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**ECONOMIC VALUE ADDED AS A FACTOR
OF INVESTMENT ATTRACTIVENESS AND
COMPETITIVENESS OF THE COMPANY**

This article discusses issues related to the assessment of the investment attractiveness and competitiveness of a company, in particular, on the example of a soft drinks sector company.

The dependence of investment attractiveness and competitiveness on the size and composition of value added was established and confirmed, and the sequence of methods for analyzing value added was clarified and indicators reflecting the current state and position of the company in the market were specified.

We calculate Economic Value Added and its components using pyramidal metrics system INFA which was also developed for Czech companies. The objective is to see through its decomposition the weaker or stronger spots of the company in the analyzed period. The objective is to confirm that only financially healthy companies, producing EVA, can be competitive in the long run. We show the Czech INFA metrics system can serve as a very useful indicator for competitiveness analysis of this Kazakhstan company.

Key words: economic value added, INFA, performance evaluation, competitiveness, score models, ROE decomposition.

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**Экономикалық қосылған құн компанияның
инвестициялық тартымдылығы мен бәсекеге
қабілеттілігінің факторы ретінде**

Бұл мақалада алкогольсіз сусындарды шығарушы компанияның мысалында, компанияның инвестициялық тартымдылық пен бәсекеге қабілеттілігін бағалау жайында мәселелер қаралған.

Инвестициялық тартымдылық пен бәсекеге қабілеттілік пен қосылған құнның мөлшері мен құрамының арасындағы байланыс орнатылған және дәлелденген. Сонымен қатар, экономикалық қосылған құн талдау әдісінің реті және нарықтағы компанияның жағдайын көрсететін талдау әдістері сипатталған.

Біз экономикалық қосылған құн мен оның компоненттерін, Чехия компанияларының негізінде құрастырылған, INFA пирамидалық көрсеткіштер жүйесін қолдану арқылы есептедік. Аталған модельдер арқылы зерттеліп отырған кезең ішінде компанияның күшті және әлсіз жақтарын көру. Зерттеу мақсаты EVA құрушы, қаржылық тұрақты компания ғана ұзақ мерзімді

кезеңде бәсекеге қабілетті бола алады. Біз Чехияда кеңінен қолданыстағы INFA көрсеткіштер жүйесі қазақстандық компаниялардың бәсекеге қабілеттігін талдау үшін маңызды индикатор бола алатынын көрсеткіміз келеді.

Түйін сөздер: экономикалық қосылған құн, ИНФА, тиімділікті бағалау, бәсекеге қабілеттілік, бағалау модельдері, ROE.

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Экономическая добавленная стоимость как фактор инвестиционной привлекательности и конкурентоспособности компании

В данной статье рассматриваются вопросы, связанные с оценкой инвестиционной привлекательности и конкурентоспособности компании, в частности, на примере компании сектора безалкогольных напитков.

Была установлена и подтверждена зависимость инвестиционной привлекательности и конкурентоспособности от размера и состава добавленной стоимости, а также уточнена последовательность методов анализа добавленной стоимости и указаны показатели, отражающие текущее состояние и положение компании на рынке.

Мы рассчитали экономическую добавленную стоимость и ее компоненты, используя систему пирамидальных метрик INFA, которая также была разработана для чешских компаний. Задача состоит в том, чтобы через разложение увидеть слабые или сильные точки компании в анализируемом периоде. Цель состоит в том, чтобы подтвердить, что только финансово здоровые компании, производящие EVA, могут быть конкурентоспособными в долгосрочной перспективе. Мы показываем, что чешская система показателей INFA может служить очень полезным индикатором для анализа конкурентоспособности этой казахстанской компании.

Ключевые слова: экономическая добавленная стоимость, ИНФА, оценка эффективности, конкурентоспособность, модели оценки, разложение ROE.

