

Short economic and financial analyses

Analysis of corporate performance in 2024

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Contents

Summary	4
1 Introduction	5
2 Economic Situation	5
3 Performance of Business Entities	7
4 Conclusion	16
5 References	17

Summary

The analysis of corporate performance for 2024 indicates that net profits and net operating profits were lower than in the previous year, while total revenues and expenses declined for the second consecutive year. The reduction in the number of employees was primarily due to downsizing in export-oriented companies, which remain more productive. The share of debt in financing sources reached its lowest level since 2008.¹

JEL codes: L25, D22, G32

Keywords: corporate performance, profitability, productivity, indebtedness, export orientation

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Business entities in Slovenia experienced certain changes in their performance in 2024, which was reflected in a decline in overall net profit and net operating profit compared with the previous year. Further evidence of the presence of certain economic challenges can be found in the changes in total revenues and expenses, which were down for the second consecutive year. Amid a fall in the number of employees, driven largely by a contraction at export-oriented companies, these companies remained more productive. The ratio of total debt to total equity and liabilities at business entities also declined for the second consecutive year, reaching its lowest level since 2008.

Slovenia recorded relatively low economic growth in 2024.

Economic growth stood at 1.7% in 2024, its lowest figure since the pandemic year of 2020 (see Figure 1, left). It nevertheless outpaced the euro area average of 0.9%. The GDP growth was driven mainly by government consumption and household consumption. The former was boosted in particular by the reclassification of supplemental health insurance as a compulsory health contribution, and by the post-flood reconstruction, while the latter was driven by real growth in household disposable income (Banka Slovenije, 2025a; Banka Slovenije 2025d; IMAD, 2025a).

Export activity was sluggish in the first half of the year, owing to weak demand from the main trading partners, but improved in the second half of the year as companies compensated for the loss of demand from the main EU trading partners by strengthening exports to other markets. Net trade nevertheless made a negative contribution to GDP growth last year, as growth in aggregate imports outpaced growth in aggregate exports amid solid consumption by the government and by households (Banka Slovenije, 2025d; Banka Slovenije 2024a; IMAD, 2025a).

Investment by contrast acted as a brake on economic growth. The decline in investment was mainly driven by the slowdown in construction, the adverse economic situation in the main trading partners, and the huge uncertainty (Banka Slovenije, 2025d; IMAD, 2025a). The average economic sentiment indicator over the year remained in negative territory (–2.7 percentage points), albeit up just over 1 percentage point on the previous year (see Figure 1, right). In sectoral terms it remained lowest in manufacturing, and highest in services, while construction saw the largest year-on-year decline in the indicator.

The labour market cooled slightly last year, but remained tight. Year-on-year growth in employment slowed over the course of the year, turning negative in the final quarter. The annual figure of 0.5% was the lowest since 2020 (see Figure 1, left). With employment growth slowing by more than GDP growth, growth in labour productivity strengthened slightly to reach 1.3% (see Figure 1, left). The developments in employment were

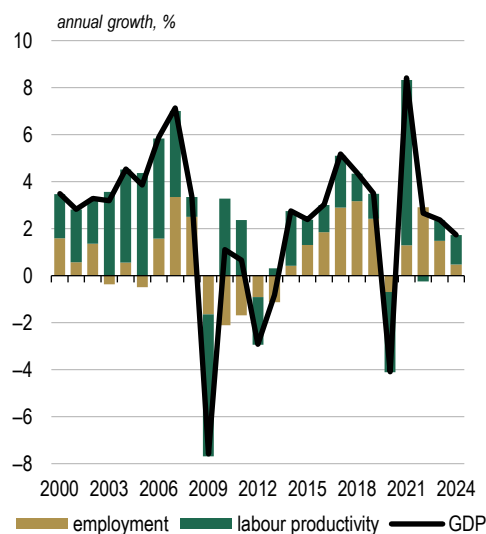
partly affected by an uptick in retirements at the end of the year, with retirement in 2024 subject to more favourable terms than in 2025 (Banka Slovenije, 2025d), while there was also a decline in demand for labour. According to SORS survey data, the number of vacancies was down 14.5% on the previous year, with the decline being broadly based across sectors. The labour market nevertheless remained very tight, which was reflected in the persistently low unemployment rate and the pronounced labour shortages at companies. Nominal growth in the average gross wage remained robust, albeit lower than in the previous year, while the real growth in the average gross wage strengthened amid the significant fall in inflation.

Inflation slowed last year, and at 2.0% was down 5.2 percentage points on 2023. The fall in inflation was mainly driven by slower growth in food price inflation and other goods inflation, while energy prices also fell, and service price inflation slowed (Banka Slovenije, 2025e).

