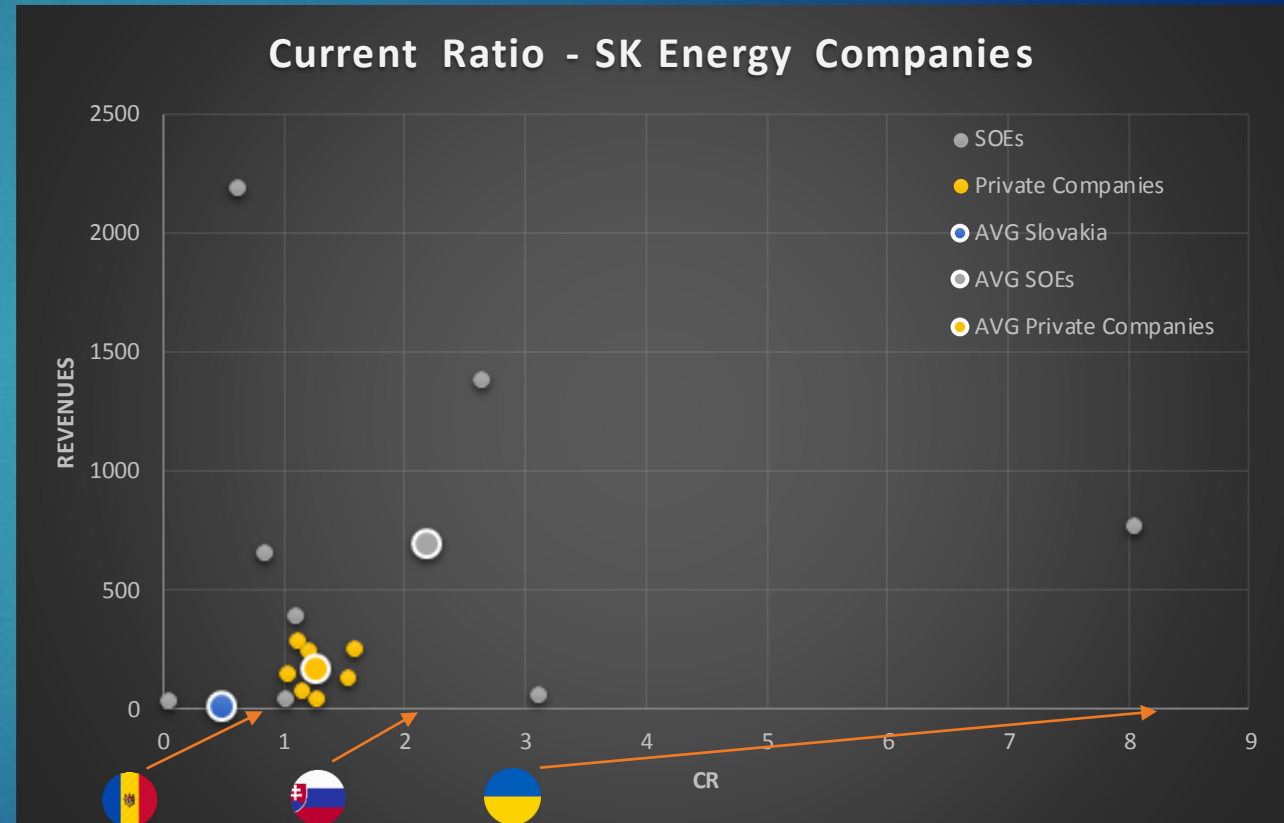
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



0,89 | 2,18 | 8,23

SK Energy Companies



COMPANY

Transpetrol, a.s.
Slovenská elektrizačná prenosová sústava, a.s.
Slovenský plynárenský priemysel, a.s.
Stredoslovenská energetika, a.s.
eustream, a.s.
SLOVINTEGRA ENERGY, a.s.
Pow-en a. s.
ELGAS, k.s.
MAGNA ENERGIA a.s.
innogy Slovensko s. r. o.
Západoslovenská energetika, a.s.
VEMEX ENERGO s.r.o.
ČEZ Slovensko, s.r.o.
Východoslovenská energetika Holding, a.s.
Slovenské elektrárne, a.s.

