

Financial Analysis of the Operations of Pošta Slovenije, d. o. o., and a Comparison With the Performance of Some European Postal Operators

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The authors evaluate the business performance of Pošta Slovenije, d. o. o., during the 2018–2022 period through financial analysis, which includes the most widespread financial indicators, analysis of working capital, and assessment of credit risk and probability of bankruptcy according to Altman's z-score. Their research includes a comparative financial analysis with several other postal operators abroad and also touches on the sustainable business practices of Pošta Slovenije, d. o. o., which aim to reduce carbon dioxide emissions, implement environmentally friendly technologies, and strengthen ties with local communities. This approach allows the company to enhance its environmental responsibility and solidify its market position. Furthermore, the authors emphasize the importance of quality postal services, crucial for connecting people and businesses and contributing to regional development and social cohesion. Their findings indicate that the company has successfully maintained financial stability and a high level of service despite challenges such as rising costs. Among the proposed measures for improving the financial position, the authors mention cost reduction and adjustment of business strategies.

Keywords: financial analysis, performance indicators, Altman z-score, sustainable business practices, postal services

INTRODUCTION

In a rapidly changing business environment, companies must constantly monitor their performance and business stability. Financial analysis enables companies to gain insight into their operations and make decisions based on accurate and relevant information. This allows them to better understand their financial challenges and opportunities and optimize their business strategies for long-term growth and stability.

Financial analysis is a tool for retrospective evaluation of business results and a key aid in planning and predicting future business. With the help of various financial indicators and models, companies can identify patterns and trends that help them formulate effective business strategies. In addition, financial analysis enables the assessment of risks and opportunities, which is essential for maintaining a competitive advantage.

Pošta Slovenije, d. o. o., is a key provider of postal and logistics services in Slovenia. Its role is to provide quality public services, fulfilling its social mission by offering a universal postal service accessible to all residents. Financial stability and, adapting to changes in demand, increasing the volume of logistics

services due to the growth of e-commerce, and maintaining the quality of services are challenges that the company faces. Still, these are secondary compared to the provision of a public service.

In this paper, we analyze the financial situation and the business performance of the company Pošta Slovenije, d. o. o., in more detail with the help of various financial indicators and models. We use a modified Altman z-score, which provides comprehensive insight into financial health and bankruptcy risk. In addition, we perform a comparative analysis with some postal operators from abroad to assess the performance of the Pošta Slovenije Group in the wider international environment and to identify good practices that can be used to improve operations.

LITERATURE REVIEW

Financial analysis is like a beacon that illuminates the path of a company's business. The basics of financial analysis are key to understanding how a company manages its finances, generates profits and manages risks. They act as the cornerstone of business intelligence, enabling companies to understand their financial health and plan.

Of course, financial analysis is not an end in itself. The tightening of the company's competitiveness in the environment affects the development of the needs for external and internal accounting reporting, as decision-making is increasingly demanding (Bergant, 2023). Auditing consultancy Price Waterhouse argues that we often "measure the wrong things and prefer to behave in the old way, offering many excuses for inadequate results" (1997, 51). That is why it is so important how we carry out financial analysis in companies and what techniques, methods and tools we use. The following factors are important: the quality of information and data (update, timeliness, credibility and reliability) and the selected indicators, models and schemes. According to Bergant (2023), we can design information for business decision-making, measuring achievements in business, protecting company assets and sustainable orientations.

In practice, the terms accounting analysis and financial analysis are often confused or equated, even though there is a distinction between them. In English, financial information analysis means the analysis of financial statements. According to Bergant (2013), accounting analysis is limited by the source of data (mostly accounting data, past or future), and financial analysis is not limited by data characteristics. Still, it is limited by the purpose of information (for the needs of the company's financial function). Therefore, it is necessary to distinguish the accounting analysis of the company's financial position from the financial analysis of the company's financial position. The latter is generally more comprehensive, as it also contains an analysis of the off-balance sheet financial position, which can be important for users of the analysis. The authors of this article rely on financial analysis to a greater extent.

Financial analysis begins with the study of financial statements, which include the balance sheet, the profit and loss statement, and the statement of financial or cash flows.

The balance sheet provides an insight into the company's financial position at a given time. It tells how many assets the company has available, how it is financed, and what its liabilities are. The profit and loss statement shows how much revenue the company generated, what costs were incurred as a result, what operating profit and net profit the company ended the studied period with. The statement of financial or cash flows shows how money flows into and out of the company, whether the company generated a positive or negative cash flow from its operations, whether it had more inflows or receipts or more outflows or expenses during the studied period. Answers to these questions are key to understanding a company's liquidity. In addition, financial analysis relies on financial indicators and models that measure and evaluate business performance and financial risks. Thus, liquidity indicators tell whether the company is able to settle its obligations when they fall due. Profitability indicators reveal how profitable the business is, while debt indicators show the extent to which the company finances its operations with debt, i.e. with foreign sources of financing.

Financial analysis methods, such as horizontal and vertical analysis, help us understand changes in financial statements over time. They enable comparisons with competing companies. By interpreting and clarifying the results of individual indicators, we can understand the origin and genesis of certain

phenomena and events, we can make logical conclusions and come to useful conclusions that help in making key business decisions.

The financial analysis results are the basis for decision-making for the company's internal and external stakeholders. Based on the financial analysis findings, the company's management decides on strategy, investments, etc. Investors decide on possible investments in the company, lenders approving loans to the company. "Because there are so many performance assessment tools, we need to be aware that different measurement techniques define measurement very specifically and often narrowly. One can be tempted to 'run all the numbers', especially given the speed and ease of computer spreadsheets. However, typically only a few relationships will provide the information the analyst needs for useful insights and decision support" (Helfert, 2001, 96).

If we quickly skim the analytical reports of our companies, we notice that the analysis of companies is mostly focused only on the display of calculated indicators. However, according to Bergant and Manohin (2018), this has certain drawbacks. There is no comparison with optimal (necessary) indicators and indicators as fundamental criteria. What these mean for the company is left to the subjective judgment of the user and there is no proper explanation of the causes (or it is wrong) for the displayed state. No guidelines are given, or they are incorrect and one-sided for business decisions and, finally, no risk assessment is given in the context of various possible measures. Therefore, the authors (Bergant and Manohin, 2018, 4) defend the thesis that business analysis should not stop only at establishing facts about situations and movements but should provide appropriate directions for further action. In doing so, the principles of internal reporting must be considered, especially in Chapter 4 of the Code of Principles of Internal Reporting (NNP Code, 2015).

We, the authors of this article, in our empirical work on the financial analysis of Pošta Slovenije, d. o. o., consider what is written above.

Jackson (2022) provides a comprehensive review of financial statement analysis literature trends. He speaks about the importance of research on the topic of financial analysis, especially about emerging trends. Research on financial analysis or financial statement analysis generally deals with two key issues – improving fundamental analysis and identifying market inefficiencies based on financial statement information (Yohn, 2020). Improving the fundamental analysis is important to improve profitability forecasts and more accurately estimate the value of a company. The identification of market inefficiencies is generally the domain of equity and fund analysts, who use certain characteristics of companies or stocks to select hedging portfolios to beat the market.

If, within the framework of financial analysis, we touch upon the analysis of the company's performance, based on the examination of the literature (mainly foreign), we find a breakdown of ROE into the so-called operational and financing activities. This is a breakdown of ROE into return on net operating assets (RNOA), net borrowing cost (NBC), and financial leverage (LEV). Under this approach, ROE is equal to RNOA plus the difference between RNOA and NBC multiplied by LEV:

$$\text{ROE} = \text{RNOA} + ((\text{RNOA} - \text{NBC}) \times \text{LEV}) \quad (1)$$

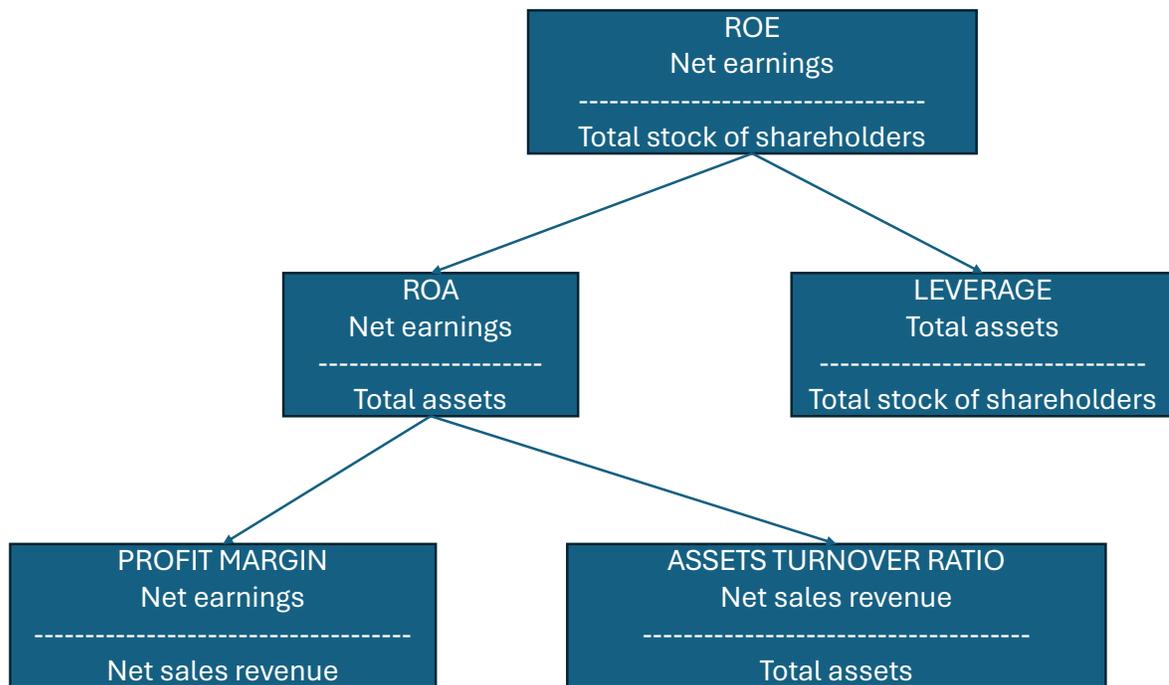
Esplin et al. (2014) estimate such a breakdown using two different approaches. First, they estimate a basic model, called the aggregate model, as a simple pooled model for calculating ROE. They then use a disaggregated approach they call the OPFIN model, allowing the RNOA, NBC, and LEV parameters to vary based on their implications for future profitability. Finally, they take the OPFIN model, which assesses the persistence of each component on its own, and use sample forecasts of RNOA, NBC, and LEV to predict year-ahead ROE. The results of researchers Esplin et al. (2014) show that the OPFIN model is significantly worse at predicting future returns than the baseline model. However, with separate forecasting of individual components and their subsequent combination into a profitability forecast, the so-called component OPFIN model outperforms the aggregate approach. Another breakdown, which is usually used more often, is the breakdown of RNOA into assets turnover (ATO) and profit margins (PM), where the combination of ATO and PM is useful for understanding the company's strategy. For example, a company following a cost

leadership strategy is expected to have low margins but high turnover. In contrast, a company with high PM and low ATO is likely to use a superior service or product differentiation strategy.

