

A SNAPSHOT OF THE MAIN OWNERSHIP FEATURES OF THE SLOVENIAN CORPORATE SECTOR

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Povzetek

Slovenija je le deloma uresničila eno od glavnih tranzicijskih reform, to je privatizacijo podjetniškega in finančnega sektorja. Posledica tega je, da se četrto stoletje po začetku tranzicije država še enkrat sooča z nalogo precej obsežne privatizacije, da bi zmanjšala obseg državnega lastništva in kontrole v podjetniškem in finančnem sektorju na mednarodno primerljivo raven. Visoka lastniška in upravljavska vključenost države v podjetja in finančne institucije je posledica slovenskega načina privatizacije in močnih političnih interesov za ohranitev visoke ravni državnega lastništva v podjetjih in finančnih institucijah ('nacionalni interes') kakor tudi problemov podjetniškega in finančnega sektorja, povezanih z gospodarsko krizo, ko je podjetniški sektor vse manj sposoben odplačevati kredite finančnemu sektorju.

Prispevek podaja lastniško strukturo in z njo povezane trende v slovenskem podjetniškem sektorju, pri čemer podjetja deli na tista v večinski državni lasti, tista v večinski tuji lasti in tista v večinski zasebni domači lasti, pri čemer pozornost namenjamo predvsem podjetjem v večinski državni lasti. Številke kažejo, da podjetja v večinski državni lasti pomenijo pomemben in rastoč delež slovenskega podjetniškega sektorja. Močno so skoncentrirana v energetiki, transportu in predelovalni dejavnosti. Podjetja v večinski državni lasti prevladujejo v energetskem sektorju, so zelo pomembna v transportnem in komunikacijskem sektorju, ne pa toliko v predelovalni dejavnosti. V obdobju 2008-2012 se je skupni pomen podjetij v večinski državni lasti za slovenski podjetniški sektor povečal, povečal pa se je tudi v večini področij dejavnosti. Podjetja v večinski državni lasti so nadpovprečno velika v vseh področjih dejavnosti, vendar pa so v večini področij dejavnosti podpovprečno kapitalno intenzivna, beležijo podpovprečno prodajo na zaposlenega in nižjo izvozno usmerjenost, so pa tudi manj zadolžena kakor povprečna podjetja v enakih področjih dejavnosti. Podjetja v večinski državni lasti praviloma izkazujejo nižjo uspešnost poslovanja kakor druga podjetja v enakih področjih dejavnosti, merjeno s produktivnostjo, dobičkonosnostjo in EBITDA. Njihovi rezultati so še posebej slabi glede dobička iz poslovanja, kar kaže, da imajo resne probleme s svojo osnovno dejavnostjo. Stanje glede stopnje EBITDA ni dosti boljše.

Ključne besede: podjetja v državni, tuji in domači zasebni lasti, strukturni deleži, operativni kazalci in kazalci uspešnosti, Slovenija

Abstract

A quarter of century since its transition began, Slovenia once again faces the task of implementing a comprehensive privatisation process if it is to reduce the level of state ownership and control in the corporate and financial sectors to an internationally comparable level. High ownership and corporate governance involvement on the part of the state in enterprises and financial institutions is a consequence of the Slovenian way of privatisation, a strong political preference for keeping a high level of state ownership in enterprises and financial institutions ('the national interest'), and of problems related to the economic recession in the corporate and financial sectors, with the former increasingly unable to service its debts to the latter. This paper takes a snapshot of the ownership structure and related trends in the Slovenian non-financial corporate sector in terms of majority SOEs, majority FOEs and majority DPOEs, with special attention given to SOEs. SOEs account for an important and increasing share of the Slovenian non-financial corporate sector, and they are heavily concentrated in the energy, transport and manufacturing sectors. They are the dominant players in the energy sector, are very important in the transport and communication sectors, but less so in the manufacturing sector. In 2008-2012, SOEs as a whole increased their importance to the Slovenian corporate sector in general, as well as in the majority of activity sections. In all the activity sections, SOEs are larger than average enterprises in the same sections, but in most sections they are less than average in terms of capital intensity, have lower sales per employee and lower export propensity, as well as lower levels of indebtedness. As a rule, SOEs do not perform as well as other types of enterprises in the same section of activity in terms of productivity, profitability and EBITDA. Their results are especially poor as far as operating profit is concerned, indicating that they have serious problems in their core operations.

Key words: state-owned, foreign-owned and domestically private-owned enterprises, structural shares, operating and performance indicators, Slovenia

1. Introduction

Slovenia has only partly accomplished one of the main transition reforms, i.e. privatisation of the corporate and financial sector. Consequently, a quarter of century since its transition began, Slovenia once again faces the task of implementing a comprehensive privatisation process if it is to reduce the level of state ownership and control in the corporate and financial sectors to an internationally comparable level. High ownership and corporate governance involvement on the part of the state in enterprises and financial institutions is a consequence of the Slovenian way of privatisation, a strong political preference for keeping a high level of state ownership in enterprises and financial institutions ('the national interest'), and of problems related to the economic recession in the corporate and financial sectors, with the former increasingly unable to service its debts to the latter.

The Slovenian mass privatisation concept and process, especially the post-privatisation consolidation of ownership shares in enterprises (Mencinger, 2004; Simoneti, Rojec and Gregorič, 2004; Domadenik and Prašnikar, 2004), have been dominated by a strong political consensus of all the main political actors in favour of the so called 'national interest'. In essence, the 'national interest' requires that ownership of enterprises is to be retained in the hands of the national economic elite and the state itself (Šušteršič and Rojec, 2010). The result is that the state retains a high level of ownership and control in most parts of the Slovenian corporate sector, and even more so in the financial sector. The fact that the prevailing economic doctrine, as well as foreign (for instance, Mueller, 2003: 373-380; Djankov and Murrell, 2002; Brown, Earle and Telegdy, 2004, 2010; Kočenda and Hanousek, 2009; Jelič, Briston and Aussenegg, 2003; Estrin, Hanousek, Kočenda and Svejnar, 2009, if we restrict ourselves to those related to transition countries) and domestic empirical analyses (Simoneti et al., 2004; Šušteršič and Rojec, 2010; Rojec and Kušar, 2005) predominantly demonstrate the superior performance of privatised enterprises in the corporate sector of transition countries, especially those privatised by strategic foreign investors, the idea of 'national interest' has retained its dominance in Slovenia to this day.

The result of this has been that Slovenia entered the ongoing economic recession with one of the highest shares of state ownership and political involvement in the corporate and financial sectors. The economic recession resulted in a further increase of state ownership shares in Slovenian enterprises because the recession has caused many Slovenian enterprises to be unable to service their bank debts, with the main creditor banks – NLB, NKBM and Abanka – being wholly or majority state owned. The banks have been increasingly forced to convert enterprises' outstanding debts to equity

shares. Exacerbating the issue, critically high numbers of non-performing loans in the state-owned banks led to a bank rehabilitation programme in which the banks' non-performing loans and equity shares were transferred to the state owned Družba za upravljanje terjatev bank - DUTB (Bank Asset Management Company – BAMC, i.e. a bad bank) in exchange for state-guaranteed bonds issued by DUTB. These processes have further increased the state ownership and control of the Slovenian corporate sector. As a result, the issue has recently attracted renewed interest, especially from the European Commission (2014; Georgieva and Riquelme, 2013), the IMF (2014) and the OECD (2013), for which state ownership and privatisation is one of the main topics in all their missions and reports on Slovenia.

Despite the high relevance of and interest in the state ownership of enterprises and their privatisation, the data available on the ownership structure and, thus, on the overall extent and structure of state ownership and control for the Slovenian corporate sector are limited. In this context, the aim of this paper is to take a brief snapshot of the ownership structure and some related trends in the Slovenian corporate sector in terms of majority-state owned (SOEs – a direct or indirect state equity share greater than 50%), majority-foreign owned (FOEs – a foreign equity share greater than 50%) and majority-domestic privately owned enterprises (DPOEs – all other enterprises). According to AJPES (The Agency of the Republic of Slovenia for Public Legal Records and Related Services), as of 2012 the Slovenian corporate sector comprised 59,726 enterprises, of which 2,167 were FOEs¹ and 153 were SOEs². The remaining 57,406 were classified as DPOEs.³ The majority of the enterprises in the AJPES database are limited liability companies and joint-stock corporations, but it also includes less common forms of incorporation such as cooperatives and partnerships. The AJPES database does not include sole proprietors, monetary-financial institutions (e.g. banks and insurance companies), non-profit organizations and societies, or legal persons under public law (e.g. central or local government).

The note is structured as follows. In section two, we present the main aggregates (number of firms, assets,

¹ According to the Bank of Slovenia (2013).