OWNERSHIP

INDEX

state	6.18
state	6.10
state	6.03
state	5.96
state	5.76
private	5.66
private	5.59
private	5.23
private	5.04
private	4.94
state	4.93
private	4.70
private	4.46
state	3.73
private	3.68

min	2.47
1. quartile	4.55
median	5.13
3. quartile	5.77
max	7.17

SK Healthcare Companies



▶ Return on Equity

Profit / Equity

▶ Profit margin

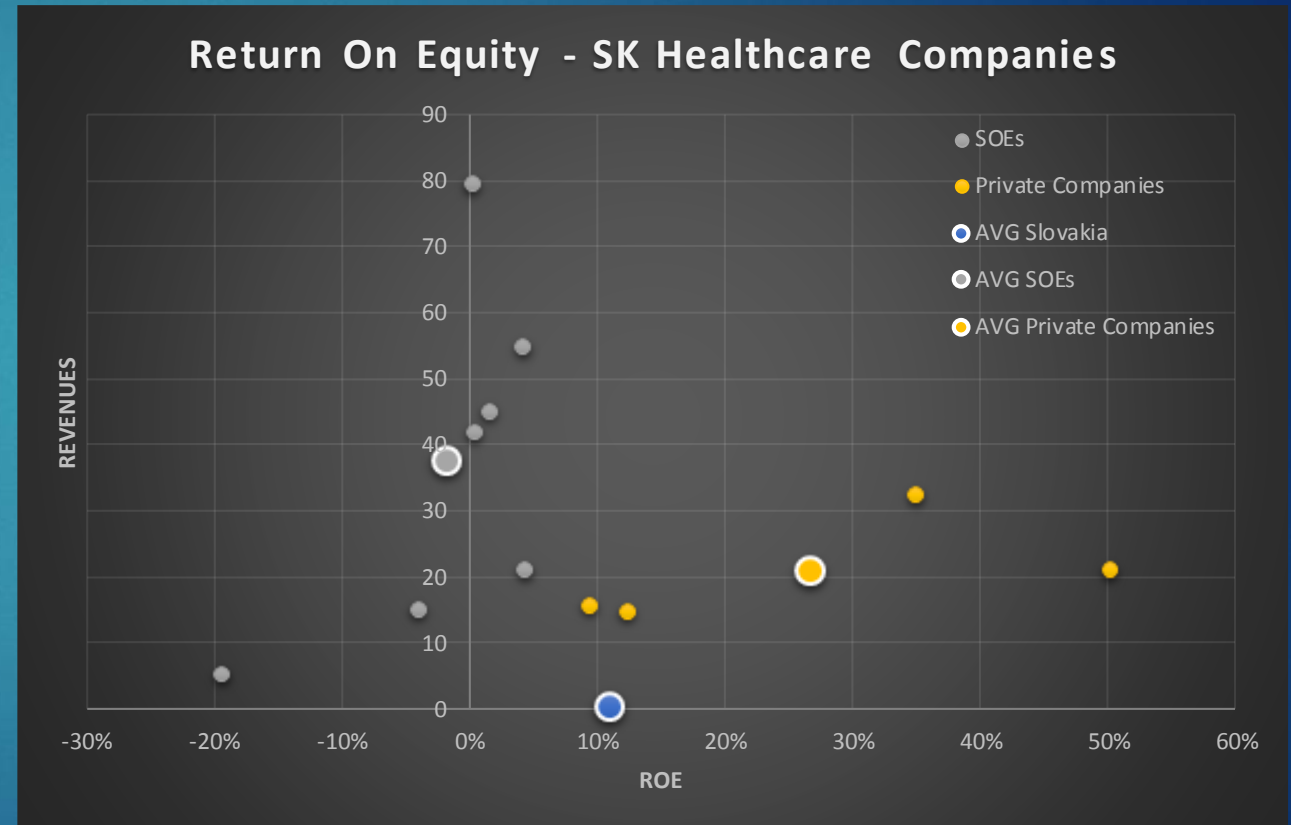
Profit / Sales

▶ Debts to Assets

Total Debts / Total Assets

▶ Current Ratio

Current Assets / Current Liabilities



SK Healthcare Companies



- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

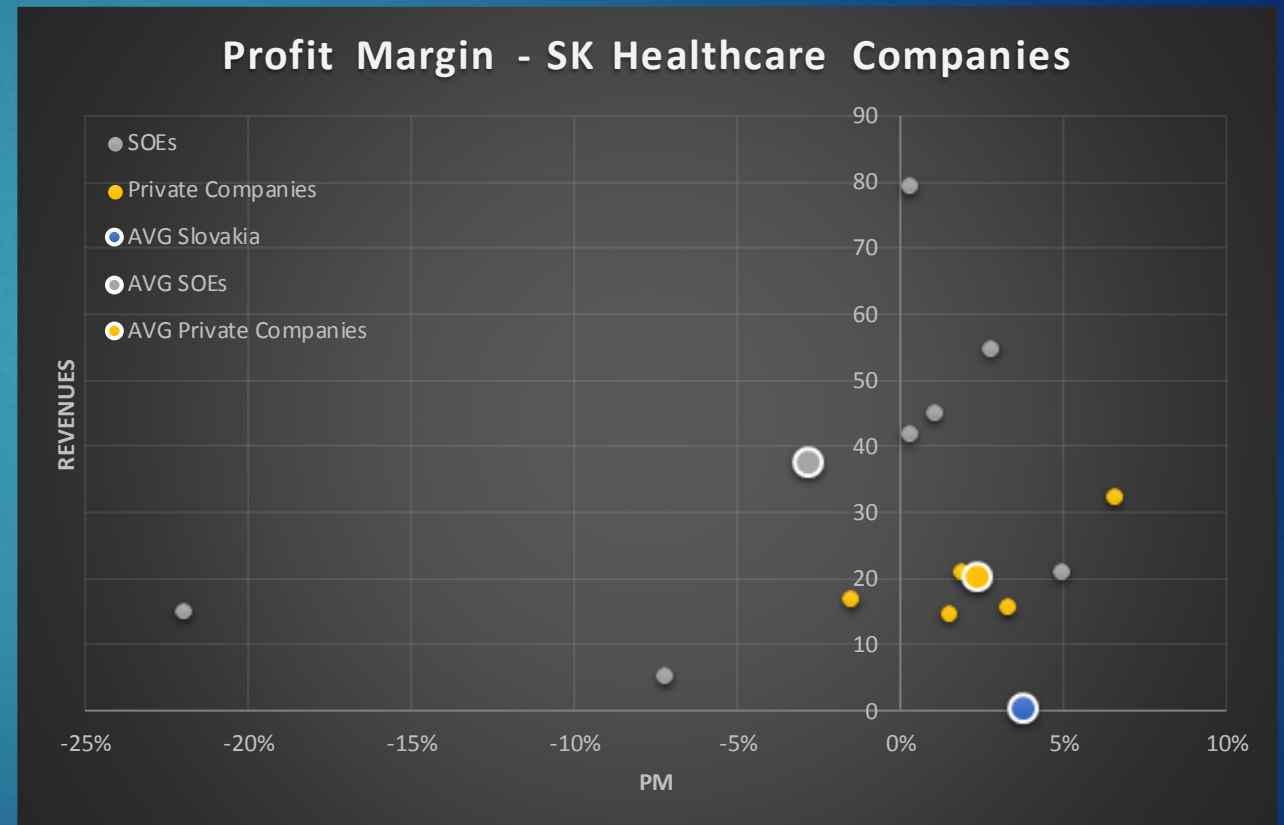
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



