

ANALYSIS OF FINANCIAL PERFORMANCE OF FARMA INDUSTRY COMPANIES LISTED ON BSE –BUCHAREST STOCK EXCHANGE

Associate professor PhD. Camelia Cătălina MIHALCIUC
Stefan cel Mare University of Suceava, 720229, Romania
cameliam@seap.usv.ro

Student Oana Narcisa ALEXA
Stefan cel Mare University of Suceava, 720229, Romania
alexaoanan@gmail.com

Abstract

In the era when we are at the same time in the competitive environment of the market economy for each company it is very important to be highlighted, especially when we refer to the companies listed on the stock exchange. Defining for what means performance and which involves performance management it is the fact that it has a complex character and generally focuses on the extent of the efficiency of each company, branch or sector of activity. Most of the time, performance is associated with the financial results of any company, and performance management is associated with how performance is determined. Starting from these considerations, the first part of the paper presents specific aspects which refer to the performance and the defining elements that refer to the performance management met in the business environment, highlighting the typology of the indicators used in measuring the performance of the company, and the second part of the paper, through its applicative approach presents a detailed analysis of the financial performance for 4 companies in the pharmaceutical industry during the period 2014-2018, based on the data presented at BSE - Bucharest Stock Exchange.

Key words: EVA; MVA; EBIT; EBIDA; BSE.

JEL Classification: M11; M41.

I. INTRODUCTION

The current stage of knowledge of the topic, taking into account the review of the specialized literature, shows us that the analysis of the performance, the performance management and the indicators that highlight these aspects is a field in continuous development. Due to the global economic context and the competitive economy in which the business activity is developed, they are required to constantly evaluate their performance regardless of the field of activity, structure, or level of maturity, and this gives the work the novelty and at the same time a continuous evolution.

The expansion that takes place in each country is a problem with a high level of interest and has a major impact on the whole society when we refer to financial, social and cultural issues. For all those companies that want to expand their activity and think about developing it externally, it is very important that from the moment of their listing on the stock exchange they are known by the potential clients and to show interest in the existing offers so that the companies involved are performing and produce an added value for each involved company.

II. GENERAL AND SPECIFIC ASPECTS REGARDING PERFORMANCE AND PERFORMANCE MANAGEMENT

Performance is a concept with a complex character, which has known in the literature a number of definitions. Many of them tended to focus on the size of efficiency, associating financial results with a first form of performance (Burja & Hada, 2017: 8-14).

The performance of a company indicates the level of its progress made by the constant efforts. The notion of performance has an abstract character, and a correct and complete definition of this notion can be achieved only by referring to the other concepts. Performance represents that unstable balance between efficiency on the one hand, which is an endogenous indicator of the company and efficiency on the other hand, which shows us the relationship with the company's partners (Albu & Albu, 2005: 31).

The authors Lavalette and Niculescu (1999) define the performance in a similar way, highlighting that "the achievement of all the goals the organization has without regard to their nature and degree of variety". Based on the opinion of these authors, performance is influenced only by the degree of achievement of all the objectives, without taking into account the activity object of each company. However, returning to explaining the significance of the notion of performance, these two, Lavalette and Niculescu describe it as "a state of affairs of the company characterized by competitiveness, and this state of competitiveness ensures a sustainable presence

on the market only with the help of a high level of efficiency and effectiveness” (Lavalette & Niculescu, 1999: 228). Therefore, according to the definition given by these two authors, the performance of a company is in fact the result of the efficiency and effectiveness of all those activities that the company carries out.

Performance is an indicator that represents the potential of future results and that appears after the achievement of all the objectives from the strategic level, this referring to aspects of the future and not to present situations (Jianu, 2007: 24).

The performance of a company needs to be characterized and interpreted also from the perspective of sustainable development and sustainability (Popa, 2005: 1-5). The approach at the level of sustainable development is realized with the help of the citizen responsibility that is based, generally and balanced, on a responsible attitude of the performance, when it comes to the financial, social and environmental side. All these aspects that present the performance from the perspective of the sustainable development and the sustainability have the role to favor a balanced presentation of all the advantages and the results that take place at the level of the business, basing on the game of power, on the anticipation of the future and on the interests of the following generations.