Introduction

We analyzed how companies create economic profit (Economic Value Added) using Czech Benchmarking Diagnostic System of Financial Indicators INFA (MPO, 2018). Unlike other pyramidal models, INFA models were created and tested on data of industrial enterprises under the conditions of the Czech Republic, where IFRS is the accounting standard for many years as well as is for joint-stock companies in Kazakhstan since 2007, and hence are more suitable for companies from Central Asia than models developed using US data where besides different market conditions and regulation also accounting standards are different and likely play an important role.

Certain peculiarity making hard any such analysis in Kazakhstan is sometimes unclear accounting terminology resulting in problematic “translation” of certain indicators used in various models in other countries. It would be impossible to do such an analysis without consultations with

local accounting experts knowing the specific terminology of indicators in each Czech, English and Kazakh environment.

Kazakhstan is a large country with 18 million citizens who consume quickly growing the amount of bottled drinks. Just during 2017, the soft drinks market grew by 17 % and imports by 22.4 % to a level of just 6.8% of total domestic consumption. (EnergyProm, 2018)

We chose RG Brands JSC because it is the only soft drinks sector company with available data because its shares are publicly traded. According to (ABM, 2018) the juice market in Kazakhstan has one producer the Raimbek Bottlers which controls more than 69 % of the market. RG Brands in our analysis control 9 % of the market. Juices in Kazakhstan are produced at more than 20 enterprises (almost all of them make juices by recovering them from imported concentrates).

Energyprom analysis of the 2017 market data shows Kazakh companies produced 1.2 billion liters of all beverages (16.5% more than in 2016) of

which 544.5 million liters of drinking water (10.5% more than a year earlier). For comparison, the indicators of 2016 yielded 2015 by 9% - for all beverages, and 18.7% for drinking water (EnergyProm, 2018).

Since Food master is No.1 milk producing company in Kazakhstan, the RG Brand is a direct competitor on non/alcoholic beverage market of Raimbek Bottlers with similar products.

Table 1 – Market share of non-alcoholic beverages producers in Kazakhstan

Company	Share of the market
Raimbek Bottlers	61.19%
Food Master	11.38%
RG Brands	9.48%
DigiDon Co Ltd	5.69%
Sio-Eckes KFT	3.53%
Nidan-Ekofruit SP Ltd	2.55%
Khudzhanskiy konservnyy zavod	1.76%
Wimm-Bill-Dann	0.96%
Multon Ltd	0.79%
Agrokonservit	0.38%
Source: ABM, 2018	

The RG Brand describes itself as “A leading beverage and food company in Kazakhstan” Founded in 1994, RG Brands today has 4 production sites in the north and south of Kazakhstan with a total capacity of 750 million liters per year. RG Brands has around 2000 employees.

In June 2018 Moody’s has affirmed JSC RG Brands' Corporate Family Rating (CFR) of B2 as well as its Probability of Default Rating (PDR) of B2-PD. The outlook on the ratings is stable. (Moody's, 2018). That is a non-investment grade of speculative obligations with high credit risk (Moody's RS, 2018).

In 2017 RG Brands Company has a diversified portfolio of products as seen in below. The production facilities are located in the suburbs of Almaty, and in the north of Kazakhstan in Kostanay. Products are exported to Kyrgyzstan, Russia. In 2017 the company's revenue amounted to 52 bn. tenge. To this result, its subsidiaries contributed as follows: Kazakhstan LLP, 83%; WG Brands Kyrgyzstan LLC 11%; and RG Brands Sever [North], LLC 5%. The company is developing business also in Turkmenistan,

Tajikistan, and Mongolia (RG Brands 2017 AR, 2018).