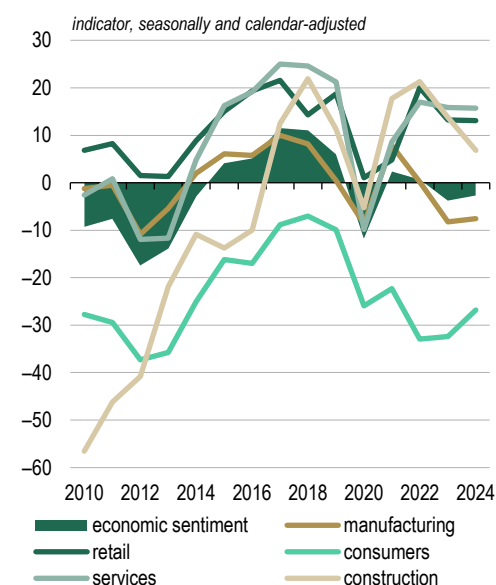
The price and cost competitiveness of the Slovenian economy in 2024 remained at similar levels to the previous year. Developments in the price competitiveness indicator were positively affected by the slowdown in domestic inflation, but the euro's rise against trading partners' currencies had an adverse impact. Average competitiveness over the year improved relative to that of euro area partners, but deteriorated relative to partners outside the euro area (Banka Slovenije, 2025b).

Figure 1: **Economic growth and climate**

Contributions to economic growth by employment and labour productivity



Business trends and consumer opinion



Sources: SORS, own calculations

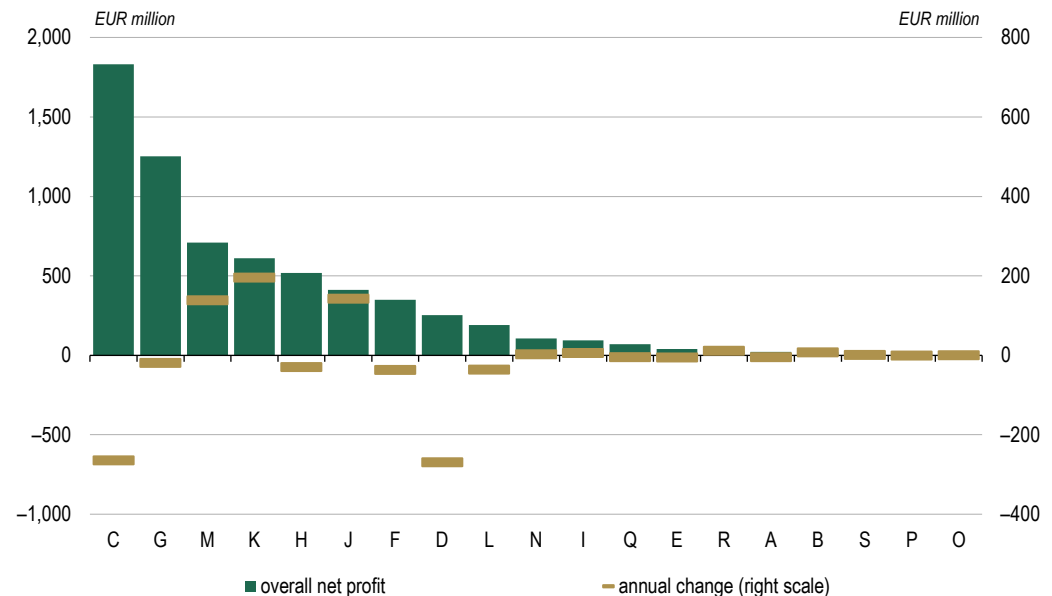
Notes: Left chart: rounding errors mean that the contributions of individual components do not necessarily sum exactly to the aggregate change. Labour productivity is defined as the ratio of GDP to employment.

Slovenian business entities saw their overall net profit and net operating profit in 2024 decline compared with the previous year.

Business entities generated overall net profit of EUR 6.5 billion and net operating profit of EUR 7.5 billion last year. The two metrics were both down 2.6% on the previous year, the first such decline since the pandemic year of 2020, and only the second decline in net profit since 2013 and in net operating profit since 2012.

A decline in overall net profit was seen in more than half of all economic sectors last year, with the largest recorded by electricity, gas, steam and air conditioning supply (see Figure 2). This is most likely attributable to the fall in energy prices, as lower selling prices have a negative impact on these companies' revenues and hence on their profit, but other factors might have been long-term purchase agreements, price regulation and emissions allowances (IMAD, 2025b; Energy Agency, 2025).

Figure 2: **Net profit by economic sector**



Sources: AJPES, own calculations

Note: Overall net profit is the difference between net profit and loss during the accounting period. Sector abbreviations: 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; H: Transportation and storage; I: Accommodation and food service activities; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M: Professional, scientific and technical activities; N: Administrative and support service activities; O: Public administration and defence; P: Education; Q: Human health and social work activities; R: Arts, entertainment and recreation; S: Other service activities.

² The analysis covers business entities in Slovenia (all those belonging to the institutional sectors of non-financial corporations, general government, and financial corporations). The basis is data from the annual reports that companies submitted to the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) for the purposes of government statistics or the monitoring of economic development at various levels in accordance with the Companies Act (ZGD-1). The analysis was conducted on the basis of unaudited and unconsolidated AJPES data, and excludes all companies that fail to report any values in the year in question (all items in the balance sheet are zero). The year-on-year comparison is made on the basis of data submitted in annual reports for the previous year. The indicators are expressed as nominal values. The comparative analysis covers the period between 2008 and 2024.