² According to Slovene Compensation Company (SOD), http://www.so-druzba.si//Kapitalske_nalozbe/p/10/1/1. SOD published a comprehensive "List of Indirect and Direct Investments of the Republic of Slovenia according to the Slovenian State Holding Act as of 31.08.2013". The List contains 492 enterprises in which the Republic of Slovenia, directly or indirectly, owns equity shares. In this note, we take into account only those 153 enterprises from the SOD List in which the state equity share is 50+% and which are contained in the enterprise financial statement reports of AJPES. AJPES reports include all entities in the AJPES registry of business entities.

³ The 50+% criterium is applied because, if not, some enterprises may qualify in more than one ownership category. For instance, an enterprise with a 33.33% foreign equity share, a 33.33% state equity share and a 33.33% private domestic equity share would qualify as an FOE, SOE, as well as a DPOE.

equity, sales, exports, value added, profits, number of employees), operating and performance indicators (number of employees per enterprise, sales per employee, assets per employee, export to sales ratio, value added per employee, net operating profit/loss per equity) of the three categories of enterprise in 2012, for the entire corporate sector and for the manufacturing sector. Section three takes a brief overview of the changes to the main aggregates (assets, equity, sales, exports, profit) for the three ownership categories in 2008-2012. In section four we further examine the SOEs by observing the changes to occur in 2008-2012, distinguishing between the sections of economic activities, and adding some supplementary indicators (EBITDA margin, return on equity, unit labour costs and debt to assets ratio). In section five we also ask what the share of SOEs in the Slovenian corporate sector would be if a 25+% threshold of state equity share were taken instead of a 50+% threshold. Conclusions are stated in section six.

2. Main features of the Slovenian corporate sector in 2012 by firm ownership categories

DPOEs account for the highest share of the Slovenian corporate sector by far, followed by FOEs and SOEs. Of all the enterprises in the Slovenian corporate sector, 96.1% are DPOEs, 3.6% are FOEs and 0.3% are SOEs. In value and employment terms, the situation is quite different as FOEs and SOEs – being much larger than DPOEs – account for much higher shares. Thus, SOEs account for as much as 29.4% of total Slovenian corporate sector exports, 22.7% of sales, 26.1% of net operating profit, 18.8% of value added, etc. The highest share accounted for by SOEs is in equity with 23.3% of total Slovenian corporate sector equity, followed by 18.0% in assets, 14.0% in exports, etc. The situation in manufacturing is quite different as in no indicator do SOEs exceed 5%, with the exception of operating loss (11.4%), whereas

Figure 1: Distribution of Slovenian enterprises by ownership in 2012, all activities; shares in all enterprises

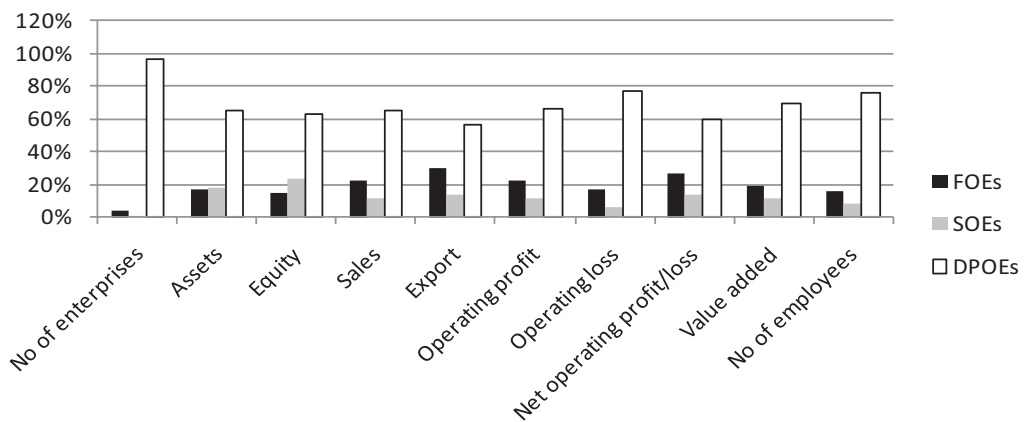


Figure 2: Distribution of Slovenian enterprises by ownership in 2012, manufacturing; shares in all enterprises

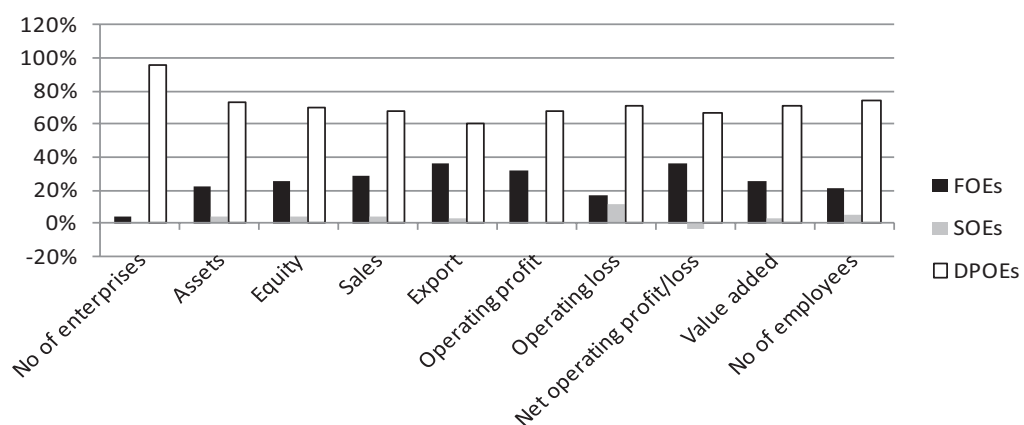


Table 1: Distribution of Slovenian enterprises by ownership - for all activities and for manufacturing - and their operating and performance indicators, 2012

	All enterprises	FOEs	SOEs	DPOEs	All enterprises	FOEs	SOEs	DPOEs
TOTAL - ALL ACTIVITIES	Values, (million EUR)				Shares in all enterprises			
No of enterprises	59726	2167	153	57406	100.0%	3.6%	0.3%	96.1%
Assets	96814.6	16518.0	17426.3	62870.3	100.0%	17.1%	18.0%	64.9%
Equity	37587.0	5413.0	8724.3	23449.6	100.0%	14.4%	23.2%	62.4%
Sales	75667.2	17148.0	8989.4	49529.8	100.0%	22.7%	11.9%	65.5%
Export	26415.4	7766.0	3702.8	14946.7	100.0%	29.4%	14.0%	56.6%
Operating profit	3359.2	759.0	373.3	2226.9	100.0%	22.6%	11.1%	66.3%
Operating loss	1244.2	207.0	77.9	959.4	100.0%	16.6%	6.3%	77.1%
Net operating profit/loss	2114.9	552.0	295.4	1267.5	100.0%	26.1%	14.0%	59.9%
Value added	16751.5	3153.0	1978.8	11619.7	100.0%	18.8%	11.8%	69.4%
No of employees	435059	68676	34203	332180	100.0%	15.8%	7.9%	76.4%
Operating and performance indicators	Values, (million EUR)				Index, All enterprises = 100			
No of employees / enterprise	7.28	31.69	223.55	5.79	100%	435%	3069%	79%
Sales per employee	0.17	0.25	0.26	0.15	100%	144%	151%	86%
Assets per employee	0.22	0.24	0.51	0.19	100%	108%	229%	85%
Export to sales ratio	34.9%	45.3%	41.2%	30.2%	100%	130%	118%	86%
Value added per employee	0.04	0.05	0.06	0.03	100%	119%	150%	91%
Net operating profit/loss per equity	5.6%	10.2%	3.4%	5.4%	100%	181%	60%	96%
MANUFACTURING	Values, (million EUR)				Shares in all enterprises			
No of enterprises	7165	291	28	6846	100.0%	4.1%	0.4%	95.5%
Assets	22663.4	5146.0	932.0	16585.4	100.0%	22.7%	4.1%	73.2%
Equity	9984.2	2574.0	391.9	7018.3	100.0%	25.8%	3.9%	70.3%
Sales	22692.3	6460.0	791.9	15440.4	100.0%	28.5%	3.5%	68.0%
Export	15179.2	5506.0	504.7	9168.5	100.0%	36.3%	3.3%	60.4%
Operating profit	1125.5	357.0	2.1	766.5	100.0%	31.7%	0.2%	68.1%
Operating loss	254.2	44.0	29.1	181.1	100.0%	17.3%	11.4%	71.2%
Net operating profit/loss	871.3	313.0	-27.0	585.4	100.0%	35.9%	-3.1%	67.2%
Value added	6089.9	1525.0	208.0	4356.9	100.0%	25.0%	3.4%	71.5%
No of employees	163784	34518	7461	121806	100.0%	21.1%	4.6%	74.4%
Operating and performance indicators	Values, (million EUR)				Index, All enterprises = 100			
No of employees / enterprise	22.86	118.62	266.46	17.79	100%	519%	1166%	78%
Sales per employee	0.14	0.19	0.11	0.13	100%	135%	77%	91%
Assets per employee	0.14	0.15	0.12	0.14	100%	108%	90%	98%
Export to sales ratio	66.9%	85.2%	63.7%	59.4%	100%	127%	95%	89%
Value added per employee	0.04	0.04	0.03	0.04	100%	119%	75%	96%
Net operating profit/loss per equity	8.7%	12.2%	-6.9%	8.3%	100%	139%	-79%	96%

FOEs in the manufacturing sector account for somewhat higher shares than in total of all activities. It is clear that the participation of SOEs in the Slovenian corporate sector has a strong sectoral dimension (see Table 1 and Figures 1 and 2).