Table 2 – RG Brands products

Product family	Brands
Juices and juice containing drinks	Gracio, Da-Da, DaDaDay, Dacha DaDa, DaDa tochno sochno, Nectar Sunny
Carbonated drinks	Pepsi, 7UP, Mirinda
Water	ASU
Cold tea	Lipton, Piala, Ice Tea
Tea	Piala Gold
Milk	Moè
Snacks	Grizzli
Energy drinks	Yeti
Source: RG Brands 2017 AR, 2018	

Literature Review

Many authors such as (Neumaier et al., 2002: 205-206), (Pavelkova et al., 2005: 190), consider Economic Value Added (EVA, economic profit) as the main measure of financial perspective in the Balanced Scorecard. Balanced Scorecard, a system of balanced business performance indicators, is a management method that links the strategy to the operational activities with an emphasis on performance measurement. The practical application of this idea is possible although the criteria of Balanced Scorecard and EVA are not primarily aimed that way. It is necessary to emphasize the fact that both concepts are based in principle on different assumptions, and one is not conditional on the other.

In 1991 (Stewart et al., 1991: 148-151) published new metric “Economic Value Added (EVA)” that, based on their analyses, drives shareholder value in a better way than other performance measures. As (McClure, nd.) writes: “EVA is a performance metric that calculates the creation of shareholder value, but it distinguishes itself from traditional financial performance metrics such as net profit and earnings per share (EPS). EVA is the calculation of what profits remain after the costs of a company's capital - both debt and equity – are deducted from operating profit. The idea is simple but rigorous: true profit should account for the cost of capital.”

Sometimes it may happen that the company even shows a positive EVA, and at the same time, a bankruptcy model puts it in the bankruptcy zone.

The explanation usually lies in the fact that the company has a high return on equity but at the same time, it can have a high indebtedness, low liquidity, and/or low operating performance, which the models evaluate as alarming.

In other words, it is necessary to consider the economic profit, which is the difference between revenues and economic costs. The economic concept of costs is the most comprehensive concept of costs. In addition to costs in financial terms, they also include opportunity costs, which represent the aggregate valuation of inserted resources. The goal of EVA is to show ways in which value appreciates or depreciates in time. Regarding the value of such an indicator (Meditinos et al., 2006) who analyzed 161 companies listed on Athens Stock Market write: "Relative information content tests reveal that stock returns are more closely associated with earnings per share than with EVA (EVA is a registered trademark of Stern Stewart & CO). However, incremental information content tests suggest that EVA adds considerable explanatory power to earnings per share in explaining stock returns." In other words, it is not a magic indicator that would say everything but indeed an important competitiveness indicator that can show a lot of useful information.

Authors (Neumaier et al., 2002: 156) say about INFA and Balanced Scorecard the follows: "[INFA] represents a skeleton on which all other dimensions can be hung. It is the outcome and concentrated expression of everything that's going on in the company."

Methodology

Bankruptcy models indicate the probability of major financial difficulties for the company. The link between bankruptcy models and EVA is very simple: the company that creates economic value is moving away from the bankruptcy alarm zone(s) and vice versa.

EVA is determined by three variables: 1. Net Operating Profit After Tax – *NOPAT*, 2. Capital – *C*, and 3. Weighted Average Cost of Capital – *WACC* as:

$$EVA = NOPAT - C \times WACC \quad (1)$$

Where *NOPAT* is the 'Net Operating Profit after Tax,' it is the economic result achieved in respect of the main business activity of the enterprise. Capital *C* is the value of the company's

financial resources, which was invested by all investors. *WACC* take into account all the capital providers and reflect the fact that capital costs are not held only by borrowers through interest, but also by owners through opportunity costs.

(Kislingerova et al., 2010) and (Marik et al., 2005: 45) understand the Capital as capital tied to the assets needed to generate operating profit. In connection with this, however, the question arises as to how these authors look at the part of assets covered by commitments that do not require a reward. (Marik, 2005: 47) report: "We exclude the value of assets funded by non-interest-bearing short-term liabilities from operating assets." Marik and Mariková, therefore, consider not only the assets but also the sources of their coverage when determining the capital invested. Interestingly, consideration is also given to the fact that the authors exclude only short-term non-interest-bearing liabilities from assets generating operating profit, although it would be assumed that any non-interest-bearing liabilities would be excluded irrespective of their time character.