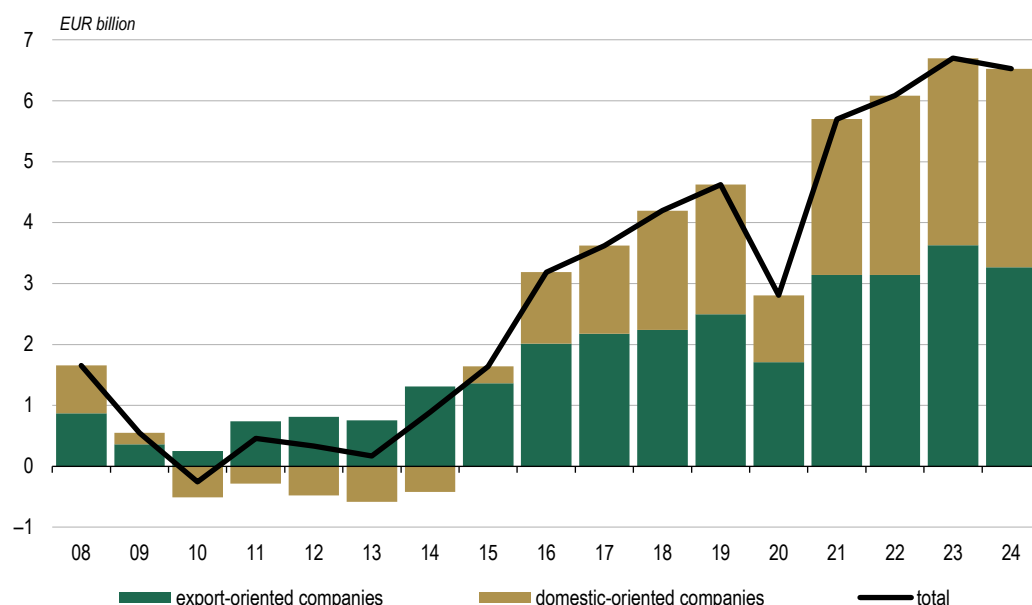
A brief summary of the analysis was published in Box 1.2.1 of the [June 2025 issue of the Review of macroeconomic developments](#).

Conversely the highest growth in overall net profit was recorded by companies in financial and insurance activities, with banks in Slovenia enjoying record profits last year, largely on account of high net interest income and low net impairments and provisions. Their pre-tax profit amounted to EUR 1.2 billion, up 5.5% on the previous year (Banka Slovenije, 2025b).

Overall net profit was highest in manufacturing (EUR 1.8 billion), wholesale and retail trade and repair of motor vehicles and motorcycles (EUR 1.3 billion) and professional, scientific and technical activities (EUR 0.7 billion). Conversely, overall net profit was lowest in mostly non-marketable services, where profit generation is not the core aim of the business. These are sectors that mostly work in the public interest, and are often financed from public coffers, for which reason profitability is expected to be lower, and does not necessarily reflect inefficiencies, but rather the nature of their mission.

In term of export orientation, last year the poorer performance was mainly recorded by export-oriented companies, which account for just over a fifth of all companies.³ Export-oriented companies and companies focusing on the domestic market last year generated similar levels of overall net profit (EUR 3.3 billion), with the latter recording annual growth of 6.2%, but the former seeing a decline of 10.0% (see Figure 3).

Figure 3: **Overall net profit by export orientation**



Sources: AJPES, own calculations

Note: Overall net profit is the difference between net profit and loss during the accounting period.

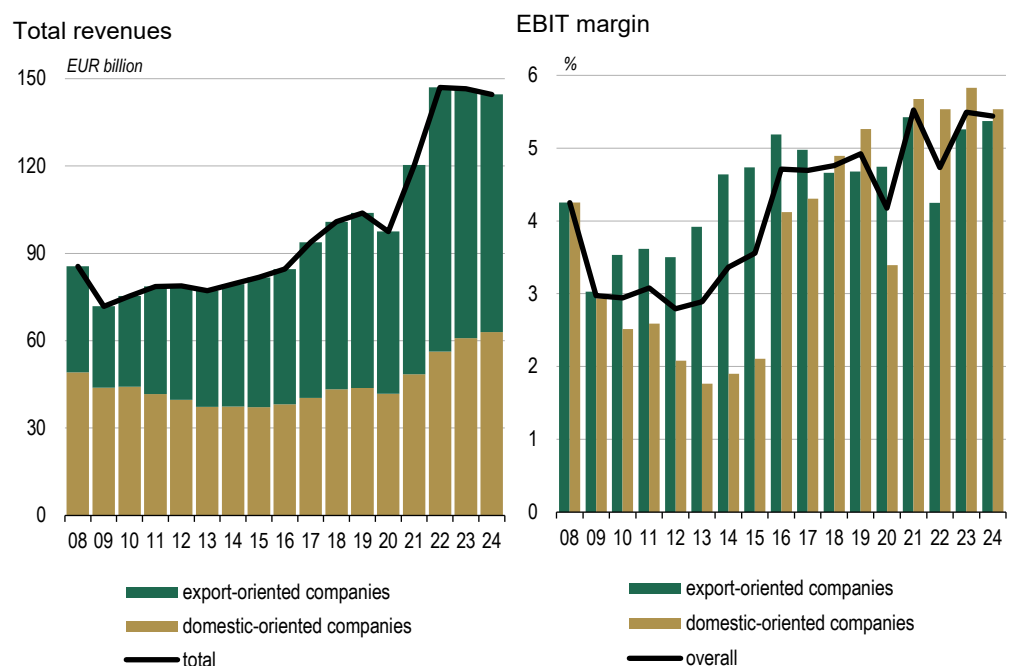
³ Export-oriented companies are those who generate more than 85% of their total sales revenues on foreign markets.

