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## Financial Analysis of the Greek Private Health Sector over the Last Decade (2002-2012)

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**Abstract:**

*The purpose of this study is to perform a comprehensive financial statement analysis for Hygeia, the largest Private Health Organization in Greece. In this regard, we employ a variety of theoretically advanced approaches. For instance, DuPont analysis based on the decomposition scheme of Nissim and Penman (2001), shows that the capital structure decisions eroded shareholder profits, and specifically their impact was pronounced after the outbreak of the global financial crisis. Considering the unique operating characteristics of the health sector and the hostile macroeconomic environment, working capital management performed generally well, but with a considerable margin for further improvements, if more responsible policies are followed. What is more, thorough analysis revealed that in the last years operating returns were consistently negative and operating cash return were unable to cover effective interest fixed costs. If the external environment does change favorably and if more importantly, the business model of Hygeia does not focus on significant operating improvements, the long term prospect of the organization may be questioned.*

**Key Words:**

*Financial Analysis Statement, Hygeia, ROE, ROA, Asset Turnover, Profit Margin Greece, Private Health Sector, DuPont Analysis, Nissim & Penman Approach*

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**JEL Classification:** M41

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## **1. Introduction**

In this study we evaluate and test the usefulness of the information contained in the DuPont Financial Analysis Model adopting a contextual approach. For this purpose, we focus on the private health sector of Greece, and in particular we restrict our attention on the largest private health organization in Greece, Hygeia S.A., which is also listed in the Athens Stock Exchange since 2002. In this regard, we attempt to measure and assess the financial performance of Hygeia using a comprehensive set of tools based on the DuPont approach. The DuPont model is a useful tool in providing both an overview and a richer understanding of the underlying drivers of profitability. It can serve as a compass by allowing the analyst to identify the economic determinants of operating returns and attach them to observable figures in financial statements.

The contribution of this study is threefold. First, we apply recent theoretical advances such as the decomposition scheme of Nissim and Penman (2001) which enables us to decompose the sources of total profitability into operational and financing activities. Additionally, the particular disaggregation enables the market participants to better understand the source of superior (or inferior) return information contained in the financial statements before and after the financial crisis because of the radical impact on corporate cash holdings. With respect to the selection of the private health sector, four main factors motivate our interest: (i) it is a highly regulated industry, (ii) the government is one of its largest customers, and (iii) it is a labor intensive industry. These factors reflect the unique characteristics of the particular sector and the way they influence the potential indicators of performance.

To best of our knowledge, this is the first empirical study that systematically attempts to investigate the forecasting usefulness of the DuPont model in private health sector of Greece. Our findings are outlined as follows. The profitability declined drastically from 2009 and since then the group is struggling to recover. The decomposition of total profitability allowed us to quantify the contributions of operating and financing; which essentially revealed that not only the operating returns are very low and many times negative but also that the leverage has exactly the opposite impact on shareholder's returns to what is expected.

Line items analysis showed that the variable cost of sales have increased as a portion of sales worsening the position of Hygeia. On the other hand, Hygeia managed to control partially the total operating cost and to lower the ratio of fixed to variable operating costs. Working capital management despite its fluctuation is performing generally well considering the macroeconomic conditions. Finally, cash flows are analyzed to uses and sources of cash showing that the primary sources of cash are non-generating activities and in particular interest income. Most of the cash holding

are directed to scheduled lease payments and to a less extent to support current operations. Evaluating the extent to which earnings before interest and taxes (EBIT) are translated into cash flows we found considerable differences between them which are explained by working capital fluctuations.

The remainder of the paper is organized as follows. The next section briefly discusses DuPont analysis and the literature framework of this analysis. The third section describes the sample and the presentation of discussion of the empirical results. Finally in section four we conclude.

## **2. Literature Review**

There are three streams of literature review. The first one is the theoretical background, the second one refers to the general empirical regularities and third one focuses on particular sectors.

### **2.1 Theoretical framework of DuPont Analysis**

DuPont analysis was developed in 1914 by Donaldson Brown but is still considered as a valid model for profitability assessment. It is a common and straightforward method for assessing factors that influence a firm's financial performance, and has been widely adopted in practice since its development. Financial statement analysis textbooks often advocate decomposing profitability into asset turnover (efficiency) and profit margin (profitability) because of their simplicity in company performance analysis (Palepu and Healy, 2008).