The performance of a company can also be appreciated from the perspective of the notion of "growth", as a tend of the company to expand in terms of scope of activity and at the same time the indicators used to interpret the existing growths, such as: turnover, production of the exercise in correlation with the total assets, the added value, the value of the human potential (Petrescu & Mihalciuc, 2006: 4-7).

The performance of a company (Lorino, 2001: 17), includes everything that helps to achieve the general purpose and at the same time only what helps to achieve the general and strategic goals. In other words, only when a company achieves its strategic objectives can it be said that it is a performing company and that its activity is performed profitably.

Analyzing the concept of performance, the framework in which the financial statements are prepared and presented according to the IASB (International Accounting Standards Board), we can affirm that the meaning given to the income is in fact, the variation of the net assets at the level of the reporting period, and in the short term, there is the possibility that both the IASB and the FASB (Financial Accounting Standards Board) would like to modify the profit and loss account to give a complete result. However, the concept of performance and measurement of income level changes from year to year, and the way in which the current reporting is performed is based on the income and expenditure realized. Both the reporting companies and the analysts in the field come to identify at the level of the income that is reported all those elements that are thought to continue as long as the price of the shares will depend on it (Epstein & Mirza, 2005: 55).

At the firm level, performance is what helps to improve the concept of cost - value, and not only what helps reduce costs or increase the value level (Pintea & Achim, 2010: 38), due to this fact we can argue that a firm is really performing when it is possible to create optimal values for the cost-value couple or in other words it manages to reduce costs and increase the value.

The optimization of the cost-value couple as we find in the specialized literature, is materialized in the addition of economic value, market value or management value. From here we can say that the level of importance arises when it comes to the creation of surplus value by each company, considering that this is the one that actually leads to the performance, so that all these cannot be considered to represent the performance. if all the objectives are not achieved without creating value for performance.

The management of the company frequently uses the analysis and interpretation of its own results and at the same time the financial performance referring to the situation of the industry and of the main competitors to establish its position. At the same time, we can say that performance monitoring is decisive for the level, place and time of investments, research-development, marketing and promotion policies (Petrescu & Mihalciuc, 2006: 62).

Performance management is a complex process that analyzes the topic of performance and reflects the link between entity and performance, including strategy definition, strategy implementation, training and performance measurement. The performance indicators aim at continuous improvement of the performance based on the continuous application of the following principle: Planning - Execution - Control – Action (Cenar, 2017: 111).

Performance management is a branch of scientific management and consists of several disciplines. Given the scope of performance management coverage it can be applied at all levels of a company and is a process capable of directing the company to reach the optimum level of performance. This process is determined by an evolution given by the company strategy, the objectives and their mode of achievement and at the same time by the constant evaluation of the performance (Mihalciuc, Costas & Barnea, 2006: 119-124).

Performance management has as main pylon the performance calculation based on the KPI- Key Performance Indicator. All these performance indicators represent the measures that characterized the state encountered at a moment in the phenomena, processes and activities and are oriented towards those areas that generate results. For an indicator to be a Key Performance Indicator (KPI) it must meet the following characteristics: be useful, quantifiable, logical and succinct. In addition to all the characteristics of a performance

indicator, it must be objective and chosen applicable for the measurements that define it, in other words the indicators must be SMART (Specific, Measurable, Adaptable, Achievable and Time-bound). Studies conducted over time have shown that no performance indicator can fully offer the ability to have a perfectly clear vision of performance and cannot fully handle critical situations, which have a strong impact on the whole firm (Bostan & Grosu, 2011: 7). When reporting KPI (Key Performance Indicator) performance indicators, the report must include their definition, purpose, reference period and details that refer to the results that have been obtained.

The reporting of these indicators aims to decrease the information asymmetry between insiders (those whose jobs are protected by various labor costs) and outsiders (those whose jobs are not protected), thus helping them to evaluate the performance of the company with a much higher level of objectivity. Reporting with performance indicators makes any company more credible on the market, attracting the increase of the share price at the company level (Elzahar, Hussainey, Mazzi & Tsalavoutas, 2015: 9).

The totality of the quantity of indicators that helps to measure the performance does not influence the cost of capital or the market value of a company, these variables being influenced only by the quality of the indicators.