Companies' total revenues and expenses declined last year for the second consecutive year.

Companies' total revenues were down 1.3% in 2024. The decline of 1.7% in net sales revenue was the result of declines in sales on the domestic market (of 1.5%) and on foreign markets (2.0%), with the latter attributable to a decline in sales on the EU market. Total revenues and sales revenue were down on the previous year at export-oriented companies, but up on the previous year at companies focusing on the domestic market (see Figure 4, left). These results confirm Banka Slovenije's previous analysis about the impact of weak economic activity in Slovenia's main trading partners, most notably Germany and Austria, with companies responding to their reduced demand by switching exports to alternative markets and through changes in the structure of exports, which nevertheless failed to fully replace the revenues lost on their traditional markets (Banka Slovenije, 2025d; Banka Slovenije, 2024b).

Total expenses were down 1.4% last year. The decline of 1.7% in operating expenses was largely driven by a fall of 3.5% in costs of merchandise, material and services. Labour costs by contrast rose for the eleventh consecutive year, this time by 6.0%, which will be examined in greater detail in the section covering developments in the number of employees.

Figure 4: Total revenues and net operating profit margin



Sources: AJPES, own calculations

Note: The net operating profit margin in the right chart is defined as the ratio of net operating profit to net sales revenue.

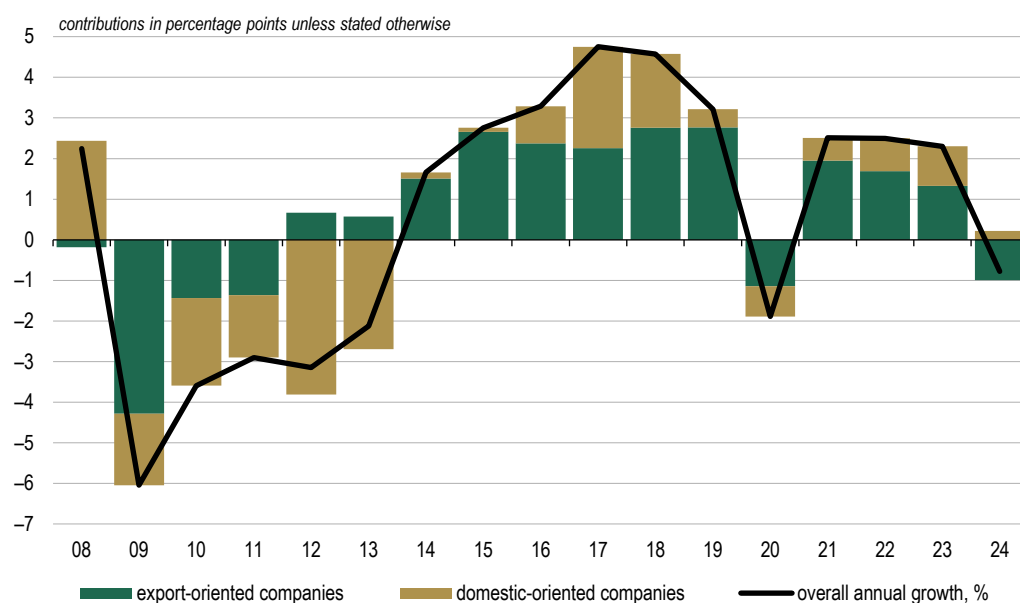
Net operating profit margin (defined as the ratio of net operating profit to net sales revenue) down slightly on 2023 at 5.4%. This means that the average company last year generated 5.4 cents of net operating profit last year on every euro of sales revenue. The reason for last year's decline in the net operating profit margin was that the decline in net operating profit significantly outpaced the decline in net sales revenue, which indicates that companies were performing less efficiently. The net operating profit margin nevertheless remained above its ten-year average last year, which confirms the

relative stability of corporate efficiency over the longer term. It was broadly similar at export-oriented companies (5.4%) and at companies focusing on the domestic market (5.5%), having declined by 0.3 percentage points relative to the previous year at the latter, but risen by 0.1 percentage points at the former (see Figure 4, right).

The fall in the number of employees was attributable to a decline at export-oriented companies, which remain more productive.

The number of employees measured on the basis of hours worked declined by 0.8% in 2024.⁴ This was the first decline since 2020, and only the second since 2013 (see Figure 5), although the aggregate number of employees remains high, and indeed is the second highest ever, after last year's record.