SK Healthcare Companies



- ▶ Return on Equity

$\text{Profit} / \text{Equity}$

- ▶ Profit margin

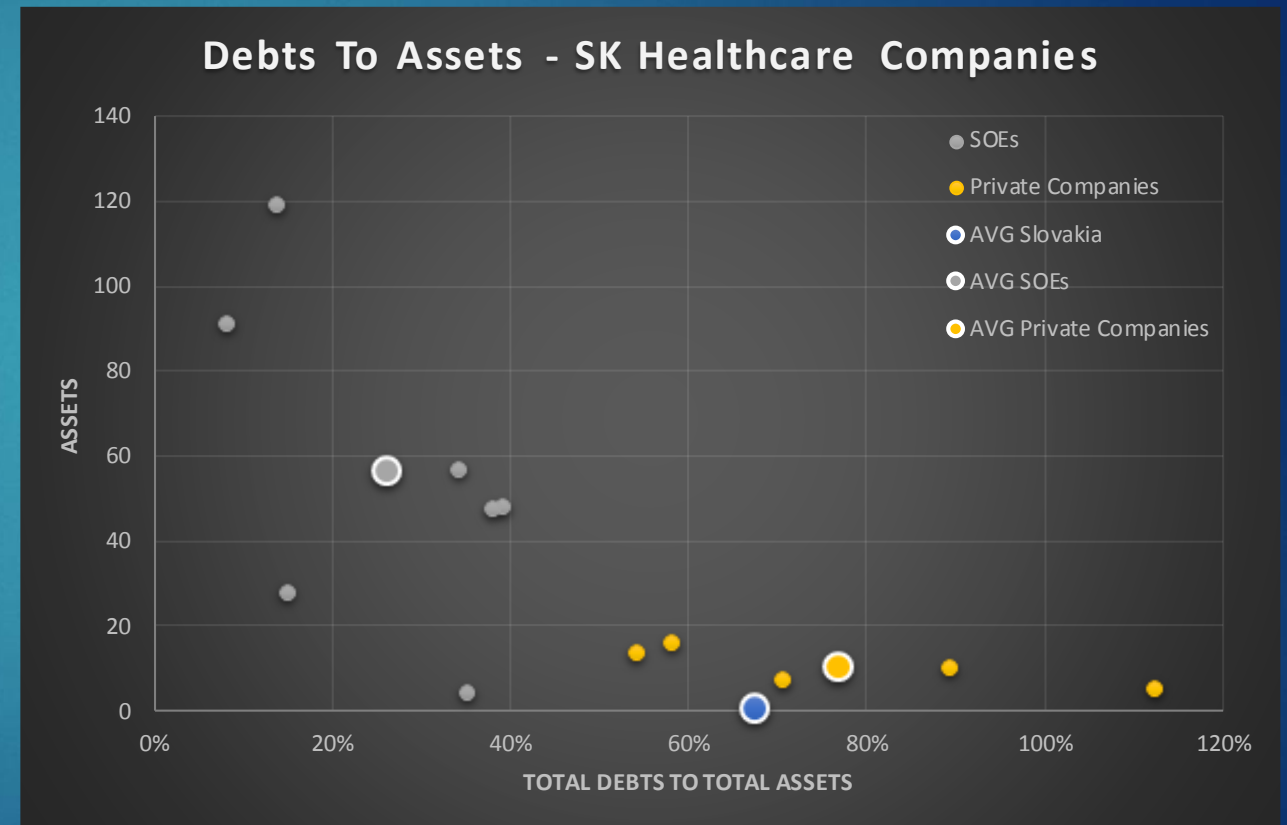
$\text{Profit} / \text{Sales}$

- ▶ Debts to Assets

$\text{Total Debts} / \text{Total Assets}$

- ▶ Current Ratio

$\text{Current Assets} / \text{Current Liabilities}$



SK Healthcare Companies



- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

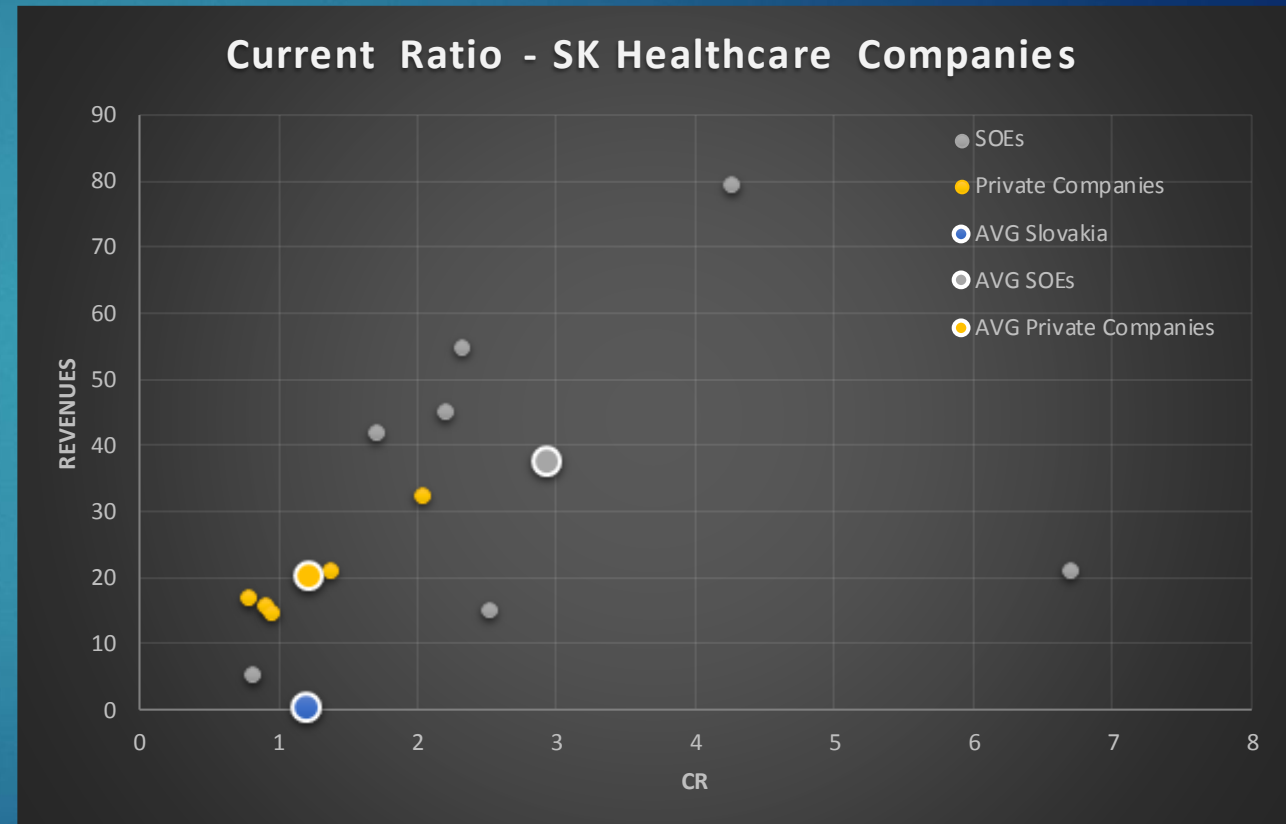
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



SK Healthcare Companies



COMPANY

Východoslovenský onkologický ústav, a.s.