We can make certain transformations to this equation to simplify further calculations:

$$EVA = NOPAT - WACC \times C$$

$$EVA = ROIC \times C - WACC \times C$$

$$EVA = ROIC \times C - C \left(r_d(1 - T) \frac{D}{C} + r_e \frac{E}{C} \right)$$

$$EVA = ROIC \times C - r_d(1 - T)D - r_e E$$

$$EVA = (ROIC - r_d(1 - T) \frac{D}{C} - r_e \frac{E}{C}) \times C$$

$$EVA = EAT - r_e E$$

$$EVA = ROE \times E - r_e E$$

$$EVA = (ROE - r_e) \times E \quad (2)$$

where

ROIC – Return On Invested Capital
WACC – Weighted Average Cost of Capital
C – Invested capital (of stockholders and creditors), *D* – liabilities, *E* – Owner's Equity
r_e – Costs of Owner's Equity
ROE – Return on Equity
E – Owner's Equity

D/C – the share of liabilities on total invested capital ($C = D + E$)

E/C – share of equity in total invested capital

T – Income tax

while

Asset-based calculation: $C = \text{fixed assets} + \text{net working capital}$ and thus $\text{net working capital} = \text{current assets} - \text{short_term liabilities}$

Liabilities-based calculation: $C = \text{Liabilities} - \text{short_term liabilities}$

Further, we will work with equation (2) as all three variables are easy to obtain through the INFA Indicator system.

In 2007 the Czech Ministry of Industry and Trade in cooperation with the University of Economics in Prague developed and started INFA analysis for all Czech companies. The system is based on 18 indicators. The previous chapter describes the general concept of the EVA criterion and its calculation. The INFA Indicator System (INFA is a registered trademark of Inka and Ivan Neumaier) uses economic added value as the core business performance indicator. INFA is the basic instrument of the reference analysis, which is implemented and published annually by the Ministry of Industry and Trade of the Czech Republic. The INFA Indicator system is a pyramidal breakdown of EVA. The first version of this system was made public 2007, and the most recent update took place in 2012. The system was developed using data of Czech industrial companies collected primarily by the Czech statistical office.

MPO materials describe the methodology in detail (Neumaier, 2012) on 14 pages. The INFA as a financial indicator system is according to (Kralicek et al., 2001) similar to Du Pont, ZVEI and RL indicator systems.

Key INFA Assumptions:

1. The actual or estimated interest rate shall be set at the cost of the liabilities.

2. The market value of liabilities is equal to with the book value of interest-bearing liabilities.

3. Independence of the weighted average cost of capital (WACC) on the capital structure is assumed. Changing the capital structure merely reallocates the total cost of capital between the owners and creditors.

4. In the WACC formula, the $(1 - \text{income tax rate})$ characterizing the taxation used a share of net profit EAT on EBIT profit to reflect the actual impact of taxation.

5. An EBIT is estimated using Operating Profit value.

According to INFA methodology (Neumaier, 2012), risk estimate is a combination of algorithmizable relationships with probability characteristics. In principle, the INFA rating model approaches to risk assessment as a rating agency. Due to the existence of mathematical and statistical analyzes, based on the available financial data of the company, it is possible to set up a function that would lead to comparable results with a rating agency. INFA works with different types of risks. In the online calculation interface, it is possible to add to the risk-free premium, which is determined as the yield of 10-year government bonds, own risk premium or let the INFA model itself calculate risk margin (and therefore r_e) automatically using its own database. We let the INFA model calculate r_e automatically. INFA itself decomposes the risk premium on (i) the risk premium for the financial structure, (ii) the risk premium for the financial stability, (iii) the risk premium for the business risk (this is set by the Ministry of Industry and Trade for each sector and year), and on (iv) the risk premium for the size of the enterprise and the liquidity as:

$$r_e = f(\text{risk-free rate}) + RP(\text{risk margin}) \quad (3)$$

$$RP = r_{FINSTRU} + r_{FINSTAB} + r_{POD} + r_{LA}$$

where

$r_{FINSTRU}$ – risk premium for financial structure

$r_{FINSTAB}$ – risk premium for financial stability

r_{POD} – risk premium for business risk specified in the mpo table for each sectors and years (oscillating around 3%)

r_{LA} – risk premium for company size and liquidity

The Costs of Owner's Equity r_e function is set to rely only on available data and was appropriate for chosen industry risk estimation. The level of risk represents an alternative cost of owner's equity where r_e is the return on capital that could be achieved in the case of an investment in an alternative (equally risky) investment opportunity. It is a complex way of opportunity costs calculation.

ROE calculation according to INFA (Neumaier, 2012):

$$ROE = \frac{EAT}{EBIT} \times \frac{\frac{EBIT}{A} - \left(IR \left(\frac{MS}{A} - \frac{OE}{A} \right) \right)}{\frac{OE}{A}} \quad (4)$$

where:

ROE – Return on Equity, EBIT – Earnings before Interest and Taxes, EAT – Earnings after Taxes, A – Assets, IR – Estimated interest rate, MS – money sources (equity + bonds + bank loans), OE – Owner's Equity.

It is important to see the company as a complex mix of various stakeholder's interests. Besides the founder, who risks most and deserves the highest reward there are also shareholders, creditors, employees, suppliers, customers, who are interested in the profitable existence of the whole organization while each group has its interests. Customers ask for lowest prices and highest quality, suppliers ask for highest prices of delivered goods and services, shareholders highest return on their investment, employees for highest salaries possible and creditors for highest interest while owner for the highest return to offset his risk. For long-term profitability of the company, it all needs to be balanced.

Therefore, from a long-term perspective, one cannot focus only on financial indicators. The key is to find out causes that lead to the financial results and to focus on these causes. Balance scorecard is a method allowing that on the one hand. INFA does a similar job using different indicators.

Investors are thus looking for those businesses where: $EVA > 0$, as the shareholder's wealth, grows in these businesses and the amount of EVA then determines how much money will remain for the company itself to invest in its further development (e.g., investments into innovations which is a prerequisite of long-term prosperity and competitiveness). Companies where $EVA = 0$ produced the same amount they invested in terms of opportunity costs, which is not a desirable outcome as then the profit covers only dividends and the company lack funds for investments. In companies where $EVA < 0$ a destruction of value for shareholders takes place as the company is not able to satisfy the requirements of creditors and/or owners.

Based on the equation (2) we can see that to have positive EVA we need ROE greater than r_e (opportunity costs) as then company creates economic value added.

Results and Discussion

During the analyzed period between 2009 and 2017 unless stated otherwise the financial indicators show that RG Brands own equity increased more than two-fold to 13.5 bn. tenge, liabilities decreased from 16 bn. to 12 in 2010, then it increased again to 15 bn. in 2011 to fall again in 2012 and 2013 to around 10 bn. to start gradually increasing to 22 bn. in 2016 and to fall again to 18 bn. in 2017. The assets increased from 31 to 41 bn. KZT with two exceptions in 2012 when they dropped to 30 bn., and in 2016 reaching 48 bn. tenge. Retained earnings increased gradually from 1.5 to 8.9 bn. tenge with a drop by 1 bn. in 2013. Debt fluctuated between 20 (2012) and 28 bn. tenge (2017) but in 2016 it got to 36 bn. tenge. The bank loans reached 17.5 bn. in 2017 being 22 bn. in 2016. The company is trying to decrease its exposure to bank credit and its interest rates. The sales nearly doubled in those 9 years from 23 bn. in 2009 to 52 in 2017. Gross margin tripled from 7 bn. to 21 bn. tenge but the operating profit although it started to increase from 7.5 bn. to 14.5 bn. in 2012 fell to around 3.8-5 bn. tenge until 2017.