According to the traditional version of the DuPont model, financial performance is represented by return on equity (ROE) which is calculated as the ratio of bottom line income and shareholder's equity. Accordingly, ROE can be expressed as the product of return on assets (ROA) and financial leverage (Thalassinos and Curtis, 2005). Return on assets can be further disaggregated into two multiplicative components; profit margin (PM) and asset turnover (ATO). Profit margin is defined as the ratio of the net income and sales revenue while asset turnover is the ratio of sales revenue and total assets. Profit margin and asset turnover measure how efficiently and effectively the company's assets are utilized to generate profits (Thalassinos and Liapis, 2013). More specifically, asset turnover measures asset utilization and efficiency (i.e. efficient use of fixed assets, inventory, and other forms of working capital), whereas profit margin serves as an indicator of the firm's profitability relating to its revenue. These components allow us to understand the sources of superior (or inferior) returns within company and generally within the health sector.

A modified version (extension) of the original DuPont equation is based on the theoretical framework of Nissim and Penman (2001). They suggest another decomposition system of DuPont model which

## **2.2 Prior empirical studies**

A wide variety of techniques of financial statement analysis exist, there is a stream of literature in equity valuation examining how DuPont components can be used to improve forecasts of future profitability.

Selling and Stickney (1989) were the first who demonstrated with empirical evidence the convex relationship between profit margin and asset turnover. According to the authors the reasoning behind this trade-off is that total accounting returns tend to remain stable across industries for long periods due to different combinations of profit margin and asset turnover offsetting each other because they are constrained by competitive and cost pressures. Nissim and Penman (2001) reinforce the results of Selling and Stickney (1989) presenting a detailed quantitative evidence regarding the relationship between profit margin and asset turnover. In addition, adopting a valuation perspective they suggest a modified version of the DuPont mechanism which separates efficiently the effect of operating and financing items on future profitability.

Fairfield and Yohn (2001) are the first to empirically test the forecasting power of general models based on DuPont analysis. Using a large sample of different industries between 1978 and 1996 they show that profit margin and asset turnover do not contribute in predicting future operating returns. Instead the authors, provide evidence in support of the changes in asset turnover as the only factor providing incremental information over simple indicators of future earnings.

Soliman (2004) provides evidence supporting the notion that industry benchmarks are more useful in predicting PM and ATO and not economy wide averages. More recently, Soliman (2008) investigates the usefulness between of the PM-ATO mix in a market context. In particular his results suggest that changes in profit margin and asset turnover yield additional information about company's operating characteristics, therefore influencing stock returns as well as analysts forecast revisions.

Last and more important for the most relevant work is the study of Chang, Chichernea and Hassab Elnaby (2013). The authors emphasize the unique environmental and operational characteristics (i.e. heavy government regulations and labor intensiveness) of the US health care industry. Using the research design of Soliman (2008) they demonstrate that only profit margin yields a reliable signal about changes of futures returns which contradicted the findings of previous studies. The authors ascribed these results to the special features (unique operational and regulatory structure) of health care industry.

### **2.3 Health care setting in Greece**

Since late 2006, Greece has been affected by the global financial crisis more than any other European country with unprecedented severity, making Greece an important candidate for testing relationship between socioeconomic factors and a population's well being. The national debt rose from 105,4% of gross domestic product (GDP) in 2007 to 142,8% in 2010 and 157,2% (GDP; €343,8 billion) in 2012. The impact of crisis reached its peak in early 2011, as the monthly inflation rate leaped from 1,7% in July 2009 to 4,3% in June 2010. The period of the financial crisis is characterized as an era of economic turmoil, with rising health care needs and increasing demand for public services collide with austerity and privatization policies, exposing Greece's population health to further risks.

According to official data, the Greek healthcare system was distributed €6,1 billion of the total national budget in 2011 unlike the €4,4 billion in 2012 (about 30% reduction). Such a decrease significantly affected the structure and overall function of public health care, including hospitals, deficits, shortages or even complete lack of drugs and other basic medical and surgical supplies. The workforce in the health sector has also been strongly affected by the applied fiscal oriented policies, suffering among others from a significant reduction in their salaries.

In attempting to explain these policies, we should indicate that in the period 2000-2009 the health spending per capita in Greece was increased at an average rate of 7% per year, compared to 4% in the other OECD countries. The 25% of the country's health expenditures concern pharmaceuticals, being one of the main reasons for such an increase. This, in turn, has placed the country in the third position among the most expensive OECD countries. Furthermore, although hospital budgets were reduced by 40% the admissions and utilization of public health service were increased by 30% during the last two years, highlighting the shift from private health sector to the public one. The 30% decline reported in admissions to private hospitals confirms the aforementioned data. It is also worth pointing out that there were about 40% cuts in hospital budgets, understaffing, reported occasional shortages of medical supplies, and bribes given to medical staff to jump queues in overstretched hospitals (Ifanti, Argyriou, Kalofonou and Kalofonos, 2013).