Fairfield and Yohn (2001) examined whether combining PM and ATO is useful for predicting business profitability. They examined three types of models, (1) an aggregate model in which the year-ahead change in RNOA is a function of current RNOA, net operating asset growth, and current RNOA change, (2) a model that decomposes current RNOA into current ATO and PM, and (3) a model that decomposes RNOA change into ATO and PM changes.

Soliman (2008), using DuPont's analysis, as shown in Figure 1, extends the findings of Fairfield and Yohn (2001), who argue that the change in the asset turnover ratio, ΔATO , but not the change in the profit margin, ΔPM , is useful for predicting profitability. Soliman (2008) examines whether the information in ΔATO also captures predictions of future abnormal stock returns. If the market incorporates this information into ΔATO , then ΔATO should be unrelated to future stock returns. Soliman (2008) finds a significant positive relationship between ΔATO , and one-year-ahead abnormal stock returns and no significant relationship between ΔPM and one-year-ahead abnormal stock returns. These findings suggest that the market misjudges the implications of ΔATO for future profitability and firm value.

**FIGURE 1
STRUCTURE OF THE DUPONT ANALYSIS**



Source: Adjusted after Soliman (2008).

One of the latest innovations in the literature in the financial analysis field, which deals with forecasting the performance of a company, is the breakdown of profitability into components related to market information, industry-specific sources and the so-called idiosyncratic information. This approach is also consistent with many textbooks on financial statement analysis, which advocate starting the fundamental analysis process with a prior understanding of the company's economy, industry, and strategy. Jackson et al. (2018) follow this logic and propose methods that attempt to quantify firm profitability attributable to market information, industry information, and the idiosyncratic component of the firm. With such a breakdown, they start predicting the company's profitability in the future.

Another approach to identifying market inefficiencies through financial statement analysis, as opposed to predicting a company's future performance, is to use financial statement ratios. Mohanram (2005) combines traditional indicators such as profits and cash flows with measures adapted for growing companies such as earnings stability, growth stability, and increased investment in research and development and advertising. The author believes that the traditional analysis is suitable for companies with a high share of book values in the market, while the fundamental analysis, oriented towards growth, is suitable for a low share of book values in the market. Li and Mohanram (2019) extend these results by combining quality-based fundamental analysis strategies with value strategies such as value-to-price and PEG ratios. Combining quality-based and value-based approaches significantly improves the effectiveness of fundamental analysis.

RESEARCH QUESTIONS AND SETTING OF RESEARCH THESES, METHODOLOGY AND LIMITATIONS

We formulate research questions intending to focus on key aspects of the company's financial condition and performance. We are therefore interested in (1) the financial situation of Pošta Slovenije, d. o. o., in the 2018–2022 period, (2) the key factors that influenced the company's profitability and stability during this period, (3) the success with which the company managed its financial resources, (4) how Pošta Slovenije, d. o. o., compares with other postal operators in terms of business performance, (5) the adequacy of the financial models and selected financial indicators used to assess the financial health of Pošta Slovenije, d. o. o., and (6) the impact of sustainable operations and the provision of public services on the company's financial performance..

Based on these research questions, we set the following research theses:

1. *Pošta Slovenije, d. o. o., successfully maintained financial stability and profitability in the 2018–2022 period, despite rising labour and depreciation costs.*
2. *The use of Altman's z-score enables a good assessment of the company's financial health.*
3. *Pošta Slovenije, d. o. o., effectively manages its financial resources, which is reflected in the selected financial indicators.*
4. *Pošta Slovenije, d. o. o., is financially stable and competitive compared to some postal operators abroad.*
5. *Sustainable operations and compliance with legal obligations in providing universal postal service are important non-financial indicators of the success of Pošta Slovenije, d. o. o.*
6. *The company's financial success enables sustainable business, which ensures the company provides quality services at competitive prices.*

Methodologically, the research was carried out through four phases, i.e. collecting data and information, analysing the company's operations with the help of selected indicators, analysing the performance of Pošta Slovenije, d. o. o., operations with some comparable postal operators abroad, and explaining (discussing) the calculated results. In the theoretical part of the research, we used the scientific method of description, as well as the scientific methods of classification, comparison, analysis and synthesis. In the empirical part of the research, we used formulas to calculate individual financial indicators and Altman's z-score to assess the company's financial risk.

For the research, we used secondary data from the annual reports of Pošta Slovenije, d. o. o., and foreign postal operators for the 2018–2022 period.

At this point, we should also mention the limitations we encountered during the research. These relate mainly to the empirical part and arise from the nature of the data and methodology used. These limitations highlight the need for further research to better understand the complex dynamics of business operations. One of the analysis's limitations is the data's availability and timeliness, as we relied only on publicly available financial and accounting data that were available for the studied period. Financial transactions and major events that occurred after this period were not included in financial analysis. In addition, the analysis mostly focuses on internal operations. It does not address external factors such as macroeconomic conditions, political changes, and the market environment that can significantly affect company's

operations. The quantitative nature of the analysis also does not include qualitative aspects such as customer satisfaction, corporate culture or innovation. Comparison with competitors was included but could have been more in-depth. The research could cover a longer period, say 10 years.

FINANCIAL ANALYSES OF POŠTA SLOVENIJE, D. O. O.

Assessment of the Company's Business Performance Based on Selected Financial Indicators

With the help of financial indicators, we analyzed various aspects of the company's operations, such as profitability, liquidity, financing, investing, and asset management efficiency. With the help of these indicators, companies can gain insight into their financial structure, discover potential risks and opportunities, and assess whether they can safely take advantage of business opportunities on the market without jeopardizing their business. Financial indicators help companies make strategic decisions. In this section, we show the performance of Pošta Slovenije, d. o. o., based on the calculation of various financial indicators, which we classified as they are considered by financial and accounting theory.

Financial Leverage

Financial leverage is an indicator that measures how a change in the operating profit (EBIT) affects the change in the company's net profit. It shows by what percentage a company's net profit will increase if EBIT increases by one percent. High leverage means that the company's profits are highly sensitive to changes in revenue, which can yield greater profits in favorable conditions, but also pose a greater risk in the event of revenue fluctuations. We calculate the degree of financial leverage by using the following formula:

$$\text{DFL} = \text{EBIT} / (\text{EBIT} - \text{financing costs}) \quad (2)$$

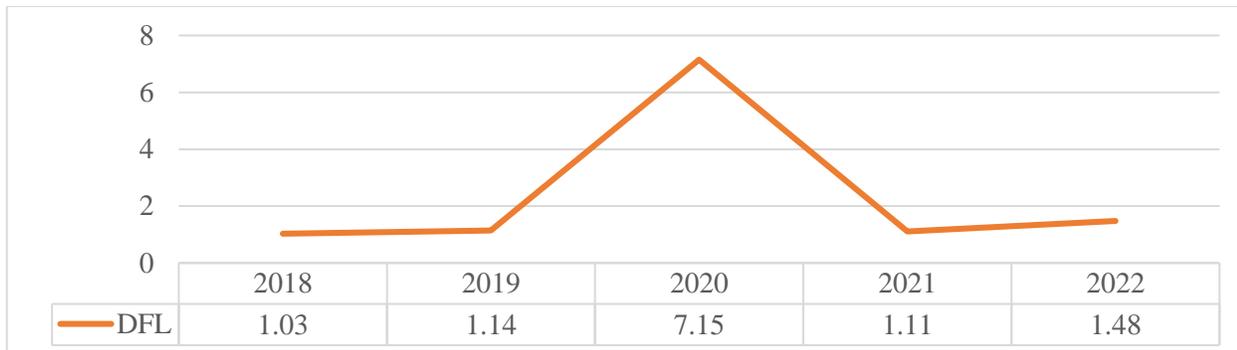
In Table 1, we show the calculation of the financial leverage degrees for our studied company for the 2018–2022 period, and in Figure 2, we present these degrees graphically.

TABLE 1
DISPLAY OF ELEMENTS AND DEGREES OF FINANCIAL LEVERAGE (DFL) FOR POŠTA SLOVENIJE, D. O. O., FOR THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
EBIT	8,838	4,008	944	9,405	2,363
Financing cost (interests)	247	503	812	920	764
EBIT - Financing cost	8,591	3,505	132	8,485	1,599
DFL	1.03	1.14	7.15	1.11	1.48

Source: Income statements of Pošta Slovenije, d. o. o., for the 2018–2022 period.

FIGURE 2
MOVEMENT OF FINANCIAL LEVERAGE DEGREES FOR POŠTA SLOVENIJE, D. O. O., IN
THE 2018–2022 PERIOD



Source: Table 1.

In the 2018–2022 period, the financial leverage for Pošta Slovenije, d. o. o., changed due to fluctuations in operating profit (EBIT) and financing costs, which also reflected the impacts of the pandemic and increased costs. In 2018, DFL amounted to 1.03, indicating stable liabilities management with low borrowing.

In 2019, DFL rose to 1.14, as higher labor costs, depreciation, and increased financing costs slightly increased the company's sensitivity. In 2020, DFL increased sharply to 7.15 due to a significant drop in EBIT caused by the decline in revenue and increased costs due to COVID-19. As a result, the company felt a higher financial risk.

In 2021, DFL fell to 1.11 as higher service revenue and EBIT growth reduced the company's liability sensitivity, despite a slight increase in financing costs. In 2022, DFL rose to 1.48 due to higher labour and energy costs, but the company managed debt by partially repaying loans.

In general, the movement of DFL reflects the impact of changes in EBIT and financing costs. The company experienced greater financial risk during periods of greater challenge but maintained stability by controlling borrowing.