Nemocnica Košice-Šaca a.s. 1. súkromná nemocnica

Východoslovenský ústav srdcových a cievnych chorôb, a.s.

Nemocnica Poprad, a.s.

Národný ústav srdcových a cievnych chorôb, a.s.

Stredoslovenský ústav srdcových a cievnych chorôb, a.s.

Nemocnica s poliklinikou Štefana Kukuru Michalovce, a.s.

Všeobecná nemocnica s poliklinikou Levoča, a.s.

Nemocnica s poliklinikou Sv. Lukáša Galanta, a.s.

Nemocnica Zvolen a. s.

Nemocnica svätého Michala, a.s.

Letecká vojenská nemocnica, a.s.

OWNERSHIP

state

private

state

state

state

state

private

private

private

private

state

state

INDEX

6.39

5.51

5.25

5.15

5.08

4.85

4.74

4.71

4.33

3.63

3.13

2.90

min	2.47
1. quartile	4.55
median	5.13
3. quartile	5.77
max	7.17

SK Transport & Logistics Companies

► Return on Equity

Profit / Equity

► Profit margin

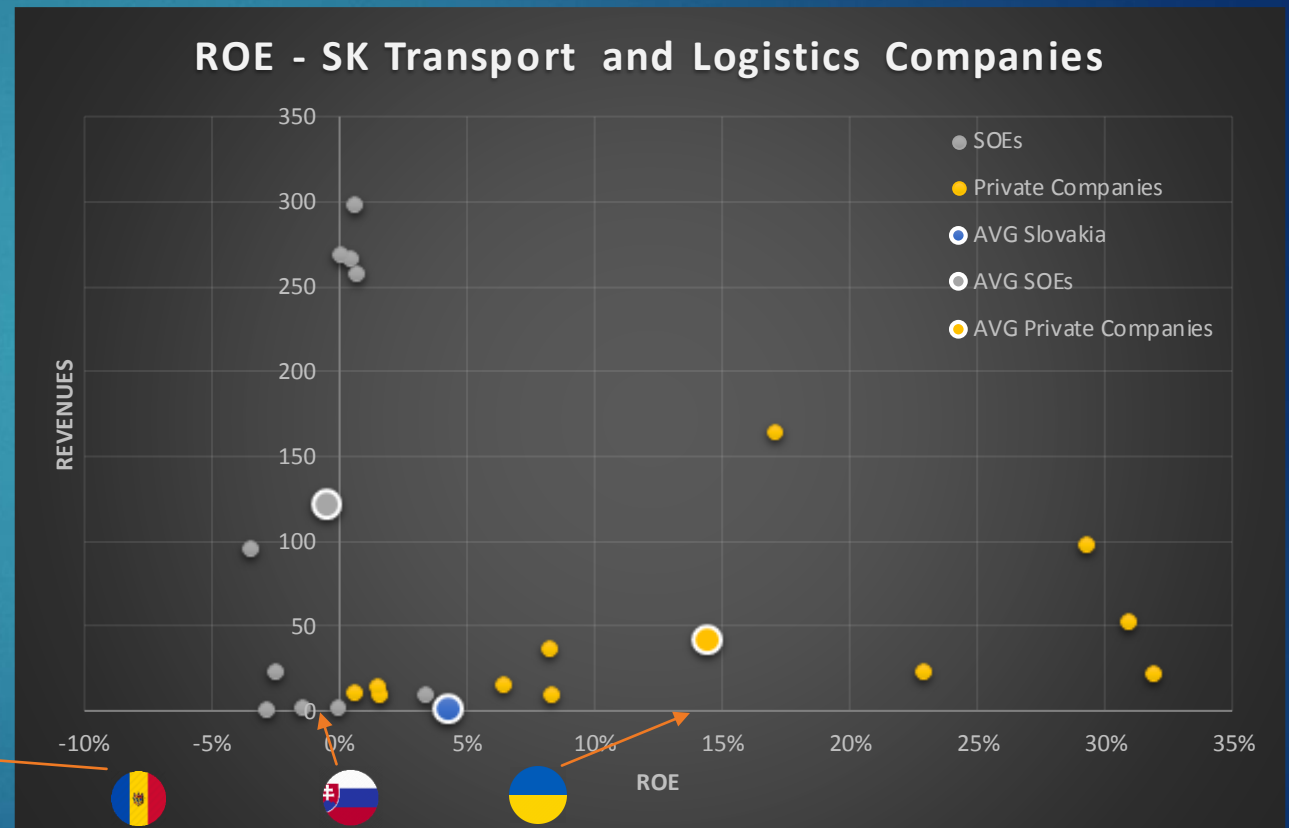
Profit / Sales

► Debts to Assets

Total Debts / Total Assets

► Current Ratio

Current Assets / Current Liabilities



-59,7 % | -0,5 % | 13,9 %

SK Transport & Logistics Companies

- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

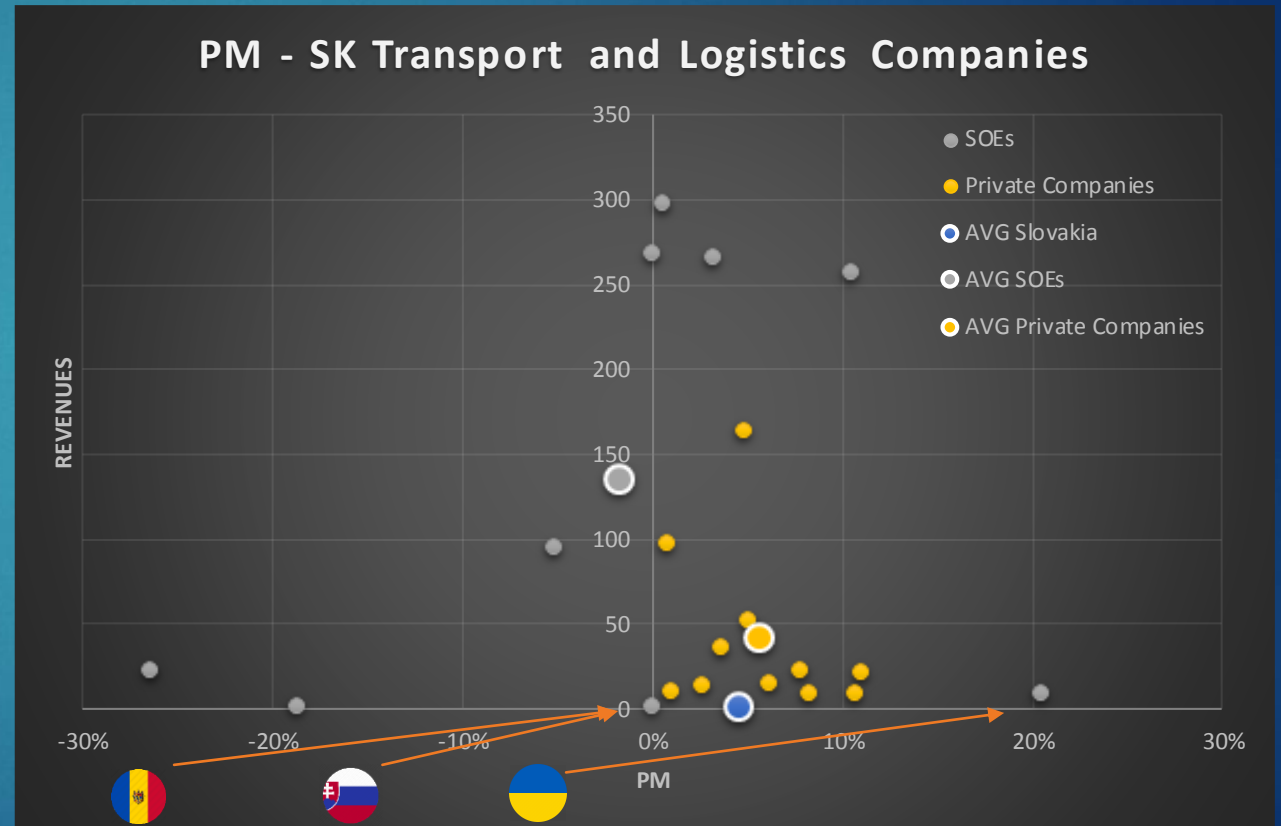
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