III. INDICATORS TO APPRECIATE THE PERFORMANCE OF THE COMPANY

The indicators of appreciation of the performance of the company are measurable values that demonstrate the efficiency of the way in which the company achieves its objectives. An indicator is much more than just a number, it is a management tool with a lower or higher level of complexity and which gathers a set of information about the financial position of the company.

Traditional / classic indicators for measuring the performance of the firm are those indicators that present the financial information from the historical perspective of the company and are based especially on results, excluding the cost of invested capital. In Figure 1 will be presented the traditional tools that can be used when it comes to assessing the performance of a company.

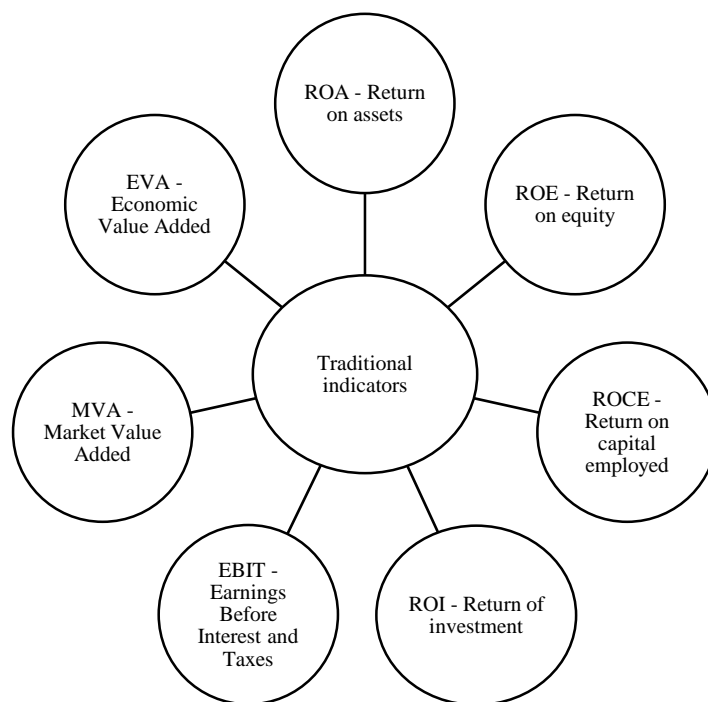


Figure 1 - Traditional indicators to appreciate the performance of the company

Source: Own processing

The return on assets (ROA) is an indicator that has the role of measuring the efficiency at general level of the managerial activity of generating the profit based on the assets.

ROA is a high efficiency indicator that measures performance, and this efficiency is given by the fact that it is based on the data found in the balance sheet. ROA as a performance indicator measures only the profit related to the assets, without calculating other specific obligations that refer to these assets. In this way, the ROA presents one of the measures for calculating the profitability of the production activity and the marketing one, which is, however, separated from the financing function (Vasilescu, 2011: 161).

Return on equity (ROE) is an indicator of performance appreciation that indicates the degree of efficiency and profitability of a company's capital investments. The return on the capital employed is obligatory to be higher than the value of the financial lever, which means, in fact, the rate at which the company borrows. If the ROCE is not higher than the rate at which the company borrows, each new increase in the degree of liability will lead to decrease the profits that are the shareholders (Vasilescu, 2011: 161).

The return on financial performance (ROE) is an indicator of performance evaluation that measures the profit that was obtained on equity. The rate of financial return is an efficient indicator of measuring the performance of the company, given that it is based on the balance sheet situation, but the same as the return on assets, it can be manipulated. If ROE is the main objective of a company, and this cannot be achieved on the basis of better performance, the value of its equity can be reduced by buying new shares, with the help of cash or by using debt to finance the purchase. In the situation in which the company will use the debts to increase the ROE level the shareholders will be disadvantaged. The rate of financial return is a very important indicator of performance appreciation, but it is necessary to be evaluated according to its limits and not to be used mechanically simply because the ROE level is always better. At the same time it is necessary to take into account the fact that the ROE doesn't take into account the structure and risk of financing (Vasilescu, 2011: 161).

ROI - Return of Investment - the net profit / investment in the project is an indicator by which it can be established to what extent a business produces profits from the use of capital.