## **3. Empirical Investigation**

### **3.1 Data sample**

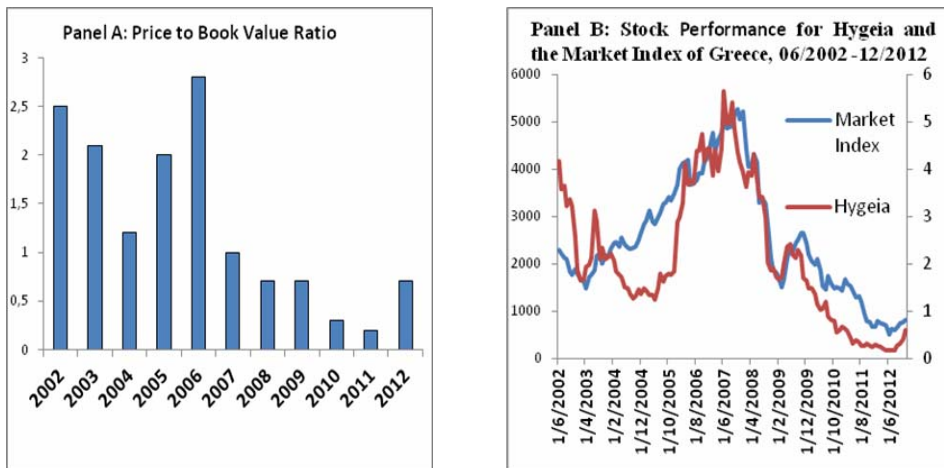
Our sample period is 10 years from 2002 to 2012. We obtain annual data from Thomson Reuters database and from the website of Hygeia S.A. ([www.hygeia.gr](http://www.hygeia.gr)). Also, daily stocks of Hygeia and stocks of market indec obtained from Datasream.

### 3.2 Discussion on empirical results

#### 3.2.1 Market expectation vs balance sheet

The following figure depicts the relationship between the market expectations and the value of the firm based on financial statements. Panel A shows that until 2006 the market euphoria is reflected in high expectations regarding the present value of growth opportunities of Hygeia. However, after 2007 the divergence between market and book prices is significant smaller which indicates the general pessimism of market participants. Panel B reveals that the market index and Hygeia move in tandem especially in the period between 2006 and 2008. Further unreported results showed a statistically insignificant coefficient beta (risk factor relative to an average investment) of Hygeia is 0,20. Nevertheless, after 2012 is seems that the market is revising its expectation regarding the long-term prospects of Hygeia.

**Figure 1: Relationship between the market expectations and the value of the firm based on financial statements**



#### 3.2.2 Profitability analysis

Profitability ratios measure a company's ability to generate earnings relative to its capital base. Two well-known profitability ratios are the return on assets (ROA) and the return on equity (ROE). Both inform us about a company's ability to generate earnings from their investments, but they do not identical.

ROE is a comprehensive indicator of a firm's performance because it provides an indication of how well managers are employing the funds invested by the firm's shareholders to generate returns. A company's ROE is affected by two factors: how profitably it employs its assets and how big the firm's asset base is relative to shareholders' investment. To understand the effect of these two factors, ROE can be decomposed into return on assets (ROA) and a measure of financial leverage, as follows:

$$\text{ROE} = \text{ROA} \times \text{Financial Leverage} = \frac{\text{Net Income}}{\text{Assets}} \times \frac{\text{Assets}}{\text{Shareholders' Equity}}$$

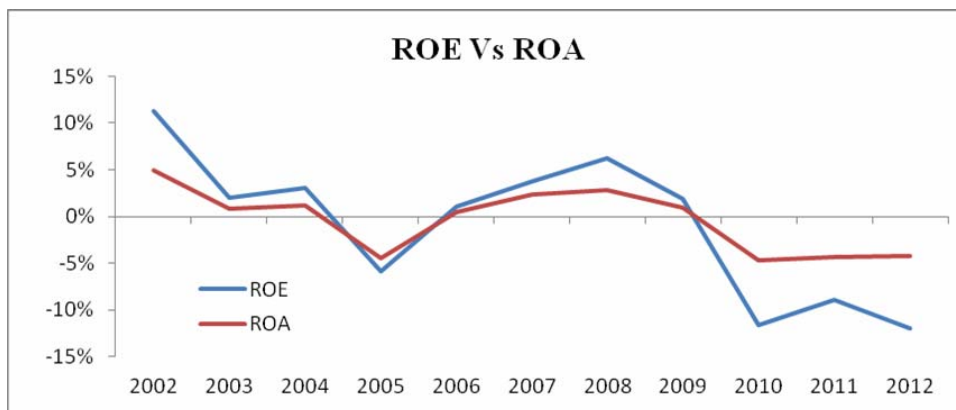
ROA shows us how much profit a company is able to generate for each dollar of assets invested. Financial leverage indicates how many dollars of assets the firm is able to deploy for each dollar invested by its shareholders. The return on assets can express into a product of two factors:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}}$$