-2,0 % | -1,7 % | 18,6 %

SK Transport & Logistics Companies

- ▶ Return on Equity

Profit / Equity

- ▶ Profit margin

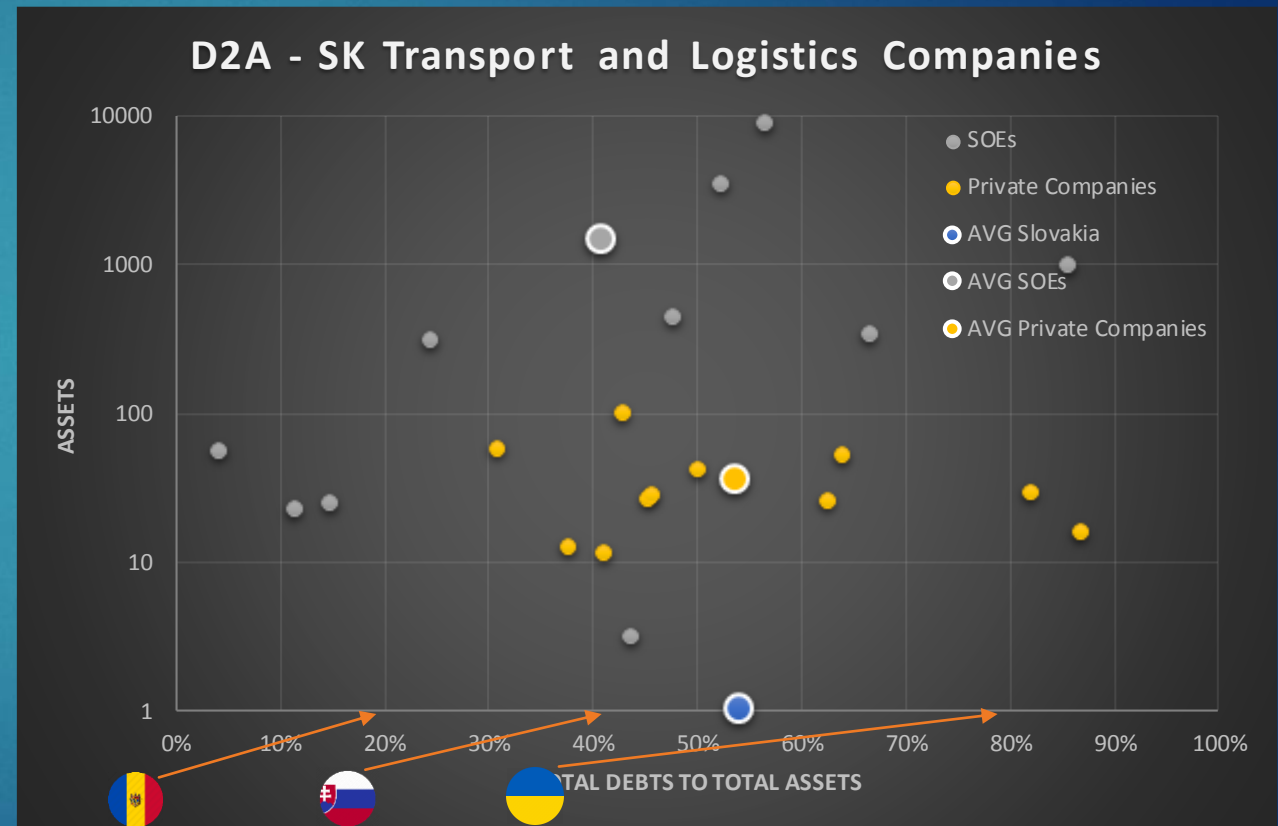
Profit / Sales

- ▶ Debts to Assets

Total Debts / Total Assets

- ▶ Current Ratio

Current Assets / Current Liabilities



18,9 % | 40,8 % | 78,5 %

SK Transport & Logistics Companies

- Return on Equity

Profit / Equity

- Profit margin

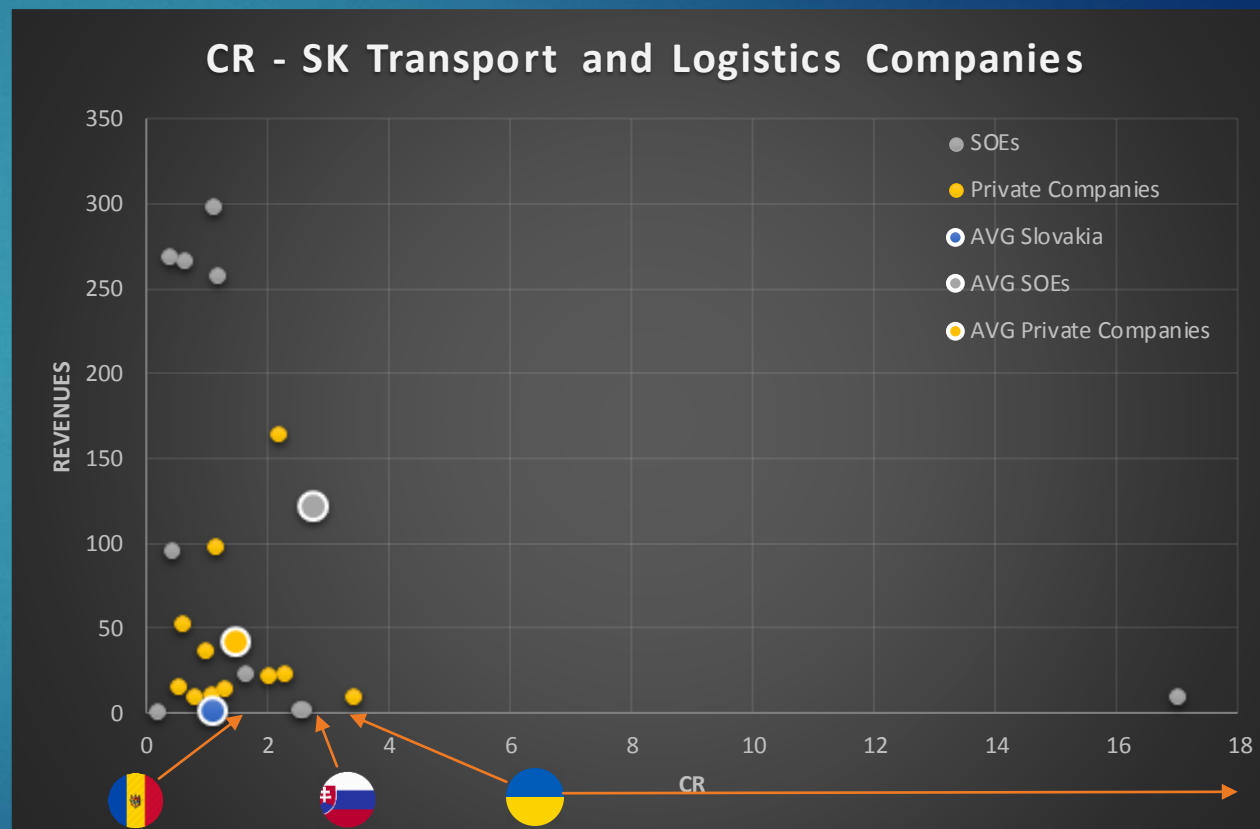
Profit / Sales

- Debts to Assets

Total Debts / Total Assets

- Current Ratio

Current Assets / Current Liabilities



1,69 | 2,78 | 3,51 or 122,13*

* if PJSC State Joint Stock Company ,Motor Roads of Ukraine' included

SK Transport & Logistics Companies

COMPANY

Letisko Košice - Airport Košice, a.s.
 GLS General Logistics Systems Slovakia s.r.o.
 Direct Parcel Distribution SK s.r.o.
 BUDAMAR LOGISTICS, a.s.
 Slovak Parcel Service s.r.o.
 Letisko Poprad - Tatry, a.s.
 ARRIVA Nové Zámky, a.s.
 Railtrans International, a.s.
 Letisko Sliač, a.s.
 Slovak Lines, a.s.
 Železnice Slovenskej republiky, a.s.
 Národná diaľničná spoločnosť, a.s.
 DHL Express (Slovakia), spol. s r. o.
 eurobus, a.s.
 ARRIVA NITRA a.s.
 Slovenská autobusová doprava Trenčín, a.s.
 Slovenská pošta, a.s.
 Letisko M.R. Štefánika - Airport Bratislava, a.s.
 Železničná spoločnosť Cargo Slovakia, a.s.
 Železničná spoločnosť Slovensko, a.s.

OWNERSHIP

INDEX

private 7.17
 private 5.92
 private 5.71
 private 5.40
 private 5.19
 state 5.15
 private 5.14
 private 4.91
 state 4.89
 private 4.87
 state 4.81
 state 4.72
 private 4.62
 private 4.55
 private 4.55
 private 4.12
 state 3.87
 state 3.67
 state 3.34
 state 2.47

min	2.47
1. quartile	4.55
median	5.13
3. quartile	5.77
max	7.17

Conclusions from Slovakia

- ▶ No clear line between financial stability of SOEs and private companies
- ▶ Conflict of interest (making regulation vs doing business in regulated sectors) have huge impact on SOEs and co-owned companies
- ▶ In general: The smaller the SOE was the better it performed
- ▶ Transparency, corporate governance principles and public control are inevitable to limit incompetent and unfair government influence
- ▶ Privatization to standard foreign investors brings sophisticated know-how