EBIT and EBITDA

Earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) are types of business results that are not specifically defined by accounting standards, but they have become quite established in practice (Bergant, 2018). When we analyse them, we must start with the purpose and the user's analysis in their definition and adjust their calculation and explanation accordingly. We use the following formulas:

$$\text{EBIT} = \text{sales revenue} - \text{regular operating expenses} \quad (3)$$

$$\text{EBITDA} = \text{EBIT} + \text{depreciation} + \text{amortization} \quad (4)$$

$$\text{EBT} = \text{EBIT} + \text{other income} - \text{financing costs} \quad (5)$$

$$\text{E} = \text{EBT} - \text{taxes} \quad (6)$$

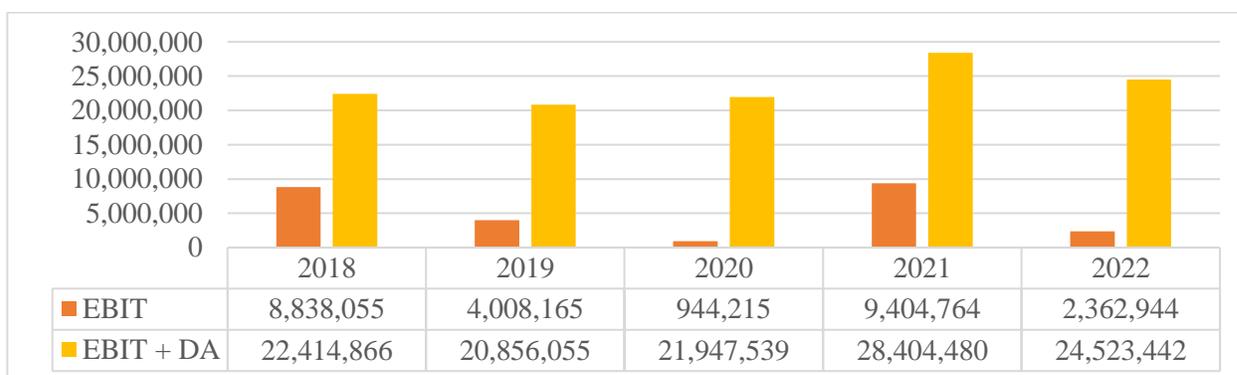
In Table 2, we give the values of individual categories for our studied company in the 2018–2022 period, and in Figure 3, we also present these values graphically.

TABLE 2
OVERVIEW OF EBIT, EBITDA, EBT AND NET PROFIT INDICATORS FOR POŠTA SLOVENIJE, D. O. O., FOR THE 2018–2022 PERIOD

Item/Year in 000s €	2018	2019	2020	2021	2022
Gross sales revenue	234,154	237,142	249,766	269,228	274,354
EBIT	8,838	4,008	944	9,405	2,363
EBIT + DA	22,415	20,856	21,947	28,405	24,523
Financing cost	1,162	435	2,975	0	0
Other	0	-213	-814	0	128
EBT	10,000	4,230	3,106	9,841	4,175
Taxes	10	73	-25	446	117
E (net earnings)	9,990	4,157	3,190	9,395	4,058

Source: Own.

FIGURE 3
MOVEMENT OF EBIT AND EBITDA VALUES FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 2

Between 2018 and 2022, the EBIT and EBITDA trends for Pošta Slovenije, d. o. o., were characterized by key cost factors and investments. In 2018, extensive investments in logistics modernization increased depreciation costs, which reduced EBIT, while EBITDA remained stable due to cash flow management.

In 2019, integration costs upon acquiring the company Intereuropa, d. d., and higher labour costs further reduced EBIT. Stable EBITDA reflects successful cost optimization despite growing operational liabilities.

The pandemic in 2020 resulted in the lowest EBIT of the period due to higher costs of security measures, but EBITDA was maintained by reducing other costs and better inventory management. In 2021, EBIT recovered due to increased demand for logistics services, while high EBITDA indicated the effective use of digitalization investments.

In 2022, inflation and higher energy costs reduced EBIT, but energy efficiency measures enabled stable EBITDA, despite adverse external conditions.

Fundamental Financing Indicators

Although in business economics financing is one of the phases of the business process, financing has a different nature than procurement, production or sales. Pučko says that financing synthesizes and reflects the entirety of the company's operations in a certain way (2006). For our financial analysis, we select the following fundamental financing indicators:

$$\text{Ownership rate of financing} = \text{Equity} / \text{Liabilities} \quad (7)$$

$$\text{Debt-financing ratio} = \text{Debts} / \text{Liabilities} \quad (8)$$

$$\text{Level of long-term financing} = (\text{Equity, long-term liabilities, provisions, and long-term accruals}) / \text{Liabilities} \quad (9)$$

In Table 3, we show the values of some balance sheet data and calculated financial indicators for our studied company in the 2018–2022 period, and in Figure 4, we also present these values graphically.

TABLE 3
FUNDAMENTAL FINANCING INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
EQUITY	217,582	216,529	218,677	228,624	229,537
LIABILITIES	292,721	326,469	363,130	352,835	349,680
<i>Ownership rate of financing</i>	0.74	0.66	0.60	0.65	0.66
LONG-TERM LIABILITIES	14,085	43,485	62,493	54,878	44,729
CURRENT LIABILITIES	33,021	39,097	48,656	40,271	50,763
TOTAL	47,106	82,581	111,149	95,150	95,492
<i>Debt-financing ratio</i>	0.16	0.25	0.31	0.27	0.27
PROVISIONS AND LONG-TERM ACCRUALS	15,870	17,603	19,074	18,451	15,403
TOTAL	247,537	277,616	300,244	301,953	289,669
<i>Level of long-term financing</i>	0.85	0.85	0.83	0.86	0.83

Source: Balance Sheet of Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own.

FIGURE 4
MOVEMENT IN THE VALUE OF THE FUNDAMENTAL FINANCING INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 5.

In the 2018–2022 period, the fundamental financing indicators for Pošta Slovenije, d. o. o., changed due to large-scale investments and strategic decisions. *The ownership level of financing* decreased in 2019 and 2020 due to increased indebtedness, as additional investments were needed to expand logistics capacities and purchase a majority stake in Intereuropa, d. d. This acquisition enabled access to the

southeastern markets, but at the same time increased the company's debt obligations and reduced the share of capital in the financing structure.

After 2020, the company focused on deleveraging, which stabilized the ownership level of financing. The level of debt financing initially increased due to short-term business financing and additional investments, but after 2020 it moderated due to the strategy of gradually reducing loans and optimizing financial liabilities.

The level of long-term financing remained high and stable throughout the period, indicating a balanced use of long-term financing sources and, consequently, lower exposure to short-term risks. A slight decrease in the indicator in 2022 resulted from a decrease in long-term liabilities and provisions, but the company continued to maintain a solid financing structure based on long-term resources.

The COVID-19 pandemic in 2020 increased the demand for logistics services, which required additional investment, while costs increased significantly in 2021 and 2022 due to inflation and energy price increases. This encouraged the company to carefully manage its finances, which made it possible to maintain the stability of financing.

The entire period is characterized by the efficient interweaving of investments for growth with debt reduction and financing optimization, which enables Pošta Slovenije, d. o. o., to achieve long-term financial resilience and competitiveness.

Fundamental Investment Indicators

In relation to the investment of financial resources, two questions are particularly important. i.e. the question of the efficiency of the investment and the question of the riskiness of the investment. We are also interested in the company's investment ability in this context. Bukvič (2020) defines it as an ability that refers to all knowledge necessary before the investment itself and for its implementation. Below, let's look at how investment by Pošta Slovenije, d. o. o., reflected in the following investment indicators:

$$\text{Investment Basic Rate} = (\text{Fixed Assets}) / \text{Total Assets} \quad (10)$$

$$\text{Level of long-term investment} = (\text{Fixed Assets} + \text{Financial Investments} + \text{Long-term Business Receivables}) / \text{Total Assets} \quad (11)$$

$$\text{Share of fixed assets in total assets} = \text{Fixed Assets} / \text{Total Assets} \quad (12)$$

$$\text{Investment turnover rate} = \text{Current Assets} / \text{Total Assets} \quad (13)$$

In Table 4, we show the values of some balance sheet data and calculated financial indicators for our studied company in the 2018–2022 period, and in Figure 5, we also present these values graphically.

TABLE 4
FUNDAMENTAL INVESTMENT INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
Tangible fixed assets	165,088	177,126	174,894	165,798	163,434
Intangible fixed assets	395	1,001	1,819	4,939	5,146
ASSETS	292,721	326,469	363,130	352,835	349,680
<i>Investment basic rate</i>	0.57	0.55	0.49	0.48	0.48
Intangible fixed assets and long-term accruals	395	1,001	1,819	4,939	5,146

Long-term financial investment	16,003	44,749	51,457	58,273	56,957
Long-term business accounts receivables	877	366	264	165	83
FIXED ASSETS	182,363	223,242	228,434	229,174	225,620
<i>Level of long-term investment</i>	0.62	0.68	0.63	0.65	0.65
<i>Share of fixed assets in total assets</i>	0.62	0.68	0.63	0.65	0.65
CURRENT ASSETS	87,989	84,346	113,279	97,851	98,885
SHORT-TERM ACCRUALS	12,256	8,214	11,471	10,242	11,315
Short-term financial investment	-	-	7,300	5,084	5,128
CURRENT ASSETS	101,122	92,926	132,314	113,342	115,410
<i>Investment turnover rate</i>	0.35	0.28	0.36	0.32	0.33

Source: Balance Sheet for Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own.

FIGURE 5
MOVEMENT IN THE VALUE OF FUNDAMENTAL INVESTMENT INDICATORS FOR
POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 4.

In the 2018–2022 period, Pošta Slovenije, d. o. o., decided to change the investment policy, which affected the fundamental investment indicators. *The basic rate of investment* decreased in 2018 and 2019 due to the redirection of funds to digital infrastructure and information technology. In 2019, larger investments in renovating the business information system (ERP) supported the digital transformation, which reduced the available funds for investments in tangible fixed assets.

In 2019, the *long-term investment rate* increased to 0.68 due to the acquisition of Intereuropa, d. d., which strengthened the company's position on the logistics market in the region. This acquisition contributed to the stability of the company's investment structure in the long term as well.

In 2020, the share of current assets in the assets structure increased due to increased liquidity, which was key to coping with changes in service demand. This allowed the company to adapt to market uncertainty and to better manage operational risks. Accordingly, the *investment turnover rate* stabilized, which indicates a greater focus on liquidity to manage short-term liabilities and operational needs.

In 2021 and 2022, the indicators stabilized, as the company continued with more careful cash management and adaptation to the new economic conditions. The share of long-term assets in assets remained stable, which confirms the long-term focus on sustainable growth, including investments in e-mobility, electric vehicles and energy efficiency.