A brief overview of the operating and performance indicators of the three ownership categories for Slovenian enterprises (see Table 1) reveals the following characteristics: (i) SOEs are by far the largest enterprises (in terms of the number of employees per enterprise, or

by sales per employee), followed by FOEs, while DPOEs lag far behind; (ii) SOEs are also by far the most capital intensive enterprises (in terms of assets per employee), followed by FOEs and DPOEs; (iii) SOEs produce the highest value added per employee, followed by FOEs and DPOEs; (iv) in terms of exports to sales ratio and net operating profit per equity, FOEs are the most efficient. All in all, SOEs show the highest sales and value added per employee but, taking into account their well above average size and capital intensity, one would expect a higher margin in relation to FOEs and DPOEs. SOEs also show the lowest profitability, more than twice as low as FOEs. However, a comparison between the overall operating and performance indicators of SOEs with those of the other two enterprise ownership categories is of very limited value, as the sectoral structure of SOEs (see section 4) is very different to those of FOEs and DPOEs. Eliminating sectoral differences by comparing indicators for the manufacturing sector only shows that FOEs outperform SOEs in all indicators. Not only do FOEs outperform SOEs in all indicators, apart from size and exports to sales ratio, but DPOEs do too.

3. Changes to the main aggregates (assets, equity, sales, export, profit) for the three enterprise ownership categories in 2008-2012

In this section we look at the changes to the ownership structure of the Slovenian non-financial corporate sector during the period from 2008 (the last pre-crisis

year) to 2012 (the latest data available). This enables the impact of the crisis on the ownership changes and the various consequences of the crisis for different ownership enterprise categories to be seen. While the number of enterprises (index 114.9%) and exports value (110.7%) of the total Slovenian non-financial corporate sector increased from 2008 to 2012, and equity remained almost unchanged (103.4%), all the other aggregates decreased more or less considerably, i.e. net operating profit to 62.0%, number of employees to 85.2%, assets to 92.8% and sales to 94.3% of that in 2008. The effects of the crisis are clear. The differences among the three enterprise ownership categories are, however, considerable. SOEs had greatly increased exports (index 236.8% with 2008 being 100%), sales (152.6%) and equity (146.8%), the activities of the FOEs remained more or less unchanged (except for a decrease in net operating profit), while the activities of the DPOEs fell considerably in all respects with the exception of exports (see Table 2 and Figure 3). The increased activity of the SOEs in 2008-2012 was heavily concentrated on the energy, transport and communication sectors, and is therefore very sectoral specific.

The above trends have had an obvious impact on the changes to the shares of the three enterprise ownership categories in the main aggregates (see Figure 4). While SOEs and, to a lesser extent, FOEs increased their respective shares, the shares of DPOEs decreased in all the aggregates analysed. There is no doubt that DPOEs have been the most severely hit by the crisis; FOEs seem to be able to use their parent companies' networks, while SOEs were better off due to their specific sectoral

Table 2: Main aggregates of the three ownership categories for firms in 2008 and 2012

		No of enterprises	Assets	Equity	Sales	Exports	Net operating profit	No of employees
Values, (million EUR)								
All enterprises	2008	51997	104298.2	36342.9	80238.6	23864.1	3413.4	510754
	2012	59726	96814.6	37587.0	75667.2	26415.4	2114.9	435059
FOEs	2008	1910	16601.0	5375.0	16241.0	7180.0	629.0	66452
	2012	2167	16518.0	5413.0	17148.0	7766.0	552.0	68676
SOEs	2008	133	16159.3	5944.8	5892.6	1563.8	289.9	37340
	2012	153	17426.3	8724.3	8989.4	3702.8	295.4	34203
DPOEs	2008	49954	71537.8	25023.1	58105.0	15120.3	2494.4	406962
	2012	57406	62870.3	23449.6	49529.8	14946.7	1267.5	332180
Percentage distribution; %								
All enterprises	2008	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	2012	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
FOEs	2008	3.7%	15.9%	14.8%	20.2%	30.1%	18.4%	13.0%
	2012	3.6%	17.1%	14.4%	22.7%	29.4%	26.1%	15.8%
SOEs	2008	0.3%	15.5%	16.4%	7.3%	6.6%	8.5%	7.3%
	2012	0.3%	18.0%	23.2%	11.9%	14.0%	14.0%	7.9%
DPOEs	2008	96.1%	68.6%	68.9%	72.4%	63.4%	73.1%	79.7%
	2012	96.1%	64.9%	62.4%	65.5%	56.6%	59.9%	76.4%

Figure 3: Increase/decrease in values of the main aggregates for the three enterprise ownership categories in 2008-2012; Index: 2008 = 100

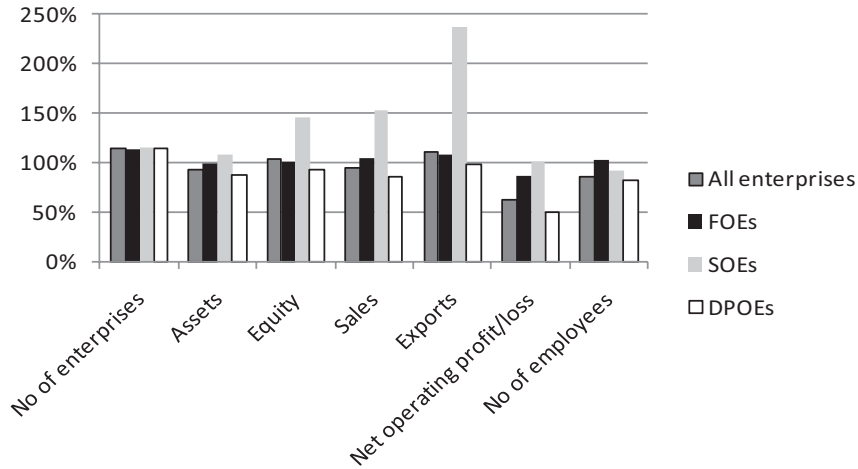
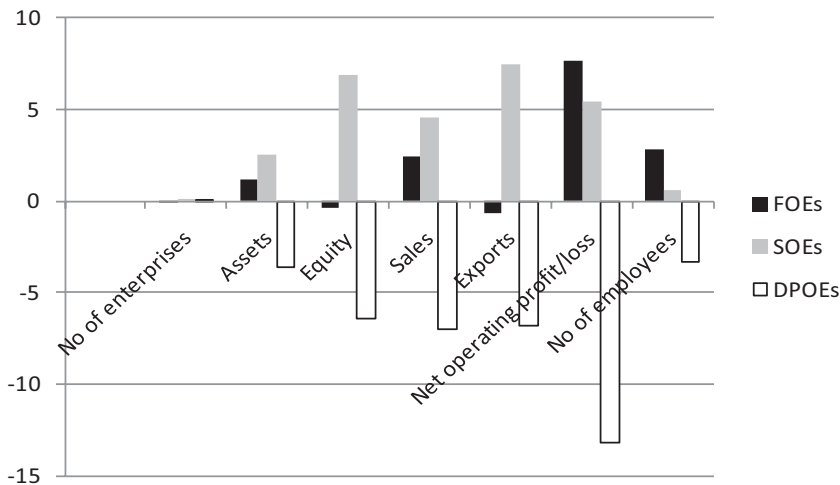


Figure 4: Changes to shares of the three enterprise ownership categories for the main aggregates in 2008-2012; percentage points



structure (being predominantly in the energy and transport sectors).

4. Some further information on trends in the activities and performance of SOEs in 2008-2012

In this section we shed some light on the specific sectoral characteristics (See Table 3 for the list of NACE sections of economic activities) of SOEs and their changes from 2008 to 2012. At first, the distribution of SOEs by NACE sections of economic activities is presented. We then concentrate on those economic activities in which most SOEs are engaged, i.e. manufacturing, (section C), energy (D), transport (H), communication (J) and finance (K). For

these sections, we look at: (i) the importance of SOEs for their overall activity; (ii) the operating and performance features of SOEs compared to all enterprises in 2012; and (iii) changes in the presence and importance of SOEs in 2008-2012.