Figure 5: **Change in number of employees**



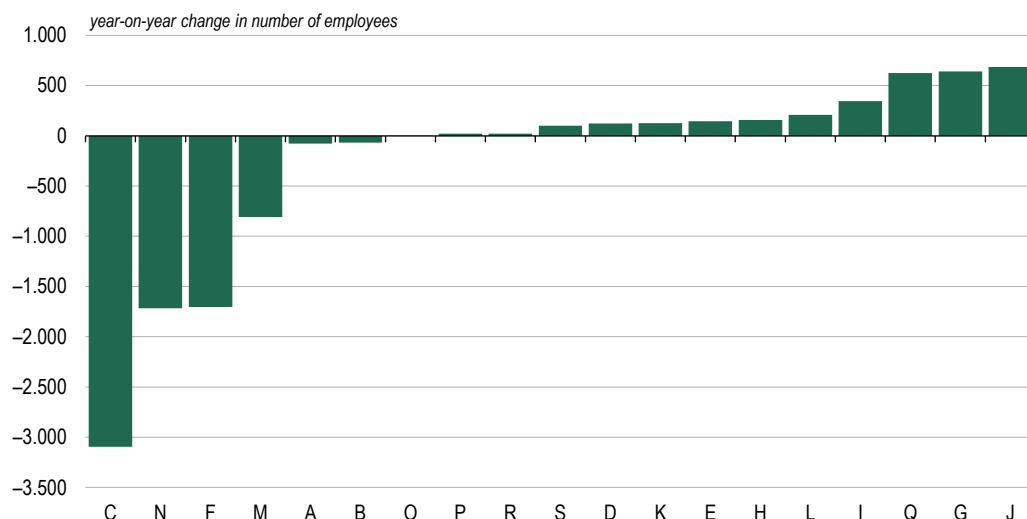
Sources: AJPES, own calculations

Note: The number of employees is measured on the basis of hours worked.

The largest falls in the number of employees were seen in manufacturing, in administrative and support service activities, which includes employment activities, and in construction (see Figure 6).

⁴ The number of employees is defined in the AJPES database as the number of hours worked in the calendar (financial) year for which employees received wages and allowances divided by the number of possible hours worked for the calendar (financial) year. Conversely employment in the second section of this analysis refers to the national accounts' definition, and encompasses all persons in permanent employment, the self-employed, assisting family members in private agriculture, and self-employed persons in other activities of households. It also includes student work and other forms of temporary employment, employment in sea and coastal transport on Slovenian vessels, and employment at Slovenian diplomatic and consular offices in the rest of the world.

Figure 6: **Year-on-year change in number of employees by economic sector**

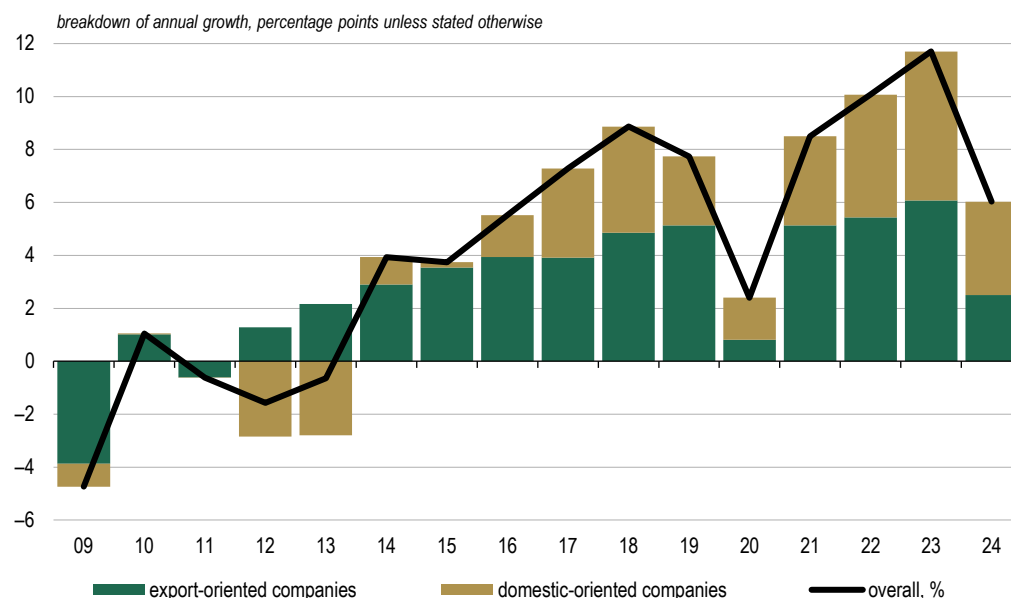


Sources: AJPES, own calculations

Note: The number of employees is measured based on hours worked. Sector abbreviations: 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; H: Transportation and storage; I: Accommodation and food service activities; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M: Professional, scientific and technical activities; N: Administrative and support service activities; O: Public administration and defence; P: Education; Q: Human health and social work activities; R: Arts, entertainment and recreation; S: Other service activities.