The ratio of net income to sales is called net profit margin or return on sales (ROS) while the ratio of sales to assets is known as asset turnover. The profit margin ratio indicates how much the company is able to keep as profits for each dollar of sales it makes. Asset turnover indicates how many sales dollars the firm is able to generate for each dollar of its assets.

Figure 2 displays the two most important profitability ratios of Hygeia: return on equity (ROE) and return on assets (ROA). It reveals that the group had achieved huge returns up to 2009 while the last three years returns fluctuated at lower levels. This decline was partially expected as the supernormal profits of previous years started reverting to steady state levels due to intense competition, cost structure pressures and the economic downturn.

**Figure 2: The two most important profitability ratios of Hygeia: ROE & ROA**



From 2002 to 2004 ROE is greater than ROA, which reflects the benefits of the leverage. In 2006, ROE is equal to ROA but in the remaining period, the opposite is true. Therefore, the last years the company is not generating sufficient profits to

cover the cost of borrowed funds. This situation is difficult to reverse when there is an economic downturn<sup>3</sup>.

### 3.2.3 Advanced DuPont Analysis

Even though the above approach is popularly used to decompose a firm's ROE, it has several limitations. In the computation of ROA, the dominator includes the assets claimed by all providers of capital to the firm, but the numerator includes only the earnings available to equity holders. Total assets include both operating assets and financial assets such as cash and short-term investments. Further, net income includes income from operating activities as well as interest income and expense, which are related to financing decisions. Additionally, the financial leverage ratio used above does not recognize the fact that a firm's cash and short term investments are in essence negative debt because they can be used to pay down the debt on the company's balance sheet. For evaluating the core business activities it is useful to distinguish between these two drivers of performance. To address this issue an alternative approach to decompose ROE is employed.

In particular, we adopt the theoretical framework of Nissim-Penman (2001) according to which the return on equity can be separated into two components, the operational and the financial one, as shown below.

**Return on Equity (ROE) = Operating ROA + Financial Leverage Gain or Loss**

Operating ROA is a measure which indicates the ability of a company to deploy its operating assets in generating profits. It can be calculated by multiplying the operating profit margin and the net operating asset turnover.

$$\text{Operating ROA} = \text{Operating PM} \times \text{Operating ATO} = \frac{\text{Operating Profits}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Net Assets}}$$

Financial Leverage Gain shows the level of financial leverage that the firm uses. It is used to identify the financial leverage of the company i.e. to identify the degree to which the firm's activities are funded by the owners versus the money borrowed from creditors. The definition of financial leverage gain is:

**Financial Leverage Gain or Loss = Spread × Net Financial Leverage**

Spread is the incremental economic effect from introducing debt into the capital structure. This economic effect of borrowing is positive as long as the return on

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<sup>3</sup> For the purpose of our analysis one-off items with a material on profitability are excluded. More specifically, we add back impairment figures of 44,3 million and 100,9 million for fiscal years 2010 and 2012. These amounts are related to intangibles such as goodwill of acquired companies and they are considered as irrelevant because they do not explain the sustainability of the company's earnings.



operating assets is greater than the cost of borrowing. The spread is defined as follows:

$$\text{Spread} = \text{Operating ROA} - \text{Effective Interest Rate After Tax}$$

Where,

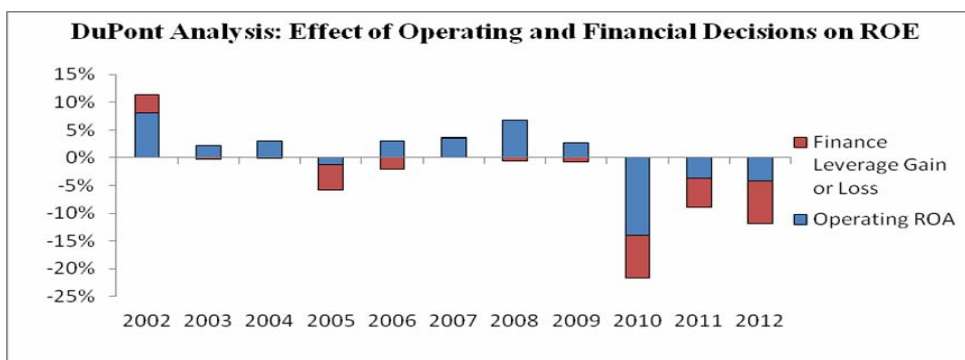
$$\text{Effective Interest Expense After Tax} = \frac{\text{Net Interest Expense After Tax}}{\text{Net Debt}}$$