Distribution of SOEs by sections of economic activities in 2012. Although SOEs are present in almost all sections of economic activities in Slovenia, Tables 4 and 5, and Figure 5 clearly show that they are heavily concentrated in only a few activities, i.e. predominantly in energy (D), transport (H), manufacturing (C) and, to a lesser extent, in communication (J) and finance (K)⁴. In these five

⁴ Undoubtedly the presence of SOEs in this section is much higher as the AJPES data we use do not contain data on banks and insurance companies.

Table 3: NACE Sections of Economic Activities

A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and insurance activities
L	Retail estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers; unidentified goods-and-services-producing activities of households for own use
U	Activities of extraterritorial organisations and bodies

sections, 60.1% of SOEs are engaged but, in value terms, they account for more than 90% of all SOEs, i.e. 91.3% of SOEs' total assets, 92.9% of equity, 89.0% of employees, 92.4% of sales, 97.4% of exports, 95.2% of EBITDA, etc. SOEs dominate in the energy and transport sectors. As much as 68.0% of all SOEs' exports, 58.2% of all SOEs' sales and 35.6% of all SOEs' equity are engaged in energy; SOEs in transport account for 42.5% of all SOEs' employees, 41.7% of assets and 36.6% of equity.

Importance of SOEs for the overall activity of individual sections of economic activities in 2012. The sectoral distribution of SOEs is also reflected in their importance for the overall activity of individual sections of economic activities. As presented in Table 6 and Figure 5, the share of SOEs in the total number of enterprises is marginal in all individual sections of activities. However, due to their well above average size, SOEs have dominant positions in energy and transport, are slightly less important in the communication and finance sections, and are much less important in manufacturing. In the energy section SOEs account for 65.9% of all employees, 79.8% of sales and 61.7% of equity; in the transport section they account for 44.3% of all employees, 34.2% of sales and 72.3% of equity; in the communication section they account for 26.1% of sales and 48.3% of equity; and in finance they account for 31.5% of sales and 22.9% of equity. In other sections SOEs are less important. Taking everything into

Table 4: Main aggregates of SOEs by sections of economic activities in 2012, in million EUR

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
No of enterprises	153	2	4	28	23	1	4	6	23	9	8	10	9	15	6	1	1	3
Assets	17426.3	8.3	57.8	932.0	4824.6	0.3	78.6	323.0	7268.5	125.5	1577.7	1302.4	103.5	773.9	19.6	2.8	0.0	27.8
Equity	8724.3	2.4	32.5	391.9	3103.7	0.0	30.1	250.4	3191.9	45.8	858.8	562.9	57.6	186.9	7.8	1.7	0.0	0.1
Sales	8989.4	2.1	19.6	791.9	5229.1	0.6	81.1	465.7	1335.7	29.6	729.3	217.2	10.1	38.2	21.2	1.3	0.0	16.9
Export	3702.8	0.0	0.3	504.7	2519.0	0.0	1.0	94.3	485.4	0.0	95.0	1.6	0.1	1.0	0.4	0.0	0.0	0.0
Operating profit	373.3	0.0	0.4	2.1	112.8	0.0	7.9	11.7	143.9	1.7	62.5	26.0	1.2	2.3	0.9	0.0	0.0	0.0
Operating loss	77.9	0.4	6.7	29.1	4.8	0.0	0.0	0.1	13.6	2.3	4.2	5.4	5.3	2.6	0.2	0.0	0.0	3.1
Net operating profit/loss	295.4	-0.4	-6.2	-27.0	107.9	0.0	7.9	11.7	130.3	-0.7	58.3	20.7	-4.2	-0.3	0.6	0.0	0.0	-3.1
Value added	1978.8	1.6	13.3	208.0	491.4	0.0	33.1	26.4	727.9	13.7	350.1	56.3	7.7	26.6	13.9	1.2	0.0	7.5
No of Employees	34203	94	497	7461	4946	0	714	66	14528	406	3202	297	185	670	849	68	0	219
EBITDA	349.9	-0.4	-6.2	-26.0	109.6	0.0	8.0	14.7	137.2	-0.6	74.4	37.8	-4.2	8.0	0.6	0.0	0.0	-3.1
Net profit-loss	45.2	-0.5	-7.8	-64.0	107.9	0.0	6.1	8.2	35.9	-3.5	45.1	-71.9	-6.0	0.3	0.9	-0.1	0.0	-5.2
Debt	8701.9	5.9	25.3	540.0	1721.0	0.2	48.5	72.6	4076.6	79.6	718.9	739.6	45.9	587.0	11.8	1.1	0.0	27.8

Table 5: Percentage distribution of SOEs by sections of economic activities in 2012

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
No of enterprises	100.0%	1.3%	2.6%	18.3%	15.0%	0.7%	2.6%	3.9%	15.0%	5.9%	5.2%	6.5%	5.9%	9.8%	3.9%	0.7%	0.7%	2.0%
Assets	100.0%	0.0%	0.3%	5.3%	27.7%	0.0%	0.5%	1.9%	41.7%	0.7%	9.1%	7.5%	0.6%	4.4%	0.1%	0.0%	0.0%	0.2%
Equity	100.0%	0.0%	0.4%	4.5%	35.6%	0.0%	0.3%	2.9%	36.6%	0.5%	9.8%	6.5%	0.7%	2.1%	0.1%	0.0%	0.0%	0.0%
Sales	100.0%	0.0%	0.2%	8.8%	58.2%	0.0%	0.9%	5.2%	14.9%	0.3%	8.1%	2.4%	0.1%	0.4%	0.2%	0.0%	0.0%	0.2%
Export	100.0%	0.0%	0.0%	13.6%	68.0%	0.0%	0.0%	2.5%	13.1%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating profit	100.0%	0.0%	0.1%	0.6%	30.2%	0.0%	2.1%	3.1%	38.5%	0.4%	16.8%	7.0%	0.3%	0.6%	0.2%	0.0%	0.0%	0.0%
Operating loss	100.0%	0.5%	8.6%	37.4%	6.2%	0.0%	0.0%	0.1%	17.4%	3.0%	5.4%	6.9%	6.9%	3.4%	0.3%	0.0%	0.0%	4.0%
Net operating profit/loss	100.0%	-0.1%	-2.1%	-9.2%	36.5%	0.0%	2.7%	3.9%	44.1%	-0.2%	19.7%	7.0%	-1.4%	-0.1%	0.2%	0.0%	0.0%	-1.0%
Value added	100.0%	0.1%	0.7%	10.5%	24.8%	0.0%	1.7%	1.3%	36.8%	0.7%	17.7%	2.8%	0.4%	1.3%	0.7%	0.1%	0.0%	0.4%
No of Employees	100.0%	0.3%	1.5%	21.8%	14.5%	0.0%	2.1%	0.2%	42.5%	1.2%	9.4%	0.9%	0.5%	2.0%	2.5%	0.2%	0.0%	0.6%
EBITDA	100.0%	-0.1%	-1.8%	-7.4%	31.3%	0.0%	2.3%	4.2%	39.2%	-0.2%	21.3%	10.8%	-1.2%	2.3%	0.2%	0.0%	0.0%	-0.9%
Net profit-loss	100.0%	-1.1%	-17.3%	-141.6%	238.5%	0.0%	13.5%	18.1%	79.4%	-7.8%	99.7%	-159.0%	-13.2%	0.6%	1.9%	-0.2%	0.0%	-11.6%
Debt	100.0%	0.1%	0.3%	6.2%	19.8%	0.0%	0.6%	0.8%	46.8%	0.9%	8.3%	8.5%	0.5%	6.7%	0.1%	0.0%	0.0%	0.3%

Table 6: Percentage shares of SOEs in all enterprises by sections of economic activities in 2012