The changes in the investment structure reflect the strategic goals of Pošta Slovenije, d. o. o.: strengthening the presence in logistics, accelerating digital transformation, maintaining liquidity and pursuing sustainable goals. The company successfully reconciles long-term growth goals with short-term stability and competitiveness.

Fundamental Solvency Indicators

The liquidity or solvency of the company can be determined from the sub-balance sheet of short-term assets and sources of funds. Liquidity means the ability to pay obligations that are due at a given point in time. A company that becomes insolvent exposes itself to a serious risk of going bankrupt, highlighting the importance of monitoring and assessing liquidity. When analysing the financial stability of Pošta Slovenije, d. o. o., we rely on the following indicators:

$$\text{Capital adequacy ratio} = (\text{Equity} + \text{Inventories} - \text{Working capital}) / \text{Current Liabilities} \quad (14)$$

$$\text{Permanent current asset auto financing rate} = \text{Accounts Payable} / (\text{Fixed Assets} + \text{Inventories} + \text{Accounts Receivable}) \quad (15)$$

$$\text{Rate of short-term financing of permanent working capital} = (\text{Accounts Receivable} + \text{Inventories} + \text{Working Capital}) / (\text{Inventories} + \text{Accounts Receivable}) \quad (16)$$

$$\text{Long-term coverage of fixed assets and inventories} = (\text{Equity} + \text{Long-term Provisions} + \text{Long-term Liabilities}) / (\text{Fixed Assets} + \text{Inventories}) \quad (17)$$

In Table 5, we show the values of some balance sheet data and calculated financial indicators for our studied company in the 2018–2022 period, and in Figure 6, we also present these values graphically.

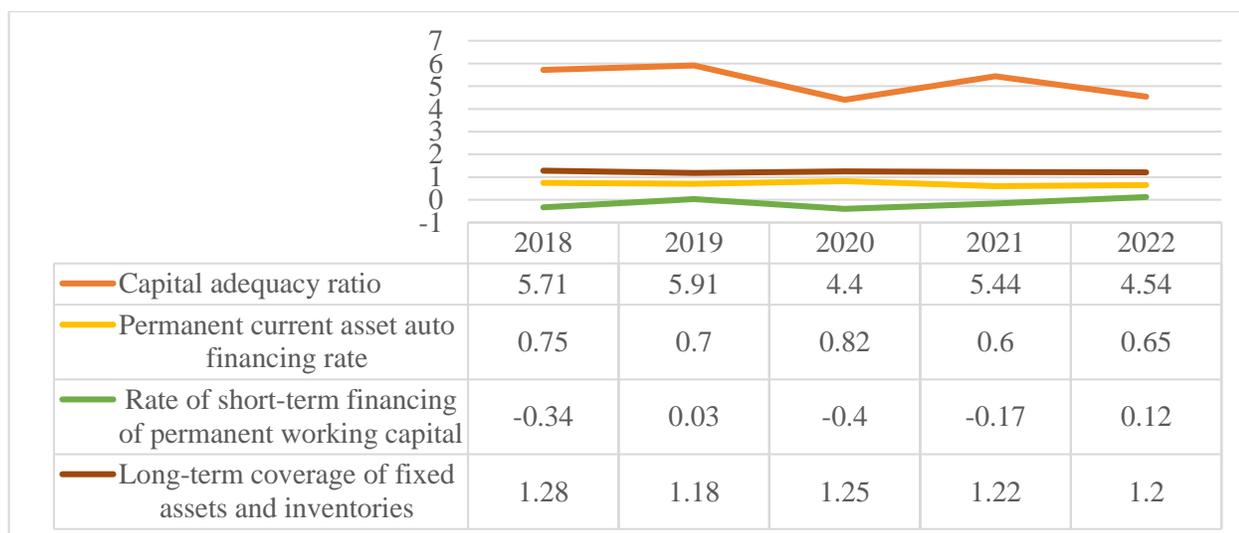
TABLE 5
PRESENTATION OF FUNDAMENTAL SOLVENCY INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
Accounts receivable	39,846	43,8767	42,522	47,074	55,136
Inventories	1,291	1,394	1,617	2,005	2,165
Accounts payable	30,766	31,513	36,022	29,652	37,356
Current assets	100,245	92,560	124,749	108,094	110,200
Current liabilities	45,184	48,853	62,886	50,882	60,011
Net working capital	55,061	43,707	61,863	57,212	50,189
<i>Capital adequacy ratio</i>	5.71	5.91	4.40	5.44	4.54
<i>Permanent current asset auto financing rate</i>	0.75	0.70	0.82	0.60	0.65
<i>Rate of short-term financing of permanent working capital</i>	-0.34	0.03	-0.40	-0.17	0.12
Equity	229,537	228,624	218,678	216,529	217,582
Long-term provisions	15,100	18,220	18,774	17,290	15,557

Long-term liabilities	44,729	54,878	62,493	434,852	14,085
Nominator total	289,366	301,722	299,944	277,304	247,223
Fixed assets	239,480	244,741	238,381	233,909	192,476
Inventories	2,165	2,005	1,617	1,394	1,291
Denominator total	241,645	246,747	239,998	235,303	193,767
<i>Long-term coverage of fixed assets and inventories</i>	1.28	1.18	1.25	1.22	1.2

Source: Annual reports of Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own calculations.

FIGURE 6
GRAPHIC DISPLAY OF FUNDAMENTAL SOLVENCY INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 5.

Between 2018 and 2022, the fundamental solvency indicators for Pošta Slovenije, d. o. o., showed the company's transition to a more stable financing structure. *The long-term asset coverage ratio* was high in 2018 (1.28), which indicated sufficient long-term financing necessary for stability in larger investments. In 2019, the ratio decreased to 1.18 due to the acquisition of Intereuropa, d. d., but remained sufficient to cover long-term assets. 2020 the indicator increased to 1.25, as the company refinanced debts and invested in digitization. In 2021 and 2022, the indicator stabilized around 1.2, which reflects the gradual reduction of debts and the maintenance of long-term stability.

In 2018, *the capital adequacy ratio* was 5.71, which indicates a significant shortfall in working capital and a higher liquidity risk for the company. In 2019, the indicator slightly increased to 5.91, which maintained a high level of risk due to the net working capital deficit. In 2020, the ratio decreased to 4.40, which indicates a slight improvement in capital adequacy. In 2021, the value of the indicator increased to 5.44, but in 2022, it decreased again to 4.54, which indicates the company's gradual efforts to reduce liquidity risk, although the values were still high and required further adjustments to improve capital stability.

The rate of automatic financing of permanent working capital was 0.75 in 2018, which indicates dependence on short-term sources. In 2019, the ratio dropped to 0.70 due to a higher proportion of long-term financing related to acquiring Intereuropa, d. d., but in 2020, it increased to 0.82 due to additional short-term borrowing. It stabilized at 0.65 in 2021 and 2022, reflecting a balanced relationship between short-term and long-term resources.

The rate of short-term financing of permanent working capital in 2018 indicates a partial coverage of working capital with long-term resources (-0.34), which reduced liquidity risk. In 2019, the indicator improved to 0.03 due to greater use of short-term resources. It dropped to -0.40 in 2020 and reached a positive value of 0.12 by 2022, indicating the company's flexibility in managing liquidity risks.

The 2018–2022 indicators show that the company is moving towards more long-term stability. Reducing dependence on short-term resources and increasing equity and long-term liabilities contribute to greater resistance to changes in the business environment.

Fundamental Indicators of the Financial Intermediary Position

According to Bergant and Manohin (2018), the financial intermediation position shows only one aspect of a company's indebtedness, namely its impact on solvency. It expresses the financial ratio of a company. Every company demands something from the environment on the one hand and owes something to the environment on the other hand. This relationship defines the financial intermediary position of a company, which for Pošta Slovenije, d. o. o., is determined by the following indicator:

$$\text{Capital deployment rate} = \text{Net receivables} / (\text{Equity} + \text{Provisions} + \text{Long-term accruals}) \quad (17)$$

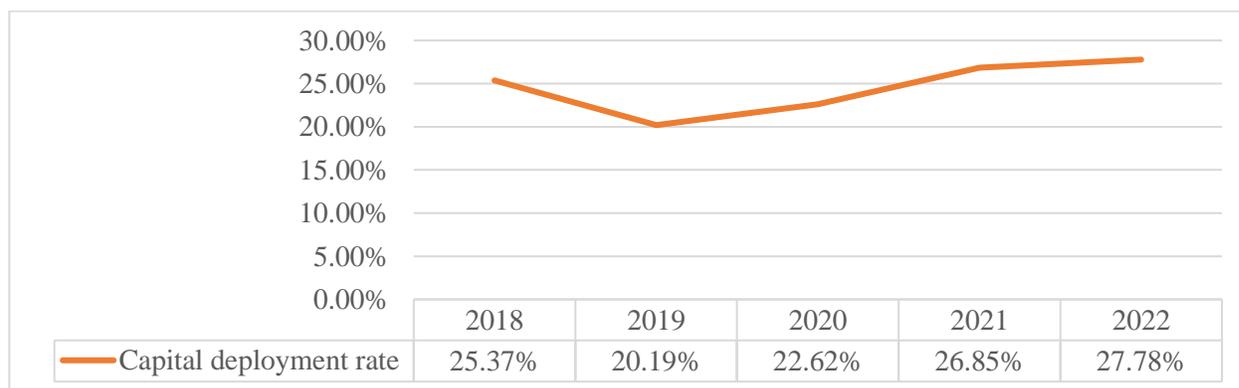
In Table 6, we show the values of some balance sheet data and the calculated financial indicator for our studied company in the 2018–2022 period, and in Figure 7, we also present this value graphically.

TABLE 6
PRESENTATION OF THE FUNDAMENTAL INDICATOR OF FINANCIAL INTERMEDIARY POSITION FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
Productive investment	174,217	186,858	183,971	180,732	176,899
Equity	217,582	216,529	218,678	228,624	229,537
Provisions and long-term accruals	15,870	17,603	19,074	18,451	15,403
Equity + Provisions + Long-term accruals	233,453	234,131	237,751	247,075	244,940
Net accounts receivable	59,236	47,274	53,781	66,343	68,040
<i>Capital deployment rate (in %)</i>	<i>25.37</i>	<i>20.19</i>	<i>22.62</i>	<i>26.85</i>	<i>27.78</i>

Source: Annual reports of Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own calculations.

FIGURE 7
GRAPHIC DISPLAY OF THE INDICATOR OF THE CAPITAL DEPLOYMENT RATE FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 6.