It is interesting that despite the fall in the number of employees, labour costs as previously noted rose by 6.0% last year, higher than the average rate of growth over the observation period (see Figure 7). Annual growth in labour costs has been positive over the last two decades at export-oriented companies and at companies focusing on the domestic market alike. It would be interesting to conduct detailed empirical analysis of the developments in labour costs and the factors affecting them, particularly from the perspective of demographic changes, which will most likely drive further growth.

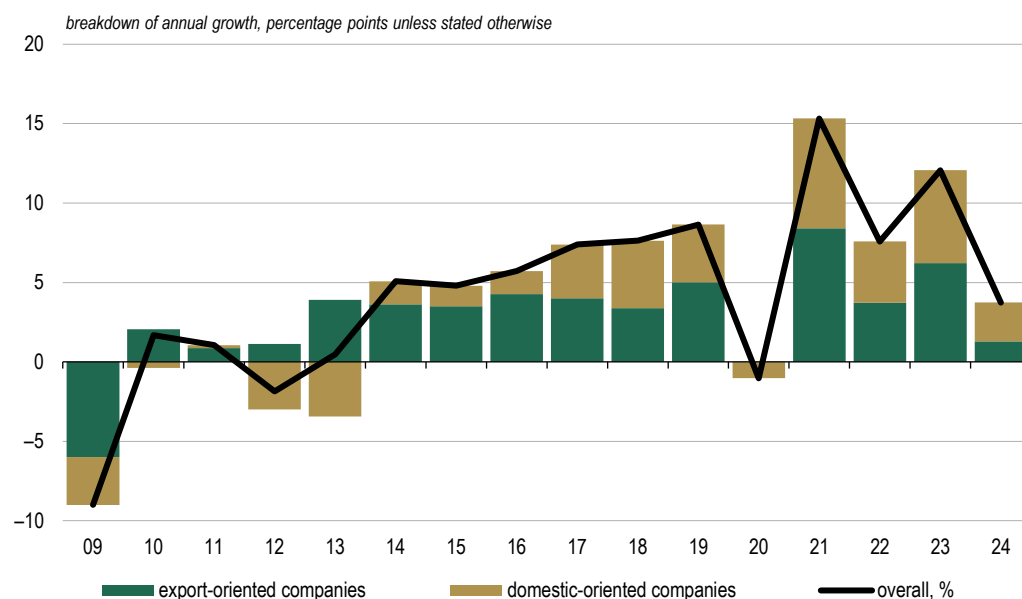
Figure 7: **Labour costs by export orientation**



Sources: AJPES, own calculations

Value-added was up 3.7% on the previous year (see Figure 8).⁵ Among the components of value-added, there was actually a decline in gross operating profit, but the decline in costs of material, merchandise and services was even larger, which meant that growth in value-added was positive.

Figure 8: **Value-added by export orientation**



Sources: AJPES, own calculations

Note: Value-added is defined as gross operating profit minus costs of merchandise, materials and services and other operating expenses.

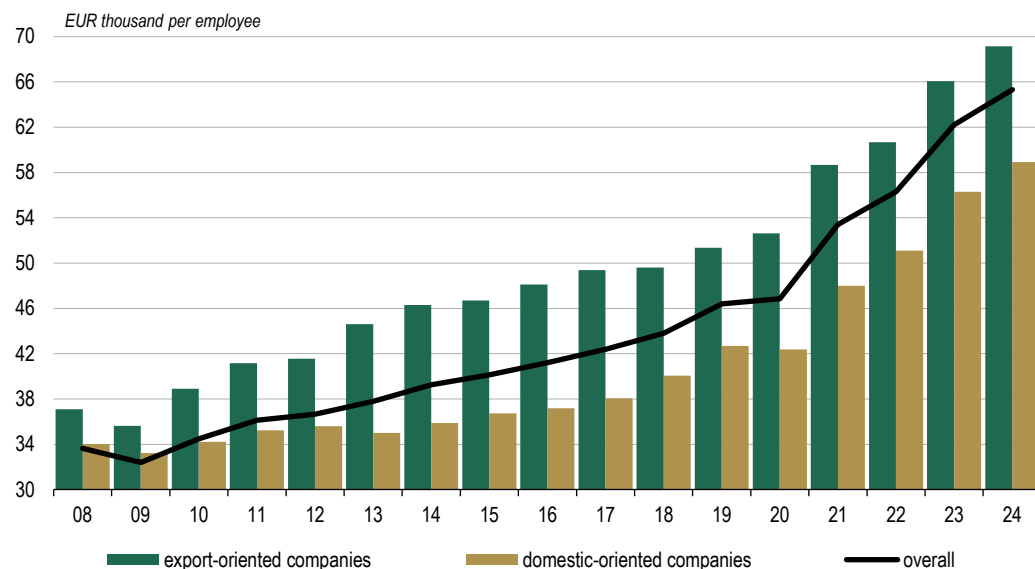
Amid a fall in the aggregate number of employees and growth in value-added, labour productivity growth at corporations was close to its average over the last decade of 4.7%.⁶ Labour productivity at all companies averaged EUR 63,780 per employee, the highest figure of the observation period. In the sectoral breakdown labour productivity was highest in electricity, gas, steam and air conditioning supply, in financial and insurance activities, and in real estate activities.