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
No of enterprises	0.3%	0.5%	5.6%	0.4%	3.4%	0.3%	0.1%	0.0%	0.8%	0.3%	0.2%	0.8%	0.5%	0.1%	0.3%	0.1%	0.1%	0.5%
Assets	18.0%	1.4%	10.9%	4.1%	57.8%	0.0%	1.5%	1.9%	72.0%	5.4%	40.3%	13.0%	2.3%	9.9%	2.3%	2.5%	0.0%	4.0%
Equity	23.2%	1.0%	14.5%	3.9%	61.7%	0.0%	2.3%	4.1%	72.3%	5.5%	48.3%	22.9%	5.8%	6.3%	3.2%	3.3%	0.0%	0.0%
Sales	11.9%	0.7%	7.5%	3.5%	79.8%	0.0%	2.2%	1.8%	34.2%	2.9%	26.1%	31.5%	1.8%	1.1%	2.0%	1.6%	0.0%	3.2%
Export	14.0%	0.0%	0.6%	3.3%	90.9%	0.0%	0.3%	2.0%	29.9%	0.0%	20.0%	8.8%	0.4%	0.1%	0.3%	0.4%	0.0%	0.0%
Operating profit	11.1%	0.0%	5.3%	0.2%	58.2%	0.0%	5.0%	1.7%	47.7%	3.4%	27.4%	42.7%	1.2%	0.8%	1.9%	0.0%	0.0%	0.0%
Operating loss	6.3%	4.0%	62.8%	11.4%	42.6%	0.0%	0.0%	0.0%	28.4%	3.7%	11.0%	3.4%	5.9%	2.4%	1.1%	0.6%	0.2%	20.9%
Net operating profit/loss	14.0%	-5.0%	261.3%	-3.1%	59.2%	0.1%	-117.9%	2.5%	51.3%	4.7%	30.8%	-21.1%	-47.2%	-0.2%	2.7%	-1.5%	0.0%	-25.7%
Value added	11.8%	1.6%	10.5%	3.4%	63.9%	0.0%	3.1%	0.9%	52.9%	3.3%	31.7%	24.7%	2.3%	2.3%	3.4%	4.1%	0.0%	5.1%
No of Employees	7.9%	3.1%	18.6%	4.6%	65.9%	0.0%	2.1%	0.1%	44.3%	2.5%	18.2%	8.9%	6.0%	2.3%	4.2%	5.3%	0.0%	7.0%
EBITDA	14.8%	-4.7%	303.5%	-2.8%	58.5%	0.0%	173.4%	2.9%	51.4%	5.5%	35.6%	-131.0%	-26.0%	3.8%	2.6%	-1.2%	0.0%	-23.7%
Net profit-loss	13.6%	495.5%	65.9%	-14.8%	64.3%	0.0%	-7.5%	7.7%	25.7%	3.8%	32.4%	14.9%	5.1%	0.2%	33.8%	-6.1%	0.0%	15.1%
Debt	14.7%	1.8%	8.3%	4.3%	51.8%	0.0%	1.2%	0.7%	71.8%	5.4%	33.7%	9.7%	1.3%	12.2%	1.9%	1.8%	0.0%	6.1%

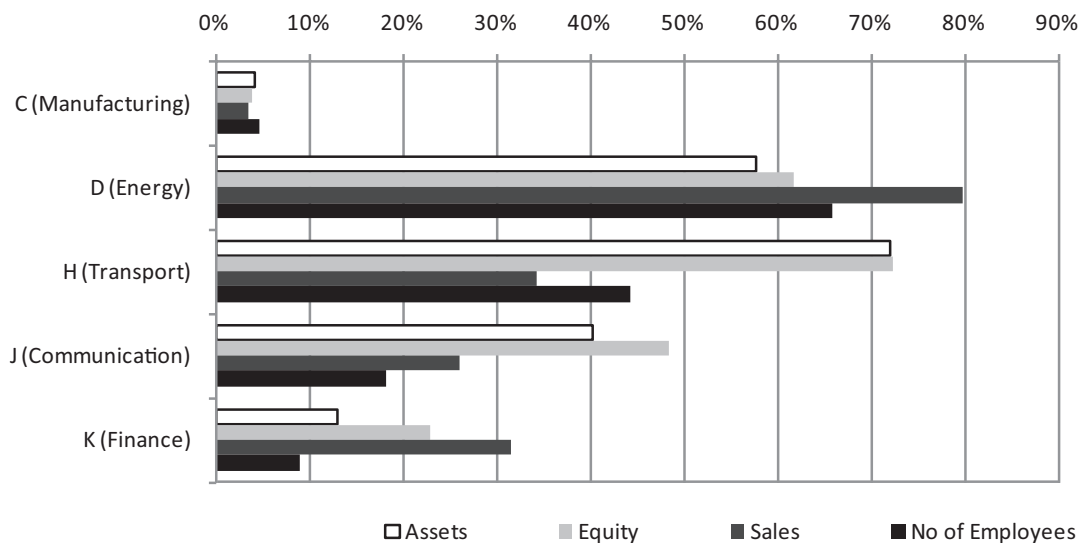
Table 7: Operational indicators of SOEs as compared to all enterprises by industries in 2012; index: all enterprises = 100

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
No of employees/enterprise	3068.9%	615.0%	329.7%	1165.7%	1936.4%	0.0%	3662.4%	196.0%	5366.7%	757.8%	7467.5%	1052.6%	1317.3%	1943.0%	1279.5%	3673.3%	0.0%	1504.7%
Assets per employee	229.0%	46.5%	58.9%	90.3%	87.7%	0.0%	70.8%	2329.9%	162.7%	217.2%	222.0%	145.2%	37.9%	424.4%	53.5%	46.6%	0.0%	56.4%
Sales per employee	151.1%	22.6%	40.5%	76.6%	121.1%	0.0%	105.5%	2182.2%	77.3%	114.4%	143.8%	353.4%	29.5%	47.0%	47.6%	30.0%	0.0%	45.2%
Export to sales ratio	118.0%	1.4%	7.4%	95.3%	114.0%	0.0%	12.4%	115.6%	87.4%	0.2%	76.5%	27.9%	19.9%	11.6%	14.0%	24.5%	0.0%	0.0%
Debt to assets ratio	81.6%	125.3%	76.0%	103.6%	89.6%	169.1%	81.2%	34.8%	99.7%	98.8%	83.5%	75.2%	57.0%	122.8%	84.4%	71.6%	31.2%	153.6%

Table 8: Performance indicators of SOEs as compared to all enterprises by industries in 2012; index: all enterprises = 100

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
Value added per employee	150.3%	53.0%	56.6%	75.0%	96.9%	0.0%	149.3%	1120.9%	119.6%	134.1%	174.6%	276.6%	37.8%	97.7%	81.0%	76.8%	0.0%	73.0%
Unit labour costs	85.7%	151.1%	173.1%	140.9%	105.6%	0.0%	101.4%	19.9%	98.2%	87.6%	72.8%	46.9%	377.9%	135.6%	153.5%	106.2%	0.0%	171.0%
Net operating profit/loss per equity	60.2%	-527.0%	-1803.3%	-79.0%	95.8%	1854.4%	-5039.4%	61.1%	70.9%	-85.2%	63.6%	-92.5%	-820.2%	-3.1%	84.1%	-44.9%	-197.4%	-107176.1%
EBITDA margin	148.6%	-44.9%	-79.3%	6.6%	77.8%	24.2%	494.3%	84.6%	167.2%	184.2%	164.9%	-556.5%	-198.6%	85.1%	147.8%	60.1%	0.0%	-44.1%
Return on equity	58.6%	-52076.7%	-455.1%	-377.5%	104.2%	1552.5%	-319.1%	186.7%	35.6%	-67.9%	67.1%	65.1%	88.7%	3.0%	1070.7%	-183.1%	-364.2%	62819.7%

Figure 5: Percentage shares of SOEs for all enterprises in sections C (Manufacturing) D (Energy), H (Transport), J (Communication) and K (Finance) in 2012



consideration, SOEs dominates the Slovenian energy, and transport sections, and are of major importance for the communication and financial sections.

Performance of SOEs in individual sections of economic activities compared to all enterprises in the same sections in 2012. When comparing the performance of SOEs with other enterprises in the sections in which most SOEs are engaged (C, D, H, J, K), we distinguish between operating (number of employees per enterprise, assets per employee, sales per employee, export to sales ratio and debt to assets ratio: see Table 7 and Figure 6) and performance indicators (value added per employee, unit labour costs, net operating profit/loss per equity, EBITDA margin, return on equity: see Table 8 and Figure 7).

Operating indicators. The single most outstanding feature of SOEs is probably their above average size (number of employees per enterprise). The average manufacturing SOE is 11.7 times larger than average enterprise. In energy the corresponding factor is 19.4, in transport 53.7, in finance 10.5 and in communication as much as 74.7. In terms of capital intensity (assets per employee), SOEs are above average in terms of capital intensity in the transport, communication and finance sections, but below average in manufacturing and energy. This is mostly owing to the fact that SOEs are concentrated in the capital intensive sections of energy and transport which makes them much more capital intensive than other enterprises overall.

In the manufacturing and transport sections, SOEs have considerably lower sales per employee than average enterprises in the same sections – and vice versa in the energy, communication and finance sections. In

principle, one would expect that more capital intensive SOEs would also make higher sales per employee. Nevertheless, SOEs in transport and communication do not seem to be able to transform their higher capital intensity into higher sales per employee. SOEs in energy and finance are much more successful in this regard. With the exception of the energy section, SOEs show lower exports propensity than other enterprises in the same sections. In terms of indebtedness (debt to assets ratio), SOEs seem to be mostly better off than average enterprises in the same sections of activities. The exception to this is manufacturing where the level of indebtedness of SOEs is slightly above average.