The capital deployment rate, which measures the share of equity, provisions, and long-term accruals in net receivables, reflects the long-term strategy of Pošta Slovenije, d. o. o., to reduce dependence on external financing and increase financial stability. In the 2018–2022 period, the indicator pointed to a prudent financial policy of the company, which strived to invest capital in net receivables, thereby reducing the need for additional borrowing.

In 2018, the capital deployment rate was 25.37%, which indicated a high level of capital placement in net receivables. In 2019, the ratio decreased to 20.19%, reflecting the increase in permanent capital in connection with the acquisition of Intereuropa, d. d., which increased the company's financial stability despite increased capital needs. In 2021 and 2022, the indicator reached a value of 27.78%, which indicates a successful strategy of investing capital in receivables and a reduced need for additional borrowing.

According to the capital deployment rate results, the financial intermediary position of Pošta Slovenije, d. o. o., shows a decrease in dependence on external resources of financing and a greater financial resilience, which enables the company to be more flexible and stable in the long term.

Fundamental Profitability Indicators

The fundamental purpose of a company's existence and operations is to create business success. According to Pučko (2006), the dilemma arises when we want to concretize this business success. Does business success show the generated profit? There is a difference between the economic success of a business and that which is traditionally determined by accounting in a company. For the owners, the difference between the final value of own capital and the initial invested value of this capital is important. Any criterion of a company's profitability that does not consider the entire cost of capital and does not include all important information for strategic decision-making can be misleading (Bukvič, 2016a). According to Bergant (2018), profitability shows the efficiency of business, measured by profit, compared to output. In this paper, the authors select only three traditional financial indicators, which are used to analyse the performance of Pošta Slovenije, d. o. o.:

$$\text{Return on equity (ROE)} = \text{Net profit in the fiscal year} / \text{Equity} \quad (18)$$

$$\text{Return on assets (ROA)} = \text{EBIT} / \text{Average assets} \quad (19)$$

$$\text{Productivity of Assets} = \text{Total Revenues} / \text{Average assets} \quad (20)$$

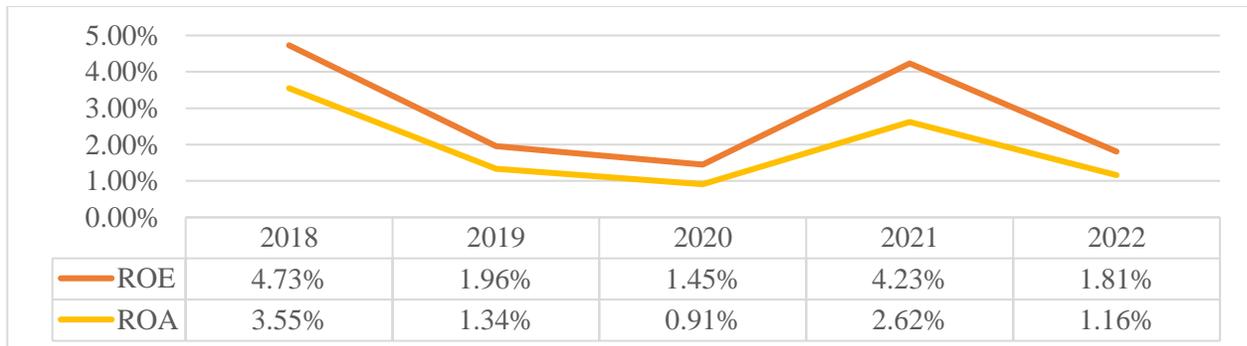
In Table 7, we show the values of some balance sheet data and calculated financial indicators for our studied company in the 2018–2022 period, and in Figure 8 and Figure 9, we also present these values graphically.

TABLE 7
FUNDAMENTAL PROFITABILITY INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN
THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
NET INCOME IN THE PERIOD	9,990	4,157	3,130	9,395	4,058
Equity	211,020	212,060	215,525	222,086	224,383
<i>ROE (in %)</i>	<i>4.73</i>	<i>1.96</i>	<i>1.45</i>	<i>4.23</i>	<i>1.81</i>
AVERAGE ASSETS	281,589	309,595	344,800	357,983	351,257
<i>ROA (in %)</i>	<i>3.55</i>	<i>1.34</i>	<i>0.91</i>	<i>2.62</i>	<i>1.16</i>
Total revenues	235,850	238,907	254,948	272,444	279,272
<i>Productivity of assets</i>	<i>0.84</i>	<i>0.77</i>	<i>0.74</i>	<i>0.76</i>	<i>0.8</i>

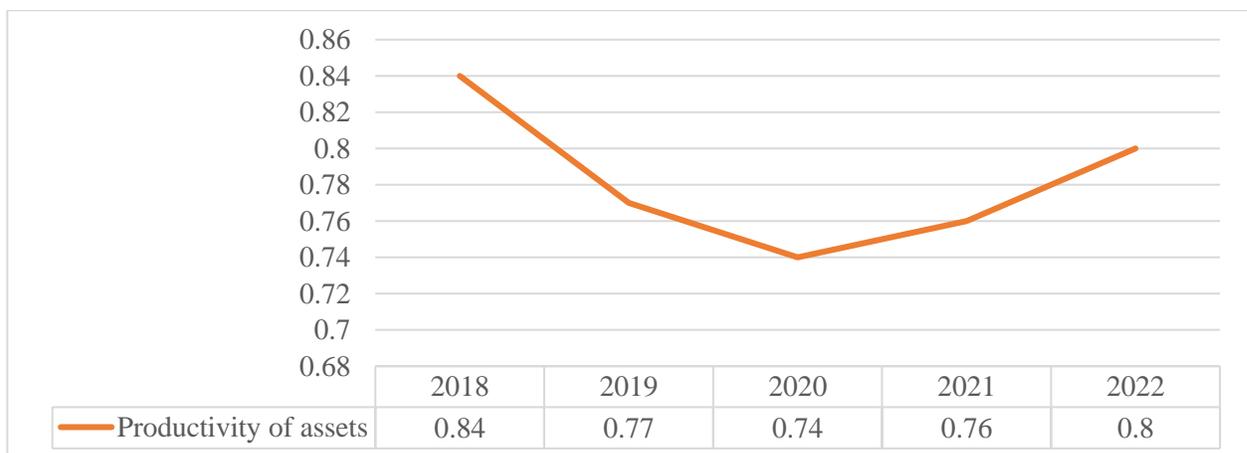
Source: Financial statements of Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own.

FIGURE 8
MOVEMENT OF FUNDAMENTAL PROFITABILITY INDICATORS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 7.

FIGURE 9
MOVEMENT OF THE INDICATOR PRODUCTIVITY OF ASSETS FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 7.

Fundamental profitability indicators, such as return on equity (ROE), return on assets (ROA) and productivity of assets, measure the efficiency of Pošta Slovenije, d. o. o., in the use of capital and assets to achieve profit. In the 2018–2022 period, the company's operations changed under the influence of investments, rising costs and the pandemic, which is also reflected in the movement of these indicators.

2018 the company achieved relatively high profitability, mainly due to increased demand for package services and effective cost management. Investments in logistics have improved the productivity of the assets.

In 2019, ROE and ROA decreased due to higher labour and depreciation costs related to investments in infrastructure and digitization, although revenues continued to grow.

The year 2020 was marked by the COVID-19 pandemic, which increased the costs of security measures and reorganization, negatively impacting both these ratios. Despite the increase in revenues due to the growth of the internet trade, the costs exceeded the effects of the growth in demand.

In 2021, indicators improved with revenue growth and the introduction of new digital solutions, which improved cost control and asset productivity. Despite rising costs, the company remained competitive.

The year 2022 brought further challenges with increased energy and transport costs, which decreased ROE and ROA. Despite this, the company maintained asset productivity through further strategic investments in logistics.

The 2018–2022 period shows that Pošta Slovenije, d. o. o., maintained competitiveness in a demanding economic environment. Future improvements in profitability will require further efforts to optimize costs and manage assets more efficiently.

Net Working Capital Analysis

According to Bergant (2018), net working capital is a category not found in the balance sheet, as it is a category derived from various balance sheet items. Net working capital is the part of long-term resources that finances short-term investments. Surplus net working capital illustrates a certain financial stability of a company, and, on the other hand, also its investment ability. This is also related to the company's financial flexibility, which encompasses more than just liquidity, as it allows the company to take advantage of market opportunities (conquest of new markets, acquisition of a new subsidiary, development of a new product, etc.) and engage additional cash resources, additional long-term financial resources (Bukvič, 2016b). Net working capital is a fundamental category in the analysis of financial balance and long-term solvency. And that is exactly what we regard as particularly interesting in the financial analysis of Pošta Slovenije, d. o. o. To analyze net working capital, we use the following formulas:

$$\text{Net working capital (NWC)} = \text{Current assets} - \text{Current liabilities} \quad (21)$$

$$\text{Required working capital (RWC)} = \text{Accounts receivable} + \text{Average inventory} - \text{Accounts payable} \quad (22)$$

$$\text{OK} = \text{Required working capital} / \text{Optimal working capital} \quad (23)$$

$$\text{Inventory conversion period} = \text{Average inventory} / \text{Cost of goods, materials, and services} \times 365 \quad (24)$$

$$\text{Receivables collection period} = \text{Accounts receivable} / \text{Net sales revenue} \times 365 \quad (25)$$

$$\text{Payables deferral period} = \text{Payables} / \text{Costs of goods sold} \times 365 \quad (26)$$

$$\text{Cash conversion cycle (CCC)} = \text{Inventory conversion period} + \text{Receivables collection period} - \text{Payables deferral period} \quad (27)$$

Table 8 shows data and calculations of individual indicators by year in the 2018–2022 period.