And,

$$\text{Net Financial Leverage} = \frac{\text{Net debt}}{\text{Equity}}$$

Figure 3 provides a visual summary of the contributions of the operating and financial activities. In particular, it illustrates that except 2002 the shareholders did not earned any benefits from the use of debt capital. After the end of 2009, however, the inefficient use of debt capital was exacerbated by the deterioration of customers' confidence and the lack of investment opportunities. More specifically, 35,31%, 58,05% and 64,63% of (negative) ROE is attributed to the effect of financial leverage, for years 2010, 2011 and 2012, respectively. This finding is intriguing because it would be reasonable to expect that in periods of negative growth of the overall economy the operating assets would be deployed more efficiently, such that their return could outweigh effective debt costs. Obviously, this is not the case here<sup>4</sup>.

Figure 3: Effect of operating & financial decisions on ROE

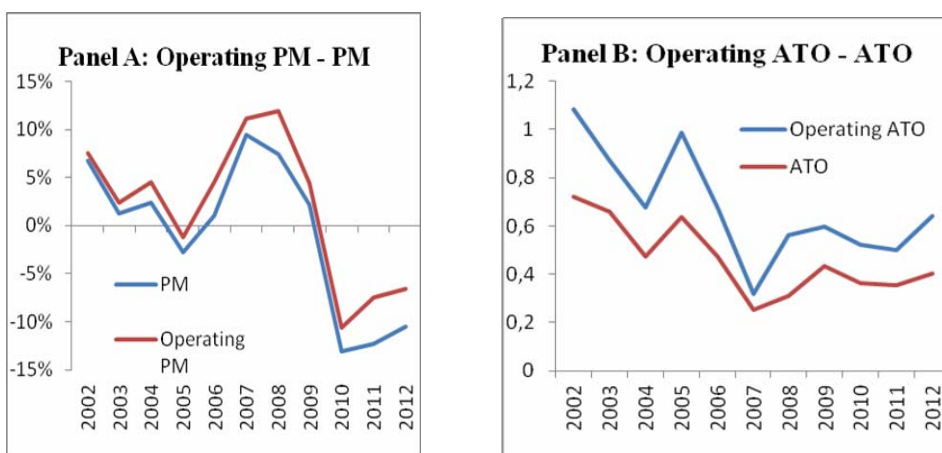


As it can be seen from Figure 4, profit margins move in tandem and are continuously declining maybe due to the high costs and budget constraints. In contrast, there is a permanent distance between ATO and operating ATO with the

<sup>4</sup> It should be noted that the demarcation between operating and financial elements assumes the absence of non-recurring events. However, in 2012 the goodwill of a recently acquired Company (Mitera) was subject to the periodic (annual) goodwill exercise. In the annual report, Hygeia reported that total impairment amounted of 2012 to 100,9 million. This figure was excluded from our calculations because it does not affect the operations nor the capital structure, it is only an accountants attempt to capture the fair value of intangible assets of the acquired company.

latter is increasing rapidly in 2012. From a first glance a high asset turnover means that the company utilizing its assets efficiently to produce sales. However, in periods of economic downturn, when PM is negative an increase in ATO is not logical because the managers do not want to increase losses. Therefore, the increase in ATO must be explained by other factors. Further analysis shows that the percentage change of sales (nominator) is greater than the percentage change of net operating assets (denominator). Thus, the movement of operating ATO is not a result of managerial actions but perhaps a consequence of macroeconomic shocks.

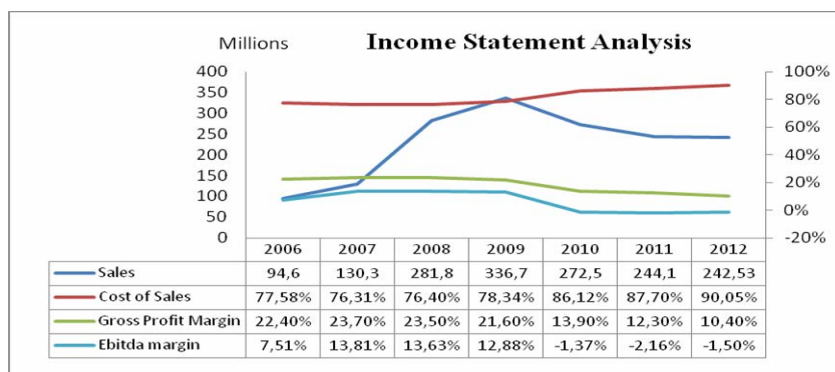
**Figure 4: Operating Profit Margins and ATO**



### 3.2.4 Line item analysis of profitability

In this section, we assess the asset management with using line item analysis. Asset management ratios indicate how successfully a company is utilizing its particular asset components to generate revenues.