Performance indicators. Of the five analysed sections of activity in which most SOEs are engaged, finance, communication and transport exhibit above average levels of productivity measured by value added per employee, while the situation in manufacturing and energy is the opposite. As expected, the ULCs show a mirror picture. Taking into account the well above average size of the SOEs in all the analysed sections of activities, size as a rule being one of the determinants for enterprise productivity, the SOEs' productivity proves to be mostly disappointing.

The picture with regards to profitability is much worse for SOEs. SOEs' return on equity matches that of average enterprises in the same sections of activity only for the energy section, whereas it is far below the section average in all the other sections analysed. In terms of net operating profit/loss per equity, SOEs do not match average profitability in any of the sections analysed. Most SOEs clearly have significant problems in their main operations. This is especially the case in manufacturing

Figure 6: Operating indicators for SOEs in sections C (Manufacturing) D (Energy), H (Transport), J (Communication) and K (Finance) in 2012 in comparison to all enterprises in the same sections; Index: All enterprises in the same section = 100

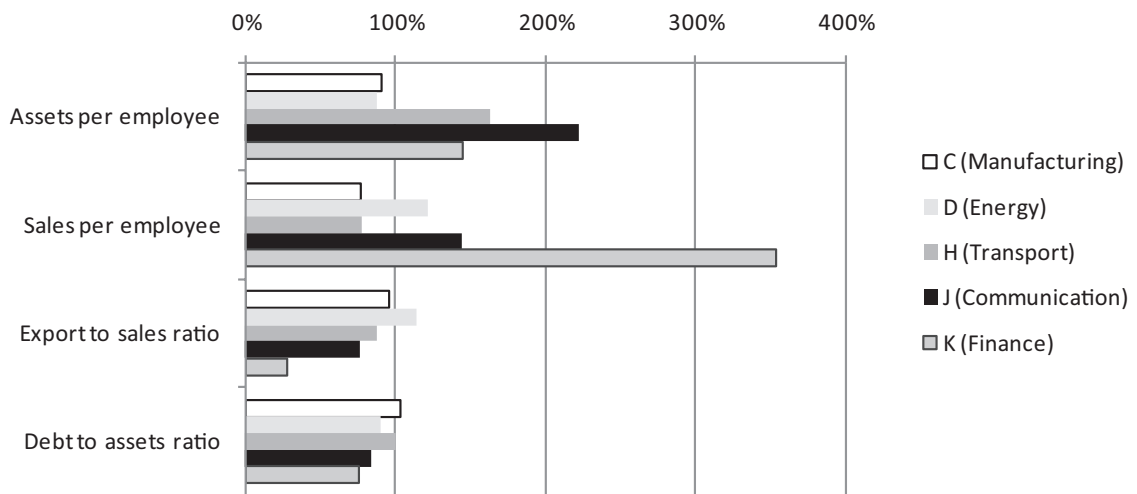
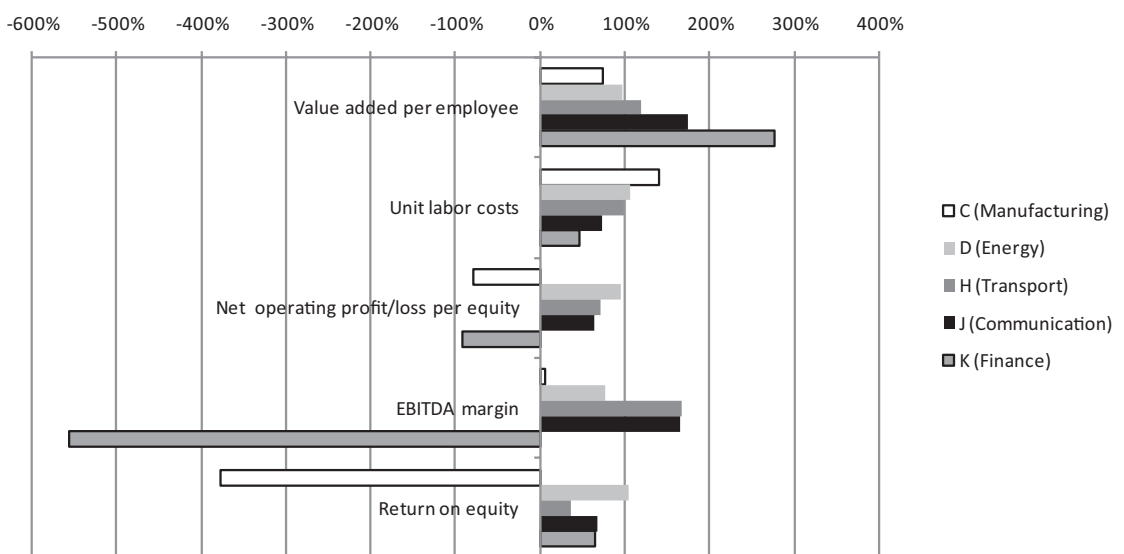


Figure 7: Performance indicators for SOEs in sections C (Manufacturing) D (Energy), H (Transport), J (Communication) and K (Finance) in 2012 in comparison with all enterprises in the same sections; Index: All enterprises in the same section = 100



where, during the course of the ongoing crisis, the state has become the owner in a number of non-performing enterprises. The picture as far as the EBITDA margin for SOEs is concerned is mixed.

Changes in the presence and importance of SOEs in individual sections of activities in 2008-2012. In 2008-2012, the number of SOEs increased from 133 to 153, i.e. by 15%. In the sections of activity analysed, the number of enterprises increased from 21 to 28 in manufacturing,

from 18 to 23 in energy and from 20 to 23 in transport, while in communication, the number remained at 8, and in finance at 10. In terms of changes in the number of employees, value of assets and equity of SOEs, the picture is mixed. Overall, the number of employees in SOEs decreased by 8% in 2008-2012. The same trend was followed by the transport and finance sections; in energy the number of employees in SOEs remained almost unchanged, while we witnessed a rise in manufacturing and a particular increase in communication. Of all the

Table 9: Main aggregates of SOEs by sections of economic activities in 2008 (million EUR)

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
No of enterprises	133	2	4	21	18	0	3	6	20	9	8	10	9	11	6	1	1	1	3
Assets	16159.3	5.3	75.8	795.4	2777.0	0.0	70.5	317.3	7839.0	98.9	1405.4	2391.7	114.3	211.5	14.4	4.8	3.4	0.1	34.5
Equity	5944.8	0.6	51.8	402.4	1970.3	0.0	17.4	248.0	873.7	52.2	888.3	1278.5	51.0	86.3	2.5	3.1	2.4	0.1	16.2
Sales	5892.6	2.4	24.8	662.2	1855.1	0.0	89.4	426.0	1189.0	25.5	472.3	1028.7	29.2	36.8	20.0	0.3	1.6	0.0	29.1
Exports	1563.8	0.0	0.1	464.5	224.4	0.0	0.2	25.8	533.3	3.1	69.8	241.3	0.0	1.1	0.2	0.0	0.0	0.0	0.0
No of Employees	37340	94	825	6969	5021	0	740	241	18411	350	2296	380	175	401	939	32	55	0	411

Table 10: Main aggregates of SOEs by sections of economic activities – increase/decrease from 2008 to 2012; Index: 2008=100

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
No of enterprises	115%	100%	100%	133%	128%	100%	133%	100%	115%	100%	100%	100%	100%	136%	100%	0%	100%	100%	100%
Assets	108%	157%	76%	117%	174%	100%	111%	102%	93%	127%	112%	54%	91%	366%	136%	0%	82%	23%	81%
Equity	147%	430%	63%	97%	158%	100%	173%	101%	365%	88%	97%	44%	113%	217%	304%	0%	70%	20%	0%
Sales	153%	87%	79%	120%	282%	100%	91%	109%	112%	116%	154%	21%	35%	104%	106%	0%	86%	0%	58%
Exports	237%	169%	240%	109%	1123%	100%	588%	365%	91%	0%	136%	1%	214%	97%	193%	0%	313%	0%	0%
No of Employees	92%	100%	60%	107%	99%	100%	97%	27%	79%	116%	139%	78%	105%	167%	90%	0%	123%	0%	53%

Table 11: Percentage shares of SOEs in all enterprises by sections of economic activities – increase/decrease from 2008 to 2012; Changes in percentage points