TABLE 8
DATA AND CALCULATED INDICATORS OF WORKING CAPITAL FOR POŠTA SLOVENIJE, D. O. O., BY YEARS IN THE 2018–2022 PERIOD

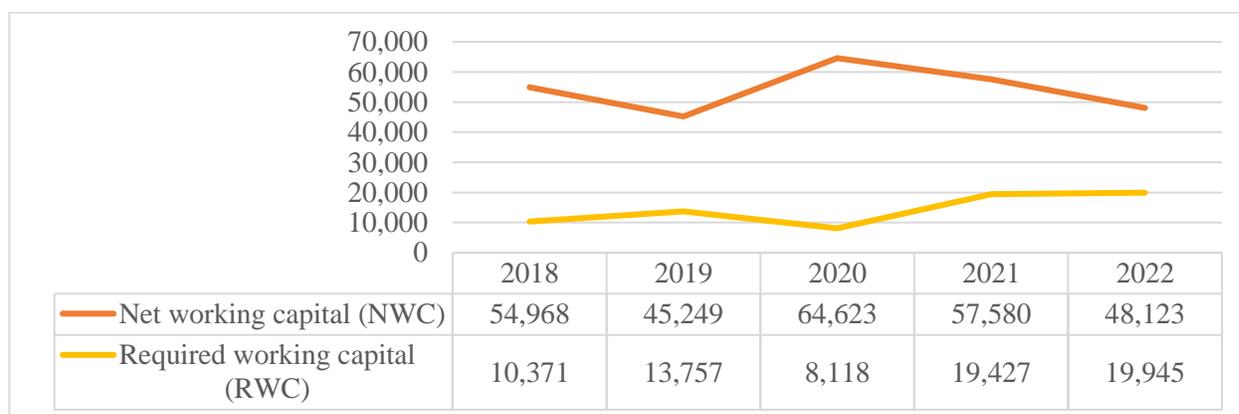
Item / Year in 000s €	2018	2019	2020	2021	2022
Average inventories	1,220	1,342	1,505	1,811	2,085
Cost of goods sold	73,427	72,744	72,443	81,023	84,508
Accounts receivable	39,846	43,877	42,522	47,074	55,136
Accounts payable	30,766	31,513	36,022	29,652	37,356
Net sales revenue	230,154	236,016	240,603	264,722	271,639
Average current assets	87,989	84,346	113,279	97,851	98,885
Average short-term liabilities	33,021	39,097	48,656	40,271	50,763
Net working capital (NWC)	54,968	45,249	64,623	57,580	48,123

Inventory conversion period (days)	6	7	8	8	9
Receivables collection period (days)	63	68	65	65	74
Payables deferral period (days)	153	158	181	134	161
Cash conversion cycle (CCC) (days)	-84	-83	-108	-61	-78
Required working capital (RWC)	10,371	13,757	8,118	19,427	19,945

Source: Financial statements of Pošta Slovenije, d. o. o., for the years 2018, 2019, 2020, 2021 and 2022; own.

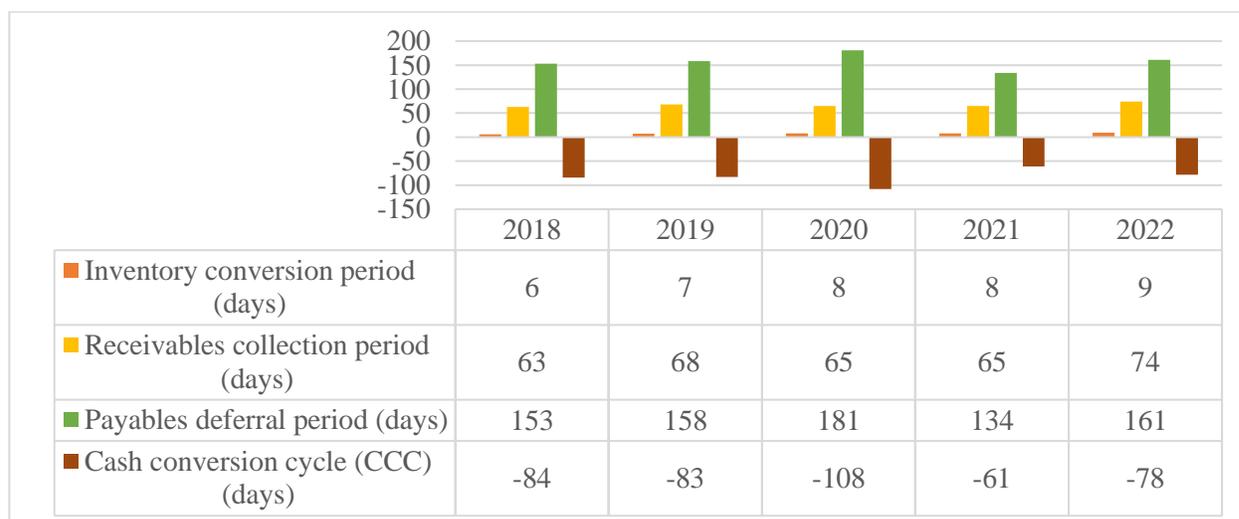
Figure 10 and Figure 11 provide a graphic representation of the values of the individual categories shown in Table 8.

FIGURE 10
MOVEMENT OF NET WORKING CAPITAL AND REQUIRED WORKING CAPITAL
VALUES FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 8; own.

FIGURE 11
MOVEMENT WITHIN INVENTORY CONVERSION PERIOD, RECEIVABLES COLLECTION
PERIOD, PAYABLES DEFERRAL PERIOD AND CASH CONVERSION CYCLE FOR POŠTA
SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 8; own.

In the 2018–2022 period, Pošta Slovenije, d. o. o., adjusted its net working capital (NWC) according to strategic needs, which was reflected in the company's financial stability. NWC, defined as the difference between current assets and liabilities, is not derived directly from current categories, but from changes in equity, provisions and long-term accruals on one side, and net long-term debt and fixed assets on the other. The movement of NWC thus represents the company's adjustments to wider changes in the capital structure.

In 2019, the decrease in NWC reflected an increase in equity, provisions, and long-term accruals. In 2020, NWC increased due to a better capital structure adjustment, which reduced the need for additional short-term financing. In 2021 and 2022, a further drop in NWC showed the company's adjustments to new market conditions, which required additional long-term financing to maintain liquidity.

The inventory conversion period (days tied up in inventory) increased from 6 days in 2018 to 9 days in 2022, indicating more tied-up cash in inventories due to increased demand for logistics services. The receivables collection period has also been extended, which means a greater need for long-term financing resources. The payable deferral period peaked in 2020 with 181 days, which shows that Pošta Slovenije, d. o. o., extended payment terms to suppliers as a strategy to maintain liquidity.

Negative cash conversion cycle (CCC) days throughout the period indicate efficient supplier financing. The lowest CCC in 2020 reflects high efficiency in working capital management, as the company successfully financed operations with funds made possible by extended payment terms to suppliers.

In the future, Pošta Slovenije, d. o. o., will have to continue optimizing the required working capital (RWC). This will reduce the company's need for additional financing and increase its operational flexibility.

Assessment of the Credit Risk and Probability of Bankruptcy of Pošta Slovenije, d. o. o., According to Altman's Z-score

Altman's z-score is a recognized tool for assessing financial risk and is widely used in financial analysis, risk assessment and corporate finance to predict a company's financial distress. It should be emphasized that no model is perfect and dependable. Thus, in parallel with Altman's model, we assessed the financial strength of Pošta Slovenije, d. o. o., with Weinrich's model and came to similar conclusions.

For our studied company, which is engaged in service activity, we adapted Altman's z-score for private service companies. We did this by adjusting or omitting some of the original variables to better fit the nature and available financial accounting data of the private service sector. Altman's original model includes the following ratios as x variables:

$$X1 = \text{Current assets} / \text{Total assets} \quad (28)$$

$$X2 = \text{Retained earnings} / \text{Total assets} \quad (29)$$

$$X3 = \text{EBIT} / \text{Total assets} \quad (30)$$

$$X4 = \text{Market value of equity} / \text{Total liabilities} \quad (31)$$

$$X5 = \text{Net sales revenue} / \text{Total assets} \quad (32)$$

When adjusting for a private service company, the market value of equity (X4) is substituted for the book value of equity, since private companies do not have publicly traded shares and consequently the market value of equity cannot be directly determined and net sales revenue (X5) is often omitted, because in private companies, this information is not made public or does not reflect the company's performance in the same way as in public companies.

The adapted model (z-score formula) for a private service company therefore uses the following variables:

$$Z = 6.56 X1 + 3.26 X2 + 6.72 X3 + 1.05 X4 \quad (33)$$

This adjustment allows the model to be used to assess the financial condition and bankruptcy risk of private companies that do not publish all the financial accounting data available from public companies. The corresponding values for the variables X_i are obtained from the company's balance sheet and profit and loss account.

It should be noted that despite the adjustments, the model is still imperfect and has limitations. When assessing financial risk, it is also advisable to consider qualitative factors, market conditions and other external influences that may affect the company's financial health.

Table 9 shows the results of Altman's z-score adapted for Pošta Slovenije, d. o. o., as a service company.

TABLE 9
ALTMAN'S Z-SCORE FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD

Item / Year in 000s €	2018	2019	2020	2021	2022
Total assets	292,721	326,469	363,130	352,835	349,680
Current assets	100,245	92,560	124,750	108,094	110,200
Retained earnings	7,142	12,573	16,392	17,531	21,386
EBIT	8,838	4,008	944	9,405	2,363
Market value of shares - equity	233,453	234,131	237,751	247,075	244,940
Total liabilities	59,269	92,338	125,379	105,760	104,740
Net sales revenue	230,154	236,016	240,603	264,722	271,639
T1 – Current assets / Total assets	2.23	1.84	2.23	2.01	2.07
T2 – Retained earnings / Total assets	0.08	0.13	0.15	0.16	0.20
T3 – EBIT / Total assets	0.20	0.08	0.02	0.18	0.05
T4 – Equity / Total liabilities	4.14	2.66	1.99	2.45	2.46
z-score	6.64	4.71	4.39	4.80	4.77

Source: Own.

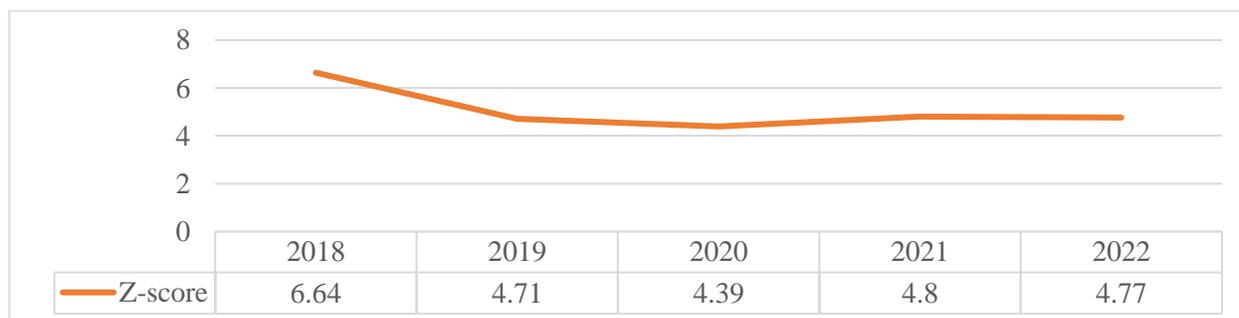
Altman's model for private service companies:

Financially strong companies = z value above 2.90

Companies in serious trouble = z value below 1.23

Companies that can go both ways = z value between 1.23 and 2.90

FIGURE 12
GRAPHIC PRESENTATION OF ALTMAN'S Z-SCORE FOR POŠTA SLOVENIJE, D. O. O., IN THE 2018–2022 PERIOD



Source: Table 9.