EBIT - Earning Before Interest and Taxes; $EBIT = \text{Gross Profit} + \text{Interest expense}$, is an indicator of performance appreciation that helps us calculate the value of the profit obtained before the income tax and interest are paid.

EVA - Economic Value Added; $EVA = \text{Net Operating Result} - \text{Cost of invested capital}$; $\text{Net operating income} = \text{Operating income} - \text{Profit tax}$. EVA is one of the indicators that helps to evaluate the performance of the company.

EVA Performance Appreciation Indicator - Economic Value Added - The economic value created first appeared in the specialty literature in 1964, in the work "Management for results", written by Peter Drucker. The principles of this indicator have been discovered and analyzed for a century by the economist Alfred Marshall. This economist defined the invested capital as a determinant of EVA) and represents one of the economic results. This economic result is actually the creation of value when it comes to shareholders or "residual result", when it comes to the accounting field.

Alfred Marshall's research into the concept of economic value created has been continued by US economists such as Stern and Bennet Stewart and has been carried to the stage where this performance appraisal tool is now being used in the US and European corporate environment to assess performance levels from the economic-financial point of view of these companies (Niculescu, 2005: 196).

The introduction in the study of the specialized literature of the indicators that analyze value creation is not only part of the field of the present, until we talk about the essence of capitalism, we talk about and analyze how to obtain the profit and accumulate the capital.

Even though this concept of created economic value has been studied and analyzed since the period of capitalism, we can argue that in the last years this concept with which the value management and the orientation of the strategy from each company to creating value for all shareholders has taken a place principal (Berheci, 2010: 403).

About the added economic value it can be said that it is not a standalone indicator, but that it results from the values of other rates that were calculated at the time the economic-financial analysis of the company was performed. This instrument for measuring performance is important in perspective and not in fact because of any evolution characterizing the growth it has and not the wealth that the shareholders have. Economic analyst Tom Copeland specifies that all indicators based on value creation give objectivity to the analysis because, in the first phase, it is much easier to identify the factors that have influenced the value of the company, and finally it is considered that the cash flows influence in directly the price of a firm's shares (Copeland, 2000: 75).

The specific value creation indicators represent efficient an item for establishing and remunerating the results of the management team, which means that it represents a place of development of corporate governance for the economic entities listed on the BSE. In addition to measuring performance using classical indicators, value creation issues are closely related to the cost of capital invested. The introduction of the EVA indicator, as a performance indicator, leads to a change of priorities and at the same time of the behaviors at the company level (Larmande, 2003).

The EVA indicator evaluates the performance at the internal level of the company in the absolute size of the value it creates and which tends to be maximized (Tabără & Dicu, 2007: 373).

EVA determines a creation of surplus value at the treasury level and not a percentage value. This indicator offers the possibility to calculate the performance of a company for periods shorter than one year, due to the fact that it is calculated according to the accounting result from the operation (Shil, 2009: 174).

MVA - Market Value Added; $MVA = VP - VC$; where, VP - the market value of the invested capital for the listed companies or the present value of the invested capital for the listed companies; VC - the carrying amount of the invested capital, represented by the equity. $MVA = \text{Stock value} - \text{Capital contribution}$. MVA is an indicator represented by an outside measure of the performance of a company, and this results from comparing the market value of the company.

The MVA indicator is an indicator of external measurement of the firm's performance and is calculated by comparing the market value with the value of the capital invested in the company (Jianu, 2007: 375).

When it comes to governance based on financial markets, for listed companies, MVA characterizes the level of profit resulting from the activity of the company and which is made available to its shareholders (Ionescu, 200: 161).

Using the MVA indicator, the situation of over-listing or under-listing of the MVA in relation to the equity may appear at the level of listed companies. Thus, the following situations may occur (Tabără & Dicu, 2007: 376):

- VP > VC - creating value;
- VP = VC - value equality;
- VP < VC - destruction of value.

Obtaining a negative value of this indicator shows that the managers did not effectively use the capital invested in the business. Therefore, the investors will know at the end of the financial year the situation they are in and if the managers have created value or profit for them and they are entitled to be remunerated according to the performances they have achieved. The calculation of this indicator helps us to make a finding, but the scope of the analysts' interest is directed towards achieving a management means, and for this it acts on all aspects that influence the value of the company and which aim to increase this value.