**Figure 5: Income statement analysis**



The sudden reversal of the upward trend in sales and the increase in cost of sales as a percentage of sales reflect the adverse macroeconomic environment and the high degree of uncertainty. These factors combined with growing competition do not allow changes in the pricing policy to benefit of the company. Cost of sales represents on average 82% of sales in the last seven years, showing relatively little volatility during this period. Similarly, gross margin averaging 18% for seven years, is moving inversely with the cost of goods (except for year 2007). This suggests a lack of stability in this period and radical shifts in the competitive environment which are explained by the fluctuations that were before and after the crisis.

On the other hand, the rate of change in sales has fluctuated considerably in recent years. Particularly, from 2009 onwards, the sales growth rate is negative, and in 2010 it experienced a disproportionate reduction by 19% compared –when compared with the times series average trend– which was not accompanied by an equivalent reduction of cost of sales. Thus, although the decrease of sales by 19% in 2010, the cost of sales increased by 7.8% resulting in gross profit decrease by 62%. EBITDA excludes the effect of depreciation. The sharp decline in the last three years confirms the finding that variations of fixed operating costs is not a sufficient explanation of the increase in total operating expenses.

### **3.2.5 Line item analysis of asset efficiency**

Asset turnover is the second key factor that determines the performance of equity. In the healthcare industry, there are technological innovations that can establish the relative position of an organization, if used properly. The efficiency of total assets can be evaluated on the basis of time horizon in the short term with working capital management and in the long term with tangible capital ratios.

#### **Working capital management**

In this section we investigate the short-term performance of shareholders investments, focusing our attention on the operating working capital. This can be calculated, from the difference of current assets and current liabilities after excluding the financial component (cash, securities, checks payable, etc.).

**Table 1: Operating working capital turnover**

2006	2007	2008	2009	2010	2011	2012
27,24	41,48	17,88	17,14	22,64	9,37	13,62

The reduction in operating working capital as a proportion of sales shows the effort of management to achieve operating savings by reducing working capital requirements. As expected, similar behavior exhibit the ratios referring to the time needed for the realization of short-term receivables and the time required for the payment of suppliers.

**Table 2A: Day's Receivables & Day's Payables**

2006	2007	2008	2009	2010	2011	2012
95	90	75	95	132	138	95

**Table 2B: Day's Payables**

2006	2007	2008	2009	2010	2011	2012
125,22	91,50	56,30	56,92	77,85	89,76	82,76

Also, it is worth noting that day's receivables are growing (up to 2011) which means that the company is facing problems in managing customer relationships. Finally, time payment to suppliers has a rising trend until 2011 fact that ceases in 2012 which means that the company receives a lot of pressure from its creditors.

**Table 3A: Accounts Payable Turnover r**

2006	2007	2008	2009	2010	2011	2012
2,91	3,99	6,48	6,41	4,69	4,07	4,41

**Table 3B: Accounts Receivable Turnover**

2006	2007	2008	2009	2010	2011	2012
3,85	4,05	4,87	3,86	2,77	2,64	3,85

Accounts receivable turnover are reduced until 2011 and this probably reflects lower sales and simultaneously (in percentage terms) a decrease in receivables, while in 2012 this condition seems to changed radically. In particular, the company is taking longer to pay off its suppliers until 2011, period after which the company is paying of suppliers at a faster rate. The accounts payable turnover have many fluctuations, with a dramatically increase from 2007 to 2008, and a steady decline from 2009 to 2011. From that time period, the company seems to recover. Thus, from 2011 onwards the company was able to repay its suppliers quickly and the accounts payable turnovers are favorable.