Altman's z-score, adapted for private service companies, makes it possible to assess the financial stability of Pošta Slovenije, d. o. o., in the 2018–2022 period. Z-values above 4.00 place the company among financially strong companies with a minimal risk of bankruptcy, which indicates the ability to manage financial liabilities and long-term business sustainability.

The value of total assets increased until 2020, mainly due to higher short-term assets, which were needed to finance inventories in the face of increased demand for logistics services. In 2021 and 2022, current assets decreased slightly due to the implementation of digital systems for inventory optimization and better receivables management, contributing to better liquidity.

The growth of *retained earnings* throughout the period indicates prudent financial management and rationalization of costs, which increased the company's equity and reduced dependence on external sources. In 2020, operating profit declined due to costs related to managing the pandemic. Nevertheless, adaptations, such as digitization, improved business efficiency in 2021. In 2022, due to inflation and higher costs of energy products, business results deteriorated again, which required additional cost control.

The increase in liabilities in 2020 was related to borrowings for emergency investments due to the pandemic. In 2021 and 2022, however, the company managed to reduce debts by taking advantage of favourable interest rates and rationalizing borrowing, strengthening long-term financial stability.

The growth in net sales revenue is due to the expansion of services, including digital solutions and logistics improvements. Despite pressure from rising costs, the company managed to maintain revenue growth, which further contributes to financial stability.

Z-values above 4.00 confirm that Pošta Slovenije, d. o. o., according to Altman's model, belongs to financially strong companies. To maintain competitiveness and financial stability, further control of costs and adaptation to market conditions will be key measures for the company.

COMPARATIVE ANALYSIS OF THE BUSINESS PERFORMANCE OF POŠTA SLOVENIJE, D. O. O., WITH SOME COMPARABLE COMPANIES ABROAD

In this section, we analyse the business performance of the Pošta Slovenije Group in comparison with other similar postal companies abroad. The analysis will be based on a series of key financial indicators, including quick ratios, debt-to-equity ratios, return on assets and equity, and other business efficiency and stability indicators. By comparing these indicators, we gain insight into the performance of the Pošta Slovenije Group and identify areas where improvement is possible. In this way, we can identify good practices that the Pošta Slovenije Group could use to improve its operations and obtain important findings for further strategic directions.

Selection of Comparable Companies

To conduct a comparative analysis, we selected several postal companies from different countries operating in a similar business environment to the Pošta Slovenije Group. The criteria for the selection of companies included the size of the company, the type of services offered, the market share and the availability of financial and accounting data from 2018 to 2022. The selection aimed to provide a representative group of companies that enables a relevant and meaningful comparison.

The selected companies represent national postal operators facing similar challenges, such as digitization, the decline of traditional postal services and competitiveness in the logistics market. We included the following companies in the analysis:

1. Czech Post: The national operator in the Czech Republic, offering a wide range of postal and logistics services. The Czech Post is facing challenges, such as digitization and competitiveness in the logistics market.
2. Hrvatska pošta: The main provider of postal services in Croatia with an extensive range of logistics and financial services.
3. Irish Post: The national operator in Ireland, focused on innovation and sustainable development, which makes for an interesting comparison with the Pošta Slovenije Group.

4. CTT Correios de Portugal: The main provider of postal and logistics services in Portugal, which has made a number of strategic changes in recent years, including digitization.
5. PostNord: A joint venture between PostNord Denmark and PostNord Sweden that provides postal, and logistics services and faces challenges similar to other European postal operators.

The data on these companies enabled us to make an accurate comparison between the Pošta Slovenije Group and selected companies abroad and offered insight into the performance of operations over the past five years.

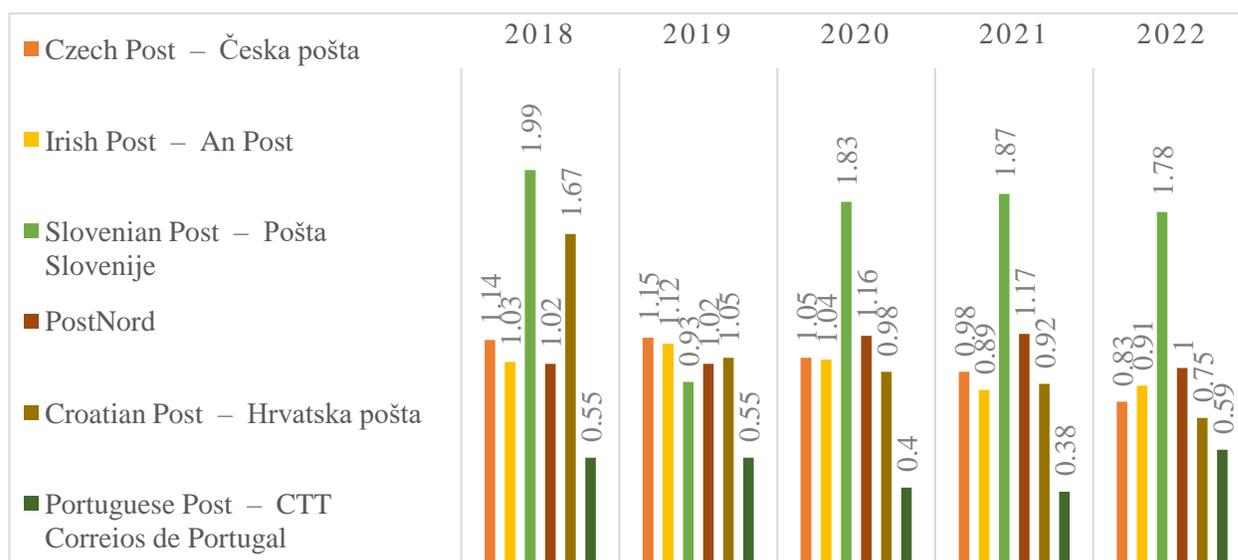
Comparative Analysis of the Financial Indicators of the Pošta Slovenije Group and Foreign Postal Operators

We focused on analysing key financial ratios such as Quick liquidity ratio (Acid-test ratio), Debt to Equity Ratio, Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, EBITDA Margin, and CAPEX as a percentage of revenue. These indicators showed the financial health and operational efficiency of the Pošta Slovenije Group compared to competitors.

Quick Liquidity Ratio

$$\text{Quick liquidity ratio (Acid-test ratio)} = (\text{Current assets} - \text{Inventories}) / \text{Current liabilities} \quad (33)$$

FIGURE 13
QUICK LIQUIDITY RATIO FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS
IN THE 2018–2022 PERIOD



Source: Own.

In the 2018–2022 period, the *Pošta Slovenije Group* showed considerable liquidity stability, although after the acquisition of Intereuropa, d. d., in 2019, the quick liquidity ratio dropped to 0.93. The company later stabilized liquidity through better management of short-term assets, which in 2020–2022, it maintained its quick liquidity ratio at a level of around 1.8, indicating effective management of receivables and liabilities.

Compared to other postal operators, the *Czech Post* gradually worsened its acceleration coefficient, mainly due to the inefficient implementation of restructuring. The *Croatian Post* was under liquidity pressure due to expansion and modernization, which was not sufficiently supported by liquid assets. The *Irish Post* has maintained stable liquidity, but liabilities have increased due to adjustments to market

conditions, resulting in a slight reduction in the quick liquidity ratio towards the end of the period. On the other hand, the Portuguese Post faced the lowest quick liquidity ratio due to high short-term liabilities, which increased its risk. By consistently managing receivables, *PostNord* maintained a stable quick liquidity ratio.

Overall, the Pošta Slovenije Group ranks as one of the more stable ones compared to most postal operators struggling with liquidity challenges.

Debt to Equity Ratio

$$\text{Debt to equity ratio} = \text{Total debt} / \text{Equity} \tag{34}$$

FIGURE 14
DEBT TO EQUITY RATIO FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS
IN THE 2018–2022 PERIOD



Source: Own.

The debt-to-equity ratio of the *Pošta Slovenije Group* increased to 0.66 in 2019 after the acquisition of Intereuropa, d. d., which reflects the larger debt, which the company effectively stabilized with moderate borrowing in the following years. This reflects the company's prudent financial policy. A ratio of value close to 1 indicates that equity and debt are balanced. A value above 1 means that there is more debt than equity, while a value below 1 indicates an excess of equity over debt (Mayr, 2017: 151).

Compared to the *Czech Post*, which significantly increased its debt to 2.00 due to restructuring problems, the *Pošta Slovenije Group* maintains a stable debt. The *Croatian Post* shows low indebtedness, which reflects a conservative financial strategy. The *Irish Post* shows a negative value of the ratio, indicating negative equity. This means that debts are higher than the value of equity, which can lead to greater financial risk and indicate insufficient equity financing. On the other hand, the *Portuguese Post* shows high indebtedness due to short-term obligations related to the provision of banking services. *PostNord*, however, reduced debt to 0.20, ensuring better financial stability.

The *Pošta Slovenije Group* thus maintains stable indebtedness compared to the *Czech Post* and the *Portuguese Post*, which have high debt burdens.

ROA

$$\text{ROA} = \text{Net income} / \text{Total assets} \times 100$$

(34)

FIGURE 15
ROA FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS IN THE 2018–2022 PERIOD



Source: Own.

In 2019, the *Pošta Slovenije Group* achieved a high *return on assets (ROA)* due to the one-time effect of the acquisition of Intereuropa, d. d., which increased revenue and profit. The following years showed difficulties in maintaining this level, as the company adapted operational processes and faced challenges in integrating acquired assets.

The *Czech Post* had a negative ROA due to structural problems and excessive costs, while the *Croatian Post* achieved higher profitability in 2019, but later had problems maintaining efficiency. The *Irish Post* showed a negative return due to poor asset utilization. The *Portuguese Post* maintained a low, but stable ROA, indicating relatively successful cost management, while *PostNord* improved operational efficiency in 2020–2021, but still lacked sustainable growth.

In general, the return on assets of the *Pošta Slovenije Group* was significantly affected by the specific circumstances of the takeover. At the same time, other operators face long-term challenges in using their resources.

ROE

$$\text{ROE} = \text{Net income} / \text{Equity} \times 100$$

(35)

Return on equity (ROE) of the *Pošta Slovenije Group* was high in 2019 due to one-off factors related to business changes, which increased revenues and temporarily improved efficiency. The years after that, however, show problems with the long-term efficiency of the use of capital.