The number of employees at companies focusing on the domestic market increased by 0.4%, while their value-added increased by 5.1%. This drove a 4.7% rise in labour productivity, which reached EUR 58,913 per employee (see Figures 8 and 9). The number of employees at export-oriented companies by contrast declined by 2.1%, while their value-added increased by 2.5%. This drove a rise of 4.7% in labour productivity to EUR 69,151 per employee, which as usual was significantly above the average at companies focusing on the domestic market (see Figures 8 and 9). Export-oriented companies accounted for 47.5% of the total number of employees last year, but generated 51.5% of total value-added.

⁵ Value-added is defined as gross operating profit minus costs of merchandise, materials and services and other operating expenses.

⁶ Labour productivity is defined as value-added per employee.

Figure 9: **Labour productivity by export orientation**



Sources: AJPES, own calculations

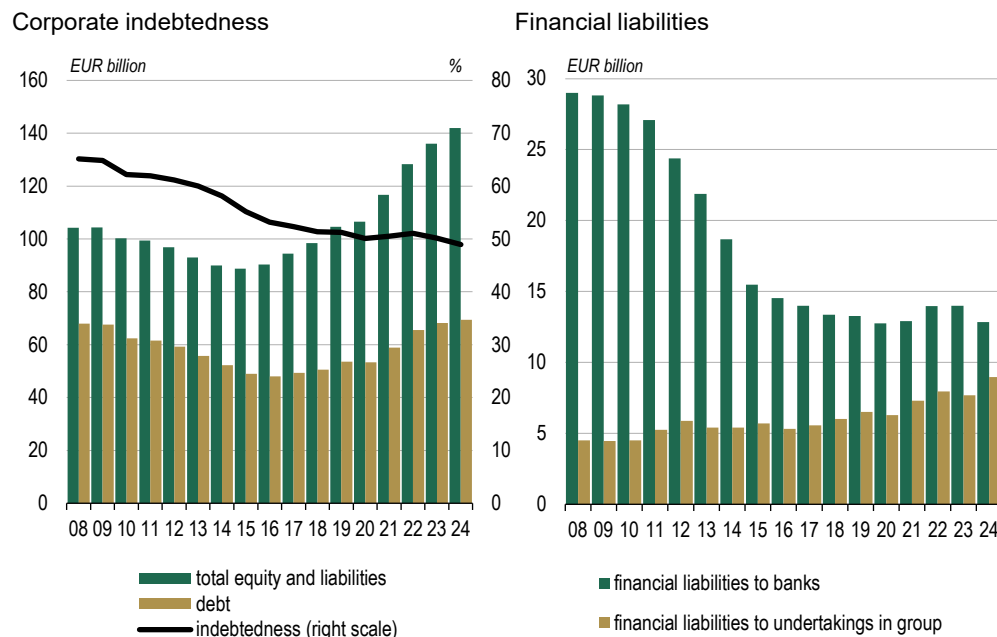
Note: Labour productivity is defined as the ratio of value-added to the number of employees.

The debt-to-capital ratio at corporations declined for the second consecutive year, reaching its lowest level of the observation period.

The indebtedness indicator measured as the ratio of total debt to total equity and liabilities illustrates a company's level of financial dependence on debt financing. In the wake of growth in equity (6.9%) outpacing growth in total debt (1.8%), corporations' indebtedness declined to 49.0% last year. This is the lowest level seen in the observation period since 2008. Although total debt reached EUR 69.5 billion, more than before the global financial crisis, its growth has slowed significantly over the last two years (see Figure 10, left). Similar dynamics were seen in corporations' total financial liabilities, which declined by 1.5% last year, as financial liabilities to undertakings in the group increased by 16.6%, while financial liabilities to banks declined by 8.1%.

Total debt declined between 2008 and 2016 (see Figure 10, left), with companies continuing their deleveraging vis-à-vis banks until 2020 and then resuming it in 2024. Corporations' financial liabilities to banks last year amounted to less than half what they had in 2008, but were still larger than financial liabilities to undertakings in the group. The latter by contrast increased over the same period, and last year were up fully 98.5% on 2008 (see Figure 10, right). Slovenian companies' diminishing dependence on bank financing has also been addressed in Banka Slovenije analyses (Banka Slovenije, 2025a; Banka Slovenije, 2025c).