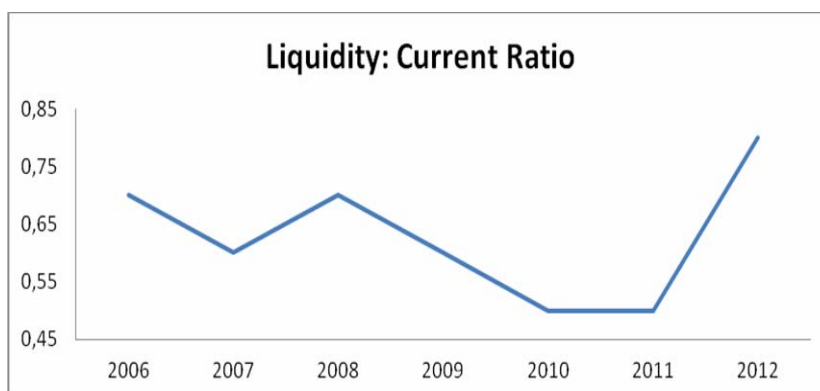
### **3.2.6 Evaluation of financial management**

#### **Short term horizon: liquidity & current liabilities**

The inventory levels of the firm are relatively low due to the nature of the industry. For this reason, we measure liquidity using only the current ratio. The liquidity ratio in figure 6 is always below one which suggests that the company cash position is not quite healthy. However, this trend should be interpreted with caution. A closer look in the financial statements of the company reveals that the financial policies of the company were changed since 2011. In particular a significant change to a more generous credit policy towards the customers was apparent. On the other hand

account payables were reduced to a higher degree in absolute terms, which partially explains the slight improvement in the liquidity positions.

**Figure 6: Current ratio**



### 3.2.7 Long term horizon: debt & sustainability

The capital structure of the firm over time indicates a preference to debt capital. However, the operating activities do not generate sufficient cash flows to cover the increased debt burden as the interest coverage ratio is continuously deteriorating to dangerous levels.

**Table 4A: Net Debt to Net Capital Ratio**

2006	2007	2008	2009	2010	2011	2012
0,27	0,19	0,32	0,29	0,41	0,31	0,57

**Table 4B: Interest Coverage (cash flow basis)**

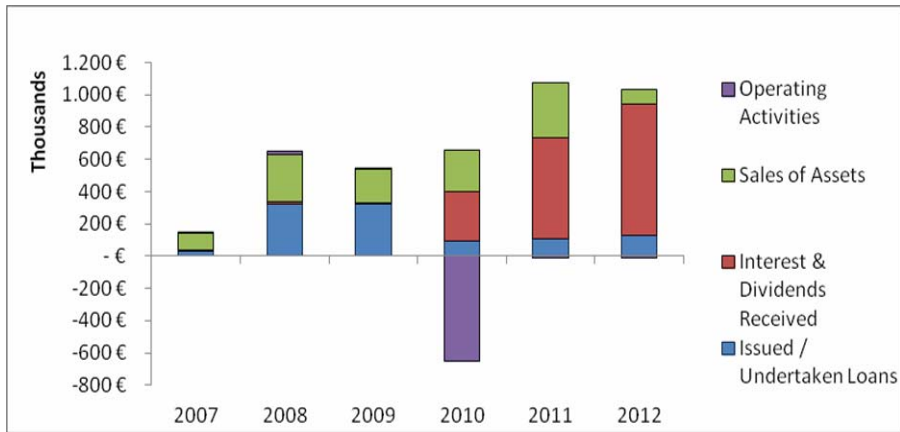
2006	2007	2008	2009	2010	2011	2012
3,27	6,21	1,81	2,40	1,67	0,50	0,57

It is clear that from 2007 onwards the coverage ratio is gradually approaching the unit until 2010. The last two years the coverage ratio is less than one, which implies that the firm is in an extremely risky situation and due to the low coverage ratio, the firm may face a problem of meeting interest obligations. Therefore, the ability to recycle old debts with new ones is compromised and this should alarm the creditors of the firm.

### 3.2.8 Cash flows analysis

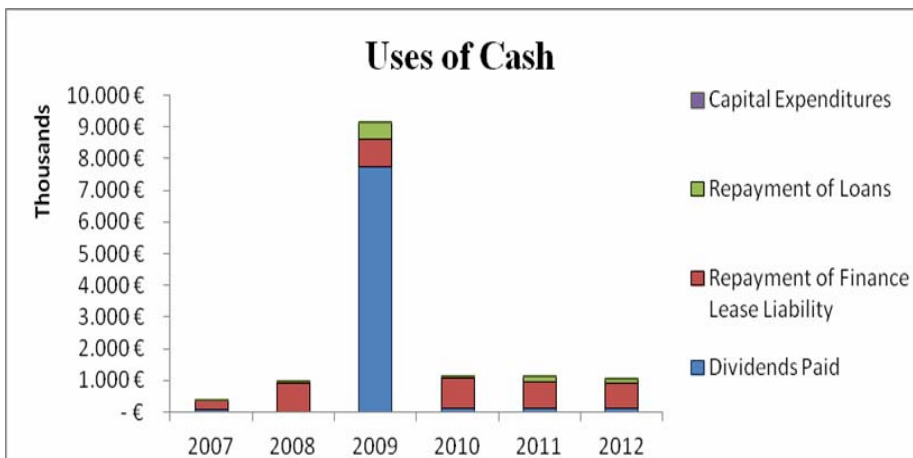
At this point, we get further insights into the firm's operating, investing and financing policies by examining its cash flows. The cash flow analysis which we apply is based on the sources and uses of cash.