The *Czech Post* showed a persistently negative ROE due to inefficient resource management, while the *Croatian Post* showed a high return on capital in 2019, but later faced cost challenges. The *Irish Post* showed a persistently negative ROE, indicating a need for restructuring and more efficient capital

management. The *Portuguese Post* maintained a high return on equity but faced efficiency requirements, while *PostNord* showed volatility.

FIGURE 16
ROE FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS IN THE 2018–2022 PERIOD



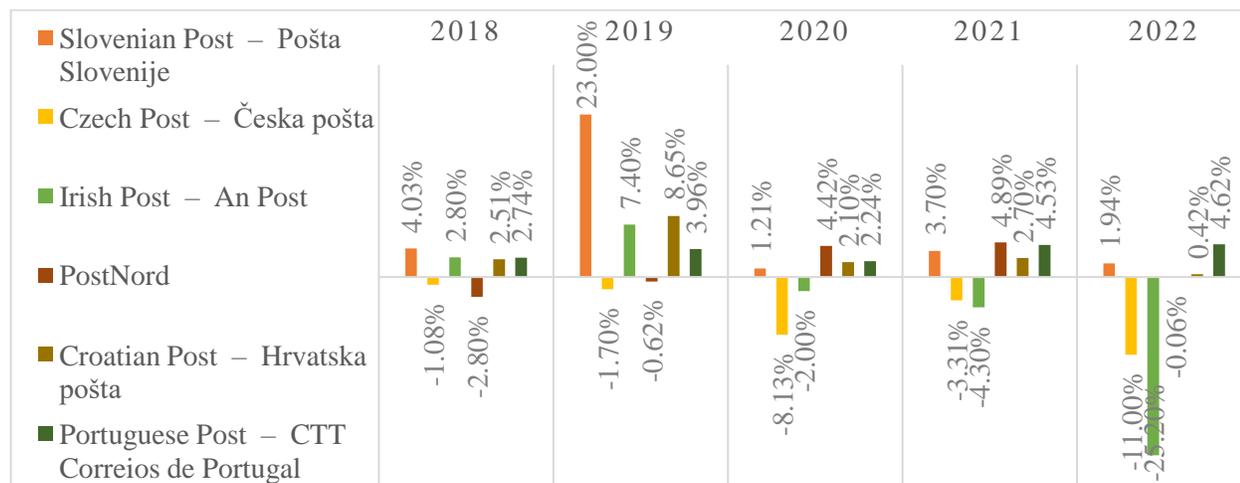
Source: Own.

Overall, the *Pošta Slovenije Group* stands out with a one-time peak in return on equity, but most comparable companies have problems with long-term return on equity.

Net profit margin

Net profit margin = Net income / Net sales revenue x 100 (36)

FIGURE 17
NET PROFIT MARGIN FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS IN THE 2018–2022 PERIOD



Source: Own.

In 2019, the *Pošta Slovenije Group* achieved a high *net profit margin* due to the acquisition, but in the following years it faced a decrease due to difficulties in maintaining cost efficiency.

The *Czech Post* had a chronically negative net profit margin due to optimization problems, while the *Croatian Post* achieved high efficiency in 2019, but faced difficulties in maintaining profitability. The *Irish Post* also faced a negative net profit margin, indicating a need to optimize costs. The *Portuguese Post* shows stable and positive net profit margin, while *PostNord* shows successful cost management with improved net profit margin in 2020 and 2021.

Thus, the *Pošta Slovenije Group* ranks among the most successful in terms of the exceptional result from 2019, but the challenge of cost pressures for sustainable success remains.

EBITDA Margin

$$\text{EBITDA margin} = \text{EBITDA} / \text{Net sales revenue} \times 100 \quad (37)$$

FIGURE 18
EBITDA MARGIN FOR SOME COMPARABLE EUROPEAN POSTAL OPERATORS IN THE 2018–2022 PERIOD



Source: Own.

The *EBITDA margin* of the *Pošta Slovenije Group* remained between 8.10% and 9.95% in the 2018–2022 period. It reached its highest value in 2021 due to effective cost management. Despite the challenges of the pandemic and the adaptation of business processes to the new circumstances, the company maintained stable operational efficiency.

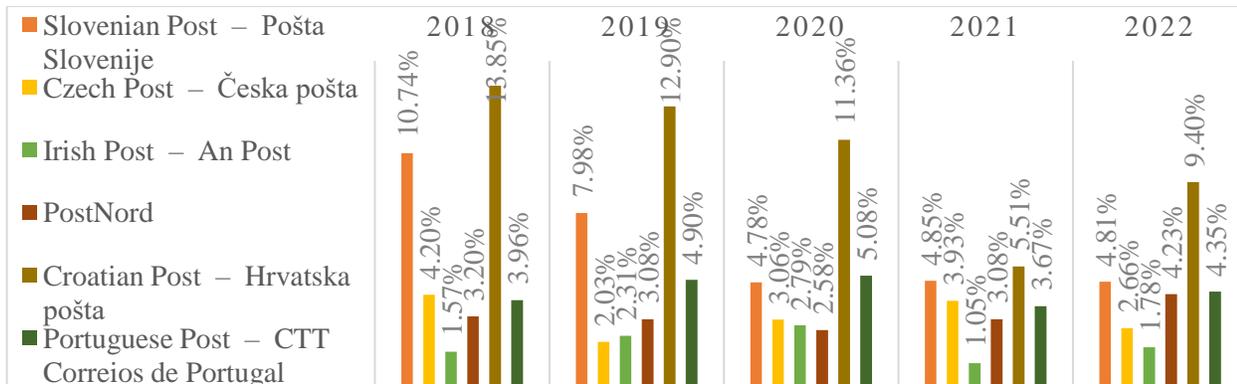
The *Czech Post* initially showed a high EBITDA margin, but subsequent operational challenges led to a sharp decline, including negative values. The *Croatian Post* improved its margin in 2020 but faced rising costs. The *Irish Post* had low EBITDA margins due to high reorganization costs. The *Portuguese Post* maintained a stable and high margin, while *PostNord* experienced fluctuations due to cost adjustments.

CAPEX

$$\text{CAPEX as a percentage of revenue} = \text{CAPEX} / \text{Net sales revenue} \times 100 \quad (38)$$

In the 2018–2022 period, the *Pošta Slovenije Group* showed different CAPEX values, the highest in 2018 and 2019, when it modernized the infrastructure. Subsequently, CAPEX as a percentage of net sales revenue stabilized at around 4.8%, reflecting a moderate but sustainable investment strategy.

FIGURE 19
CAPEX AS A PERCENTAGE OF REVENUE FOR SOME COMPARABLE EUROPEAN
POSTAL OPERATORS IN THE 2018–2022 PERIOD



Source: Own.

The *Czech Post* had low CAPEX values due to limited investments, while the *Croatian Post* stood out with high percentages in the first years due to an aggressive modernization strategy. The *Irish Post* maintained very low CAPEX, indicating a cautious investment approach. The *Portuguese Post* maintained a stable, moderate CAPEX, while *PostNord* gradually increased investments in better operational efficiency.

CONCLUSION

After the financial analysis of Pošta Slovenije, d. o. o., for the 2018–2022 period, we can conclude that the company maintained relative financial stability and competitiveness in the market despite many challenges, such as rising labor costs, depreciation, energy and unstable economic conditions.

The company successfully fulfils its mission of providing a universal postal service, which is confirmed by high indicators of customer satisfaction and quality services, above the average of comparable companies in the region. Pošta Slovenije, d. o. o., maintained a high standard of postal and logistics services in the 2018–2022 period, indicating its successful fulfillment as a public company.

The analysis of financial indicators, such as financing, investment, solvency, horizontal financial structure, asset turnover and profitability, showed that Pošta Slovenije, d. o. o., maintained a stable capital structure in the 2018–2022 period. Despite the increase in indebtedness in 2019 and 2020, mainly due to the purchase of Intereuropa, d. d., and other investments, the company reduced its debt burden in 2021 and 2022. Return on assets (ROA) and return on equity (ROE) maintained a positive trend despite fluctuations, indicating the efficiency of using assets and capital.

The key factors that influenced the company's operations were effective management of working capital, optimization of costs and active management of liabilities. Despite the negative impacts of the COVID-19 pandemic and other external factors, the company managed to maintain a stable EBITDA, which indicates good management of business challenges. EBIT was subject to fluctuations, which reflects the impact on revenues and costs, but Pošta Slovenije, d. o. o., demonstrated flexibility in meeting these challenges.

Altman's z-score always showed values above 4, which confirms that the company is in good financial shape with a minimal risk of bankruptcy. Among other things, this means reliability in risk management in an unstable business environment.

In a comparative analysis with other postal operators, the Pošta Slovenije Group demonstrated competitiveness in liquidity, return on assets and cost management efficiency. Although there are some

lags in sustainable development, the company has taken important steps in recent years by introducing sustainable practices, which can further strengthen its competitive position.

Based on the analysis, we recommend that Pošta Slovenije, d. o. o., continues optimizing operating costs, increasing investments in digitization and technology, and strengthening efforts for sustainable development. Further investments in energy efficiency and the green transition can bring the company additional competitive advantages and long-term business sustainability.

We can answer the research questions: Pošta Slovenije, d. o. o., managed its financial resources effectively during the period under review, maintained financial stability and achieved profitability despite economic challenges. Sustainable practices have had a positive impact on the long-term stability of the company, but it is necessary to continue investing in environmentally friendly technologies and sustainable practices to strengthen the competitive advantage. Thus, the company maintains its key role as a leading provider of postal and logistics services in Slovenia.

For a more comprehensive understanding of the operations of Pošta Slovenije, d. o. o., and eliminating the limitations mentioned above, we suggest further research in several directions. One is an in-depth analysis of external factors such as macroeconomic trends, regulatory changes and the competitive environment to better understand how these factors affect the company's operations. Qualitative studies, such as interviews with key stakeholders and surveys among employees and customers, would also offer insight into satisfaction and reveal perceptions and expectations that can affect the performance of Pošta Slovenije, d. o. o., in the future.

A more detailed comparative analysis with key competitors would also help better understand the competitive position of Pošta Slovenije, d. o. o., and identify areas where the company could improve its offer and differentiate itself in the market. Further research could also evaluate existing strategies and study new business models that would stimulate growth and innovation. In addition, it would be reasonable to investigate how digitization, automation and innovative technologies affect the operational efficiency, cost structure and, finally, the exploitation of the company's market opportunities.

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