	All activities	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
No of enterprises	0.0	-0.1	-0.4	0.1	-5.3	0.3	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-14.3	0.0	0.0	-0.1
Assets	2.5	0.6	-4.7	0.7	0.9	0.0	0.5	0.1	-2.2	1.2	8.2	-1.4	-0.6	6.8	0.5	-6.4	-1.3	0.0	0.0
Equity	6.9	0.7	-6.7	-0.2	5.2	0.0	1.1	0.1	25.9	0.2	5.5	-0.7	0.7	2.4	1.9	-75.5	-3.7	-0.1	-4.2
Sales	4.5	0.1	-1.2	0.7	12.2	0.0	0.9	0.3	0.8	0.5	10.7	-30.8	-2.7	0.1	0.2	-5.9	-0.2	0.0	-1.8
Exports	7.5	0.0	0.2	0.2	-4.0	0.0	0.2	1.5	-5.1	-6.6	1.8	-78.8	0.1	-0.1	0.1	0.0	0.3	0.0	0.0
No of Employees	0.6	0.7	-6.3	1.0	-0.7	0.0	0.8	-0.2	-4.8	0.5	5.3	0.4	1.0	0.9	-0.1	-11.0	1.1	0.0	-3.3

Figure 8: Increase/decrease in values of the main aggregates for SOEs in sections C (Manufacturing), D (Energy), H (Transport), J (Communication) and K (Finance) in 2008-2012; Index: 2008 = 100

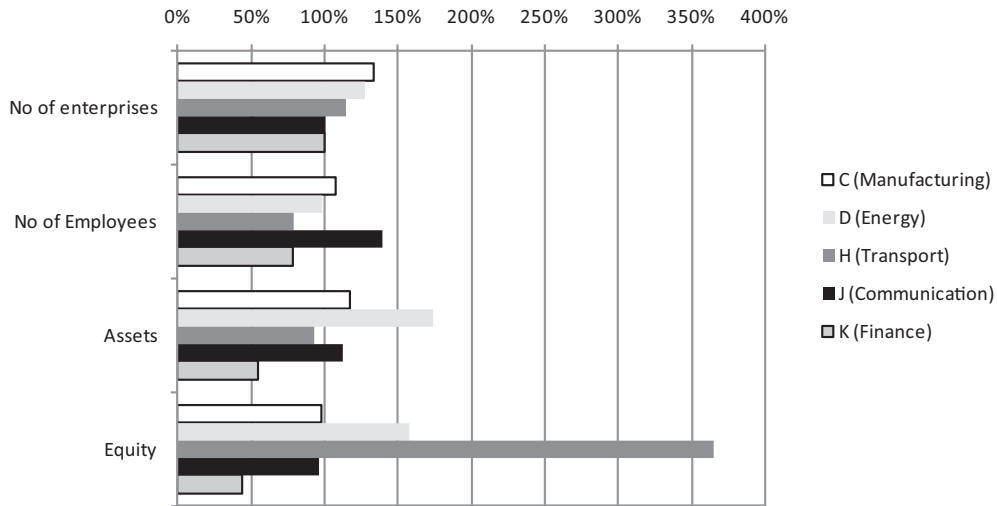


Figure 9: Changes of shares of SOEs for the main aggregates in sections C (Manufacturing), D (Energy), H (Transport), J (Communication) and K (Finance) in 2008-2012; Percentage points



sections, it was communication which saw the highest, i.e. 39% increase in the number of employees. Overall, the increase in the equity and assets of SOEs in 2008-2012 has been more than comprehensive, i.e. by 47% and 53% respectively. Again one can see considerable differences among the sections, with a considerable increase in the energy and transport sections, a slight increase in manufacturing and communication, and a considerable decrease in finance (see Tables 9-11 and Figure 8).

What was the effect of the above trends on the changes

in importance of SOEs in the sections of activities analysed in 2008-2012? Table 11 and Figure 9 put forward the following features: (i) the share of SOEs in the number of enterprises remained almost unchanged, with a considerable decrease of 5.3 percentage points in the energy section; (ii) SOEs exhibit a considerable increase in their importance in the communication and energy sections in terms sales and equity, but partly also in terms of assets and employment. In finance, SOEs are losing their importance, while the picture in the transport section is mixed; (iii) in the energy, transport and finance sections, the importance of SOEs in exports

decreased. The overall conclusion is that, in 2008-2012, SOEs considerably increased their importance in the energy and communication sections, their importance remained unchanged in manufacturing, the picture regarding transport is mixed, while their importance in the finance section decreased.

5. The presence of SOEs in individual sections of economic activities under the 25+% threshold criterion for the share of the state in the equity

In order to unequivocally classify an enterprise as an SOE, FOE or DPOE, the 50+% criterion of ownership is used in sections 1 to 4. However, in classifying enterprises as SOEs, the threshold criterion of 25+% is usually applied. The reason for this is that it is a 25% plus one vote which ensures an effective blocking minority over most strategic decisions in an enterprise. The objective of this section is to gauge the importance of SOEs for the entire Slovenian non-financial corporate sector and for individual sections of economic activities if the 25+% threshold is applied. Does this increase the relevance of SOEs when compared to the 50+% threshold?

The change of the threshold from 50+% to 25+% considerably increases all the aggregate values of SOEs in 2012, i.e. the number of SOEs from 153 to 203 (by 32.7%), assets from EUR 17.4 billion to EUR 22.7 billion (by 30.3%), equity from EUR 8.7 billion to EUR 11.3 billion (by 29.3%), number of employees from 34,203 to 46,815 (by 36.9%), sales from EUR 9.0 billion to EUR 14.3 billion (by 59.1%) and exports from EUR 3.7 billion

to EUR 5.8 billion (by 56.4%) (compare Tables 4 and 12). As a consequence, the importance of SOEs for the Slovenian non-financial corporate sector as a whole, and for most of the sections of economic activities, considerably increases. Thus, the share of SOEs in the total number of enterprises in the Slovenian corporate sector increases by 0.1 percentage point, in assets by 5.4 percentage points, in equity by 6.8 percentage points, in number of employees by 2.9 percentage points, in sales by 7.0 percentage points and in exports by 7.9 percentage points (compare Tables 6 and 13). Among the sections of activity analysed, the increase is by far the highest in the manufacturing section, followed by the finance and transport sections, whereas the increase in communication and energy is much smaller.

6. Conclusions

Slovenia has only partly accomplished one of the main transition reforms, i.e. privatisation of the corporate and financial sectors. Consequently, a quarter of century since its transition began, Slovenia once again faces the task of implementing a comprehensive privatisation process if it is to reduce the level of state ownership and control in the corporate and financial sectors to an internationally comparable level. High ownership and corporate governance involvement on the part of the state in enterprises and financial institutions is a consequence of the Slovenian way of privatisation, a strong political preference for keeping a high level of state ownership in enterprises and financial institutions ('the national interest'), and of problems related to the economic recession in the corporate and financial sectors, with the former increasingly unable to

Figure 10: Increase in the percentage shares of SOEs in all enterprises in sections C (Manufacturing), D (Energy), H (Transport), J (Communication) and K (Finance) in 2012 due to a threshold decrease from 50+% to 25+%; Changes in percentage points

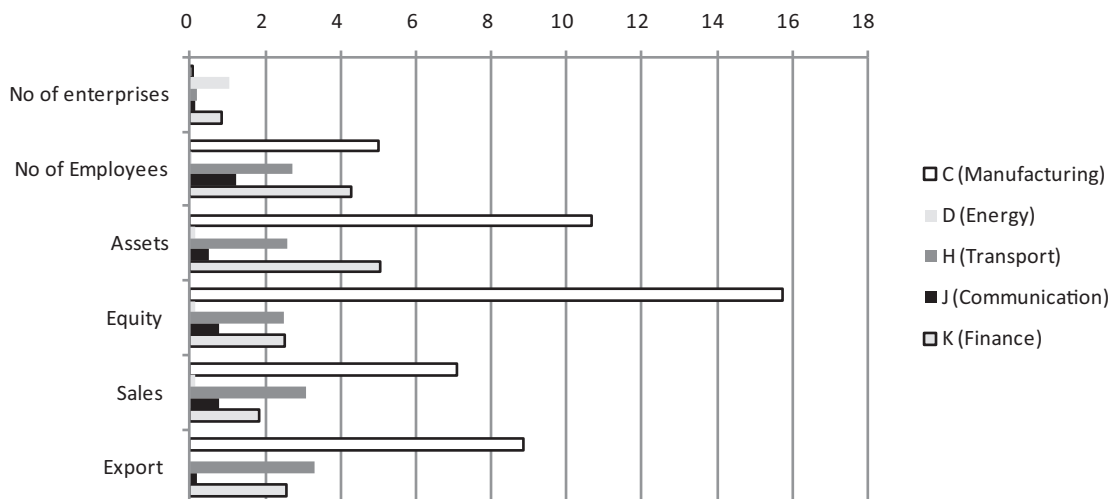


Table 12: Main aggregates of SOEs according to the 25+-% criterion by sections of economic activities in 2012 (million EUR)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
All activities	203	4	34	30	2	8	11	28	10	12	20	9	18	8	1	1	5
No of enterprises	2	4	34	30	2	8	11	28	10	12	20	9	18	8	1	1	5
Assets	22701.0	8.3	3348.6	4836.4	4.8	106.8	1695.0	7527.4	286.8	1597.1	1810.3	103.5	983.3	57.5	2.8	0.0	274.5
Equity	11277.4	2.4	1964.5	3109.7	1.7	45.3	667.7	3301.6	117.9	872.7	624.4	57.6	365.7	35.7	1.7	0.0	76.3
Sales	14297.7	2.1	19.6	2399.2	5238.5	4.1	106.0	3675.1	1455.9	60.5	751.2	10.1	46.6	27.6	1.3	0.0	269.9
Exports	5791.2	0.0	0.3	1847.7	2519.0	0.0	3.4	780.1	538.9	0.1	95.9	0.1	1.0	0.5	0.0	0.0	2.1
No of Employees	46815	94	15630	4948	61	960	888	15425	830	3417	439	185	722	929	68	0	1721