Thus, this value creation from an external level provides us with information about increasing or decreasing the profit level of the company, but it cannot provide us with information on how this was produced, and no conclusions can be drawn. About creating external value we can say that it is not easy to measure only by listed entities, it cannot be measured only globally by a consolidated firm, which is generally listed on the Stock Exchange.

Creating external value in any case does not indicate the time or place and the way in which the company created or destroyed the value, and for this reason there are no means of disposal that allow their use within the companies in an operational way.

The internal performance indicator of an entity is represented by Economic Value Added - EVA Economic Value Added, which serves as an operational guide at all levels of a company, a modern indicator whose importance is given by highlighting the value created for shareholders (Mihalciuc, 2009: 169).

This modern method that helps to measure performance is actually the diminished net profit with the cost of capital (Albu & Albu, 2005: 181).

$EVA = \text{Net result} - \text{Permanent capital} * \text{Average cost of capital}$. EVA measures the value created for shareholders by comparing the return on invested capital with what the average cost of capital means, because: $EVA = \text{Capital invested} (\text{Return on invested capital} - \text{Average cost of capital})$, where permanent capital is determined as Total assets - current liabilities, a approximation of the invested capital (based on the balance sheet the formula is equal to fixed assets + Variation of the need in working capital).

IV. PRESENTATION OF THE PHARMACEUTICAL INDUSTRY IN ROMANIA

At the level of 2018, in Romania there were registered 6905 companies with economic activity in the production and distribution of drugs, these totaling more than 65,000 employees.

The market for pharmaceuticals increased in 2018 globally by 5%, reaching over \$ 800 billion. At European level, Germany is the undisputed leader when it comes to drug production. Also in the production of medicines, states that occupy a leading place are: UK, Switzerland, France, Sweden and Denmark. Experts argue that the future of the pharmaceutical market is closely linked to the development of companies in the field of biotechnology, which will develop new drugs, especially on the immuno-oncological segment, and the states that will develop and reach the top in the field of biotechnologies will it reaches the top and in the pharmaceutical field.

On the Romanian market, the companies from the Farma sector listed on the Bucharest Stock Exchange ended the first quarter of 2018, in addition to the same period of 2017, which highlights the continuous growth of the Farma sector listed on the BSE consisting of: Remedica Pharmaceuticals, Zentiva, Antibiotics Iasi, Ropharma.

While other sectors, such as the food sector, are poorly listed on the Romanian stock exchange, there are year-on-year increases in the pharmaceutical sector in the context in which the companies listed on the stock market ended the first quarter of this year in addition to regarding sales, referring to the same period last year from 446 billion lei to 495 billion lei, which means an advance of 11%.

At the level of Romania in 2018, there were 158 registered producers of pharmaceuticals and drugs and over 6700 wholesale and retail traders. From the geographical point of view, the leading cities in the pharmaceutical field in Romania are: Bucharest (1257 companies), Cluj (342 companies), Argeş (298 companies), Bihor (282 companies), Iaşi (282 companies) and Dolj (280 companies).

V. PRESENTATION OF INDICATORS OF APPRECIATION OF COMPANY PERFORMANCE

In this part of the paper the authors will analyze the main indicators of appreciation of the company's performance for the 4 companies in the FARMA sector listed on the BSE. Thus, the evolution of EVA - Added economic values for the companies listed on the Bucharest Stock Exchange from the Romanian pharmaceutical industry in the period 2014-2018, is presented in Figure 2.