Figure 10: **Corporations' indebtedness and financial liabilities**

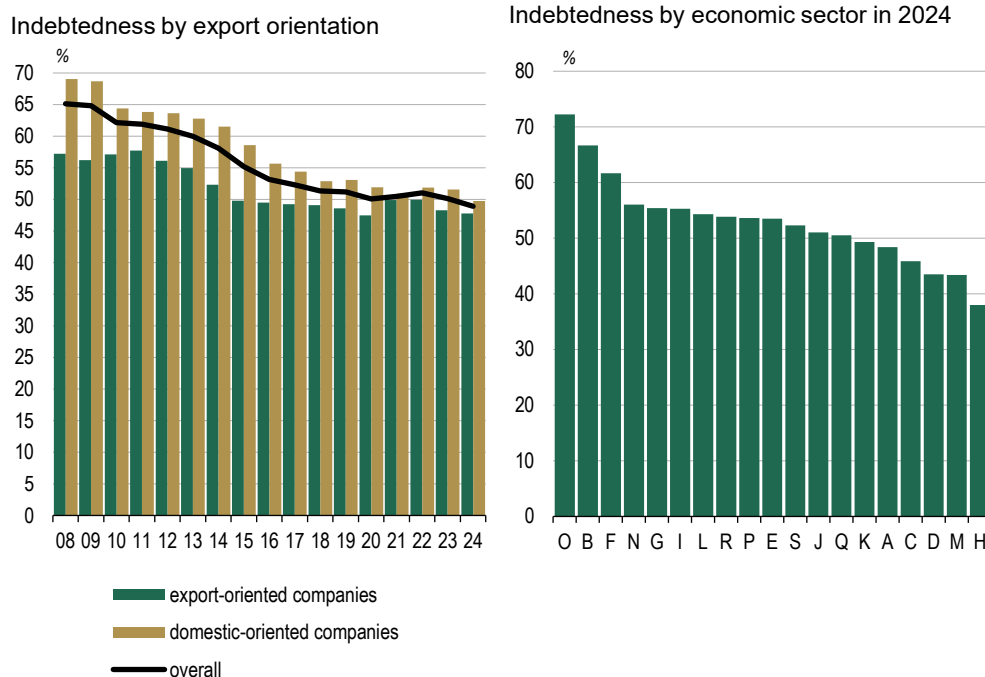


Sources: AJ PES, own calculations

Note: Indebtedness in the left chart is defined as the ratio of total debt to total equity and liabilities.

Last year indebtedness declined at companies focusing on the domestic market and at export-oriented companies, by 1.8 percentage points to 49.8% in the case of the former, and by 0.5 percentage points to 47.8% in the case of the latter (see Figure 11, left). Companies in the majority of economic sectors saw their indebtedness decline; the lowest indebtedness in private-sector activities was recorded in transportation and storage, in professional, scientific and technical activities, and in electricity, gas, steam and air conditioning supply, while the highest was in mining and quarrying, in construction, and in administrative and support service activities. Last year the highest average indebtedness was recorded by public administration, defence and compulsory social security, but the figure was based on an extremely small number of observations: in this sector, only 0.03% of all business entities in the analysed sample were registered last year. This limited scope means that individual extremely indebted companies might be affecting the overall average. This sector also includes highly diverse entities, such as development centres, agencies, vehicle registration companies, and fire safety companies, whose business is very different in nature to that of the majority of private companies. The findings for this sector therefore need to be treated with caveats, as they do not reflect the general trends of indebtedness in the economy (see Figure 11, right).

Figure 11: **Indebtedness by export orientation and by economic sector**



Sources: AJPES, own calculations

Note: Indebtedness is defined as the ratio of total debt to total equity and liabilities. Sector abbreviations in the right chart: 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; H: Transportation and storage; I: Accommodation and food service activities; J: Information and communication; K: Financial and insurance activities; L: Real estate activities; M: Professional, scientific and technical activities; N: Administrative and support service activities; O: Public administration and defence; P: Education; Q: Human health and social work activities; R: Arts, entertainment and recreation; S: Other service activities.

Although total debt has increased in recent years and reached a record high last year, indebtedness is at a record low (see Figure 11, left). From this perspective it is also important to look at the equity ratio, i.e. the ratio of equity to total equity and liabilities, whose increase is indicative of greater stability and lower risk in corporate financing. The increase in equity reflects increased resilience to the fluctuations in the economic cycle, which means greater financial stability and less risk: debt is more manageable when it is supported by greater equity. The equity ratio stood at 51.0%, the highest figure of the observation period, and up 16.2 percentage points on 2008, which confirms the strengthening of the capital structure at companies and their increased resilience to potential economic risks.

The analysis of corporate performance in 2024 shows the economy cooling in the post-pandemic period. Overall net profit and net operating profit declined for the first time since 2020, with the decline being reflected in more than half of all economic sectors.

The revenue picture shows the impact of external demand shocks. Export-oriented companies disclosed lower total revenues and sales revenue, in line with the economic slowdown in key partners, while companies focusing on the domestic market enjoyed growth in total revenues and sales revenue.

Labour productivity strengthened amid a decline in the aggregate number of employees and an increase in value-added. The number of employees increased at companies oriented towards the domestic market, and their growth in value-added was higher than at export-oriented companies.

Corporations' dependence on debt financing declined last year for the second consecutive year. With growth in equity outpacing growth in total debt, corporate indebtedness reached its lowest level of the observation period. These developments are indicative of strengthening financial resilience at corporations, even though total debt is increasing in absolute terms. The trend of decline in corporations' dependence on bank financing meanwhile continued.

Future analyses would benefit from a more detailed empirical examination of labour cost dynamics; these having risen in 2024 despite the decline in the number of employees. Examining the determining factors in growth in labour costs, including demographics, market conditions and institutional influences, could lead to a more comprehensive assessment of the future challenges to the cost competitiveness of corporations.

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