Table 13: Percentage shares of SOEs according to the 25+-% criterion in all enterprises by sections of economic activities in 2012

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q	R
All activities	0.3%	5.6%	0.5%	4.4%	0.6%	0.1%	0.1%	1.0%	0.4%	0.4%	1.7%	0.5%	0.1%	0.4%	0.1%	0.1%	0.8%
No of enterprises	0.3%	5.6%	0.5%	4.4%	0.6%	0.1%	0.1%	1.0%	0.4%	0.4%	1.7%	0.5%	0.1%	0.4%	0.1%	0.1%	0.8%
Assets	23.4%	10.9%	14.8%	57.9%	0.4%	2.0%	9.9%	74.6%	12.4%	40.8%	18.0%	2.3%	12.6%	6.6%	2.5%	0.0%	39.2%
Equity	30.0%	1.0%	14.5%	19.7%	0.4%	3.5%	11.0%	74.8%	14.2%	49.1%	25.4%	5.8%	12.3%	14.5%	3.3%	0.0%	31.1%
Sales	18.9%	0.7%	10.6%	79.9%	0.4%	2.8%	13.9%	37.3%	5.8%	26.9%	33.4%	1.8%	1.3%	2.6%	1.6%	0.0%	50.9%
Exports	21.9%	0.0%	12.2%	90.9%	0.0%	1.0%	16.8%	33.2%	0.3%	20.2%	11.3%	0.4%	0.1%	0.4%	0.4%	0.0%	23.6%
No of Employees	10.8%	18.6%	9.5%	65.9%	0.7%	2.8%	1.1%	47.0%	5.1%	19.4%	13.2%	6.0%	2.5%	4.6%	5.3%	0.0%	55.3%

service its debts to the latter.

This paper takes a snapshot of the ownership structure and related trends in the Slovenian non-financial corporate sector in terms of majority SOEs, majority FOEs and majority DPOEs, with special attention given to SOEs. SOEs account for an important and increasing share of the Slovenian non-financial corporate sector, and they are heavily concentrated in the energy, transport and manufacturing sectors. They are the dominant players in the energy sector, are very important in the transport and communication sectors, but less so in the manufacturing sector. In 2008-2012, SOEs as a whole increased their importance to the Slovenian corporate sector in general, as well as in the majority of activity sections. In all the activity sections, SOEs are larger than average enterprises in the same sections, but in most sections they are less than average capital intensive, have lower sales per employee and lower export propensity, as well as lower levels of indebtedness. As a rule, SOEs do not perform as well as other types of enterprises in the same section of activity in terms of productivity, profitability and EBITDA. Their results are especially poor as far as operating profit is concerned, indicating that they have serious problems in their core operations. The picture as far as EBITDA margin is concerned is not much better.

The main conclusions of the paper are presented in more detail below:

Ownership structure in 2012. DPOEs account for by far the highest share of the Slovenian corporate sector, followed by FOEs and SOEs. FOEs and SOEs account for only very small shares of all enterprises; however, in value and employment terms, FOEs and SOEs account for much higher shares. Thus, SOEs/FOEs account for as much as 22.7%/11.9% of total Slovenian non-financial corporate sector sales, 29.4%/14.0% of exports and 7.9%/15.8% of employees. In manufacturing, the share of SOEs is much lower (3.5% of sales, 4.6% of employees) while the share of FOEs is much higher (28.5% of sales, 21.1% of employees). Compared to other enterprises, SOEs are much larger and more capital intensive, whereas in terms of export propensity and profitability, FOEs are the most efficient. Taking only the manufacturing sector into account, FOEs and DPOEs outperform SOEs in almost all indicators.

Changes to ownership structure in 2008-2012. While the number of enterprises (index 114.9%) and exports value (110.7%) of the whole Slovenian non-financial corporate sector increased from 2008 to 2012, all the other aggregates decreased more or less considerably, number of employees to 85.2%, assets to 92.8% and sales to 94.3% of 2008 figures. The effects of the crisis are clear. There are considerable differences among the three enterprise ownership categories. While SOEs and, to a lesser extent,

FOEs increased their shares, the shares of DPOEs decreased in all the aggregates analysed. DPOEs have been the most severely hit by the crisis, FOEs seem to be able to use their parent companies' networks, whereas SOEs were better off due to their specific sectoral structure (being predominantly in energy and transport).

Distribution and importance of SOEs for individual sections of economic activities in 2012. Although SOEs are present in almost all sections of economic activities, they are heavily concentrated in only a few activities, i.e. predominantly in energy (D), transport (H), manufacturing (C), communication (J) and finance (K). In these five sections, 60.1% of SOEs are engaged, but in value terms they account for more than 90% of all SOEs, i.e. 91.3% of SOEs' total assets, 92.9% of equity, 89.0% of employees, 92.4% of sales, 97.4% of exports, 95.2% of EBITDA, etc. SOEs dominate in the energy and transport sectors. As a result, SOEs are dominant in the energy section (79.8% of total sales and 65.9% of total employment), very important in transport (34.2% of sales, 44.3% of employment) and communication (26.1% of sales, 18.2% of employment) sections, but not so important in manufacturing (only 3.5% of sales and 4.6% of employment).

Changes in the presence and importance of SOEs in individual sections of activities in 2008-2012. In 2008-2012, SOEs as a whole increased their importance for the Slovenian corporate sector in general, as well as in the majority of sections of activities. Among the sections with the highest concentration of SOEs, they considerably increased their importance in energy and communication sections, in manufacturing their importance remained unchanged, the picture about transport is mixed, while the importance in the finance section decreased.

Operating indicators of SOEs by sections of activity. In all the sections of activities, SOEs are larger than average enterprises in the same sections, by factor of 10 or more in most sections. In terms of capital intensity, the picture is mixed; SOEs are above average capital intensive in the transport, communication and finance sections, but below average in manufacturing and energy. Overall, it is mostly the fact that SOEs are concentrated in the capital intensive energy and transport sections which makes them much more capital intensive than other enterprises overall. SOEs in transport and communication do not seem to be able to transform their higher capital intensity into higher sales per employee. SOEs in energy and finance are much more successful in this regard. With the exception of the energy section, SOEs show lower exports propensity than other enterprises in the same sections. In terms of indebtedness, SOEs are mostly better off than average enterprises in

the same sections of activities. The exception is manufacturing where SOEs are indebted at slightly above average levels.

Performing indicators of SOEs by sections of activity. Of the five analysed sections of activity in which most SOEs are engaged, finance, communication and transport exhibit above average levels of productivity (value added per employee), while the situation in manufacturing and energy is the opposite. Taking into account the well above average size of SOEs in all the sections of activities analysed, size as a rule being one of the determinants of enterprise productivity, SOEs' productivity proves to be mostly disappointing. The picture with regards to profitability is much worse for SOEs. SOEs return on equity matches that of average enterprises in the same sections of activity only in the energy section, but falls below the section average in all the other sections analysed. In terms of net operating profit/loss per equity, SOEs do not match average profitability in any of the sections analysed. Most SOEs clearly have significant problems in their main operations. This is especially the case in manufacturing where, during the course of the ongoing crisis, the state has become the owner in a number of non-performing enterprises.

The presence of SOEs in individual sections of economic activities under the 25+% threshold criterion for the share of state in the equity. If one changes the criterion for SOEs from 50+% to 25+%, the relevance of SOEs for the Slovenian corporate sector increase, the most relevant increases being in manufacturing, followed by the finance and transport sections, whereas the increase in communication and energy is much smaller.

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