Depreciation remained between 1.2 and 2.1 bn. KZT during the whole period. The interest expenses remained contained in an even lower and narrower band of 1-1.9 bn. tenge. The earnings (EBIT) were negative – 2 bn. tenge in 2009 but in subsequent years averaged 3.5 bn. reaching 4.3 bn. in 2017. On the other hand, the taxes and interest payments took a significant hit and earnings after taxes being -3.2 bn. in 2009 averaged 1.7 bn. in subsequent years reaching only 2 bn. tenge in 2017. Common equity increased from 1.8 to 2.8 bn. tenge and inventories gradually increased from 3.2 to 7.3 bn. tenge while taking a dive in 2016 to 4.7 bn.

The cash from operating activities started at 1 bn. tenge in 2009, then decreased in 2010 to just 0.4 bn. but increasing to 4.2 bn. just the very next year to move sideways between 3.2 and 5.6 bn. to end at just 1 bn. KZT in 2017. The receivables increased by almost 6 fold from about 1.5 to 8.6 bn. KZT.

From this analytical point of view, we can say the worst was the crisis year of 2009 when RG Brands experienced a loss. But as the receivables, cash and owner's equity are about 5 bn. tenge higher than liabilities. Also has lots of inventories. The company is generating positive earnings,

though relatively small considering 28 bn. of debt and that net profit EAT is higher by about by just 20% than interest expenses.

To obtain INFA results the online system (MPO, 2007) requires 18 indicators, however, not all are mandatory for INFA calculation (the system also calculates other indicators besides EVA). To calculate EVA and data related to Czech branch of Nestle, a leader of the local confectionary market, Czech food industry data (average and top food-industry company data) we did not need all 18 indicators. Our analysis uses the following ones: Sales, Interest expenses, Earnings before income tax, earnings after taxes, Total Assets, Inventories, Account receivables, Short-term financial investments (does not include cash, only short-term securities), Owner's Equity (used in Altman as Market value of Equity), Short-term liabilities, Long-term bank and other borrowings, Short-term bank and other borrowings, and Production consumption (= material costs + energy costs + services).

To use the online INFA model we convert to CZK all accounting values in KZT, which are needed for all EVA calculations and use the end of

the year exchange rate for each year included in the analysis during the 2009-2017 period which is available for EVA analysis within the online analytical system (MPO, 2007). For CZKKZT exchange rate we use rates from National Bank of Kazakhstan (NBK, 2018).

The EVA is negative for the company almost all years with two exceptions in 2012 and 2015 when it made relatively small economic profit. This result is in line with previous results of IN models which point to the fact the company is not likely creating value for the owner during the analyzed period. EVA shows the company is happy to earn as much as it needs for regular operation and to repay the debts. Any further expansion is highly risky. ROE is fluctuating significantly so every year the company is facing a bit different environment to which it needs to react. Alternative costs of owner's equity reach relatively high values of 21-34 % because re consists of risk-free rate and risk premium that costs of risk premium for structure, for stability, for business risk and for size and liquidity of the company. Spread is the difference between the Return on equity (ROE) and Alternative costs of capital (re).

Table 3 – Economic Value Added, ROE, re, and Spread calculated using INFA Indicator system

	2009	2010	2011	2012	2013	2014	2015	2016	2017
EVA [thous. CZK]	-636,573	-7,488	-164,809	2,472	-10,455	-148,045	19,091	-134,691	-83,371
EVA [thous. KZT]	-5,149,872	-57,733	-1,224,533	19,627	-80,501	-1,187,324	262,497	-1,759,070	-1,298,927
ROE	-54.26%	25.85%	12.54%	22.11%	23.85%	14.02%	28.37%	8.57%	14.78%
re	34.92%	26.59%	26.23%	21.91%	24.81%	26.81%	23.98%	23.28%	24.39%
Spread	-89.18%	-0.74%	-13.70%	0.20%	-0.95%	-12.79%	4.39%	-14.71%	-9.62%

Source: Authors' calculations using online INFA analysis results

Decomposition of the ROE is presented in Table where ATR is Asset Turnover Ratio (Sales/Assets), ROS is Return on Sales (EAT/Sales), FL is Financial Leverage (Assets/Owner's Equity), ROE is Return on Equity and ER is Equity Ratio which is a proportion of equity used to finance a company's assets (Owner's Equity/Assets). All

indicators were calculated using online INFA calculation (MPO, 2018). ROE decomposition clearly shows the weaknesses and strengths determining ROEs – issues where they are lagging behind the competition and need to improve whether it be the profitability of sales, asset turnover or leverage.

