EVALUATION OF PROFITABILITY OF THE ACTIVITY OF COMPANIES

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The main purpose of any company's operation is to increase its value or increase the value of the company to shareholders. In realizing the main goal, the company's activities should be aimed at achieving two main objectives: first, the company should increase its revenues by increasing sales; and secondly, to be profitable, that is, to provide return on investment capital exceeding the nominal value of its attraction.

To signal the achievement of the goal, the ROI (ROI) is defined as the percentage of return on the capital invested by the company. Among other indicators, such as return on equity (ROE), return on equity (ROA) and return on sales (ROS), return on investment is the most accurate indicator for determining the financial performance of a company:

$$ROIC = NOPAT/IC * 100,$$

where NOPAT is net operating income after tax;

IC – the total amount of invested capital.

It is worth noting that the differences in the coefficient within the industry are sometimes more significant than the differences between industries. For example, the wholesale sector. The difference between the largest and the smallest value of ROIC companies in 2016 reached 39.59%. These differences indicate that there are many subgroups in this industry with very different structures and operate in very different competitive conditions and in order to make grounded conclusions it is necessary to calculate the mean square deviation.

On the basis of the data obtained, we can say that the lowest value of σ is in the following sectors: health (1.7%), food products (2.2%) and cars (3.5%). This means that each value in the sample on the average deviates by 1.7; 2.2; 3.5% of the average. And it indicates that most of the values are close to the average, and, therefore, indicates a small variation of the data.

The largest value of the σ ROI coefficient is wholesale and is 16.5%. That is, the return on investment capital on the average deviates by a magnitude of 16.5% of the average. Consequently, this branch has a great variability.

Standard deviation is also the most common indicator of risk measurement associated with investments.

In areas such as extractive industry, health care, financial and insurance activities, information technology, the average quadratic deviation decreased over the analyzed period. In fact, the return on investment is showing less volatility in 2016 compared to 2014. Interpreting this result, it can be said that the investment risk has decreased in these industries, that is, the ROIC dynamics is predictable.

The study showed that the average ROIC was significantly above the standard deviation in the following industries: retail trade, food products, information and telecommunications, aerospace and defense industries, information technology, transport, postal and courier activities, chemical industry indicating financial sustainability these areas of activity to risk.

Thus, the most profitable field of activity is the aerospace and defense industry. It should be noted that for the entire analyzed period, this industry was characterized by the highest value of ROIC. Although the average square deviation in this industry is not the smallest, the ROIC average is the largest. That is, the risk of investing in this sphere of activity is higher than that of others, but the return on investment capital will be the largest.