**Figure 7: Sources of Cash**



Apart from 2010 the primary sources of cash were the interest and dividends received and sales of assets. These funds were directed to repay borrowings and to make capital investments. In 2010 operating cash flows were negative (due to intense competition and also to unexpected bad performance of foreign subsidiaries). The management responded by drastically reducing loans, initially, and then reducing the sales of assets, and managed to restore operating cash flows to positive levels.

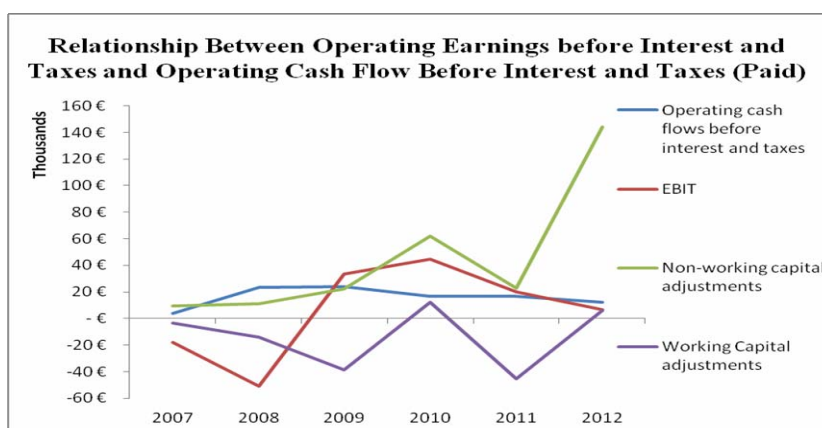
**Figure 8: Uses of cash**



The principal uses of cash were repayments of finance lease liabilities except for the year 2009 where the payment of dividends took place.

The comparison between earnings and operating cash flows, informs us about the amount of the accrued profits and hence on the quality of accounting information. Generally the difference between these figures and their volatility is not desirable. To be more specific we adjust net income and operating cash flows relative to the amount of interest and taxes that have been charged and paid respectively. Therefore, the accounting figures used are EBIT and operating cash flows before interest and taxes paid.

**Figure 9: Relationship between operational earnings before interest & Taxes and operating cash flow before interest and taxes**



From the Figure 9, it is shown that the cash flows for the period 2007-2012 are positive. Also, cash flows until shortly before 2009 exceed profits, which were expected because the company and the market were experiencing growth problems. In contrast, after 2009, the picture changes mainly due to the change of business model (investments in modern buildings, new technology, and niche markets). Finally, it should be underlined that organizations with relatively small size of the operating cycle (i.e. health) have little lag between earnings and cash flows. As a consequence, the changes related to the working capital explain the discrepancy between EBIT and CFO.

#### 4. Conclusion

In this paper we examined the usefulness of DuPont analysis – a building block of financial statement analysis – that decomposes total returns to shareholders into operating returns and financial gains or losses. This separation is extremely relevant in a decision and valuation context because it allows us to determine and quantify with considerable precision the contribution of operating decisions and more importantly the impact of capital structure mix. In our case, we document that Hygeia's financing decision have magnified the losses generated in the last years

due to either the financial crisis or poor management. For instance, financial leverage accounted for 65% of total shareholder losses of 2012.

We avoid purposely express the losses generated by financing decisions into monetary terms because the resulted amount depends on the particular definition of operating earnings. This exercise is left to the interested reader because the calculation it is simple arithmetic. From a general perspective, Hygeia seems to have entered into a phase of gradual recovering in terms of short term liquidity and profitability. However, a number of issues have to taken under careful consideration. We conjecture that the group is taking advantage of poor services provided by the public health organizations and to a less extent its successful brand name. This fact indicates that the competitive advantage of Hygeia is based on the weaknesses of its competitors and not much on its strengths which question the sustainability of its earnings power in the long-term. In addition, special attention must be given to the liquidity management. In spite of showing cash rations close to the industry averages, the group bears a heavy debt burden which is directed to financial obligations (recycling of debt) and not value generating activities. On the other hand, the firms is restructuring and expanding some if its segments by acquisition of smaller similar organizations. Obviously, these investments need time to mature and thus to be evaluated properly.

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