Table 4 – EVA decomposition

	2009	2010	2011	2012	2013	2014	2015	2016	2017
ROS	-13.66%	7.79%	3.62%	6.21%	5.61%	3.26%	4.12%	2.10%	3.81%
ATR	0.73	0.82	0.90	1.18	1.20	1.01	1.29	1.01	1.26
FL	5.45	4.02	3.83	3.02	3.55	4.25	5.34	4.02	3.08
ROE	-54.26%	25.85%	12.54%	22.11%	23.85%	14.02%	28.37%	8.57%	14.78%
ER	18.34%	24.86%	26.12%	33.06%	28.20%	23.51%	18.74%	24.87%	32.42%

Source: Authors' calculations using online INFA analysis results

Return on Sales is rather decreasing which is no good news; the asset turnover ratio is rather increasing which is fine, financial leverage is relatively high during the whole period, we already know the company has a high level of debt of which 60% belongs to banks. In 2012 RG Brands had the highest equity ratio at 33%. It is a 'self-financing' index saying how much of assets are financed by owner's equity.

Conclusion

The analysis presented EVA models on INFA in order to confirm hypothesis only the financially healthy company can create economic value and thus stay competitive. This hypothesis has been confirmed. We have shown all companies although they faced a lot of issues since 2013, evaded bankruptcy, and we also show periods when they generated EVA in relation to when they struggled to survive using many analytical metrics.

When selecting the models, priority was given to those which do not work with the market value indicator, given that in the economic conditions of the Czech Republic and other post-socialist countries its value can be quantified with great difficulties. This is primarily due to the low explanatory power of capital market data, especially for companies with securities with very low liquidity levels.

Hence, in this research, we focus on competitiveness analysis of RG Brands, a soft drinks producer in Kazakhstan using the Economic Value Added analysis, and its decomposition using online INFA system.

It certainly needs experienced management fully aware of local market specifics. The market in Kazakhstan is due to political and economic influences in a permanent change and managements of the companies need to be able to adapt quickly. Another specific of the whole market is high-interest rates causing fluctuating and

hardly predictable interest expenses of all indebted companies. This poses the most important risk to the analyzed company.

Evaluation of presented results is not straightforward as each model is slightly different even if they fall in same (bankruptcy, creditworthiness, mixed or other) family of models. The results need to be read in this context, so it is impossible to say which model is the best or worst one. Some presented models assign a higher priority to liquidity than to rent ability, some point to the higher probability of economic profit creation. A company can have big profits or generate EVA, yet it can be just before bankruptcy because the company does not care about adequate indebtedness and liquidity while it focuses only on top performance (while this is not the case of analyzed company). Such a company situation would be similar to a runner who is overpowered by various aids (in company's case it can be debt) and collapses behind the target tape with a world record, but unable to race again.

The company chosen for this analysis is not that far from the case of mentioned example only with different is does not create relatively significant profit, neither the economic one nor the earnings after taxes. The EVA analysis and decomposition show the company is far from creating value for the owner and will be satisfied if it is able to survive its expansion without facing restructuring in case of higher interest rates affect its interest expenses.

The INFA model shows it provides several very useful competitiveness variables and based on our research it shows interesting results and can be beneficial. Our analysis shows that the INFA Indicator System can be effectively used for competitiveness analysis or financial performance of companies from other post-communist countries including Kazakhstan.

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