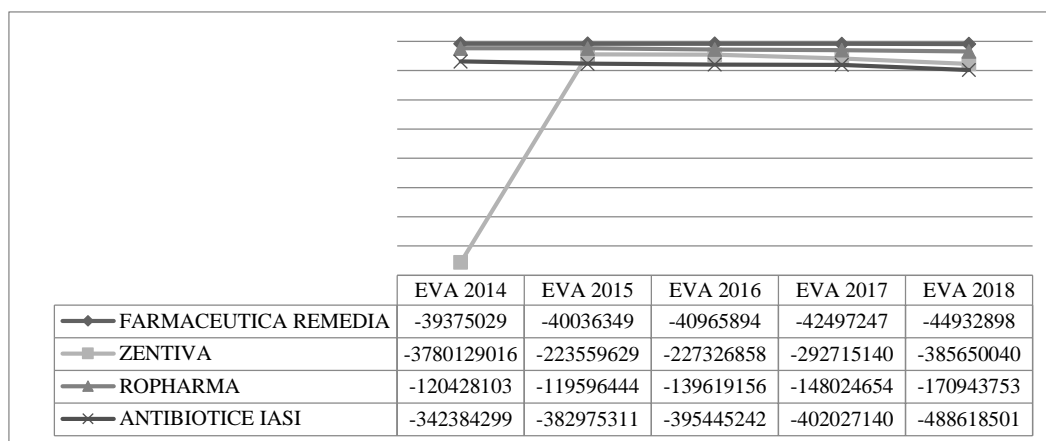


Figure 2 - EVA evolution for the companies listed on the BSE in the Farma industry during 2014-2018

Source: Data processing taken over by www.bvb.ro

According to Figure 2 at the level of companies in the pharmaceutical industry listed on the Romanian stock exchange, the value of the EVA indicator is a continuous increase from year to year, and the increasingly negative values are equivalent to the destruction of value for shareholders from the perspective of this indicator.

The value of EVA for REMEDIA Pharmaceuticals in 2015 compared to 2014 increased by 1.68%, in 2016 it increased by 2.31%, in 2017 it increased by 3.74%, and in 2018 it increased by 5.73%, the increase in the value of the EVA indicator being approximately constant for the years under analysis.

In the case of Zentiva the value of EVA in 2015 compared to 2014 decreased by 94.09%, in 2016 it increased by 1.69%, in 2017 it increased by 28.76%, and in 2018 it increased by 31 75%. For this company, the percentage change of EVA from 2017 and 2018 having considerable values compared to previous years.

In the case of Ropharma the value of EVA decreased in 2015 compared to 2014 with 0.69%, in 2016 it increased by 16.74%, in 2017 the value of this indicator increased by 6.02%, and in 2018 the increase was 15 48%. It is worth noting that in 2015 the value of the indicator decreases, and in 2017 the EVA change has a lower percentage compared to the other three years under analysis, which means that at the level of that year there was a gain in value for Ropharma for shareholders.

In the case of Antibiotics Iasi, the percentage value of EVA indicator growth in 2015 is 11.86% compared to 2014, in 2016 it is 3.26%, in 2017 it is 1.66%, and in 2018 it is 21.54%. Even if for the middle period of the analysis the percentage values of the indicator have small values in the fifth year, the level of destruction of the value for the shareholders has exploded, increasing exponentially, double compared to the first year under analysis.

In Table 1, we presented the deviation ΔEVA, the deviation ΔEVA of the indicator being the difference: ΔEVA_{2015 / 2014} = EVA₁ - EVA₀.

Table 1. ΔEVA between 2014-2018

	ΔEVA2014/2015	ΔEVA2015/2016	ΔEVA2016/2017	ΔEVA2017/2018
REMEDIA PHARMACEUTICALS	-661320	-929545	-1531353	-2435651
ZENTIVA	355656937	-3767229	-65388282	-92934900
ROPHARMA	831659	-20022712	-8405498	-22919099
ANTIBIOTICS IASI	-40591012	-12469931	-6581898	-86591361

Source: Own processing after: www.bvb.ro

Table 1 shows the absolute change values of the EVA indicator for the period 2014-2018. In the case of Remedia Pharmaceuticals SA, the value of the EVA indicator in 2015 changed with -661320 compared to 2014, in 2016 it changed with -929545 compared to 2015, in 2017 it changed with -1531353 compared to 2016, and in 2018 it changed modified by -2435651 as compared to 2017.

As can be seen in figure 2 for REMEDIA Pharmaceuticals, the values of the indicator change are approximately constant, which highlights the fact that from the point of view of EVA this company has a constant evolution.

In the case of Zentiva SA, the value of the EVA indicator changed in 2015 compared to 2014 with 3556569387 in 2016 compared to 2015 with -3767229, at the level of 2017 it changed compared to 2016 with -65388282, and in 2018 it changed compared to the year 2017 with -92934900.

In the case of Rofarma SA the change in EVA in 2015 compared to 2014 is 831659, in 2016 it is -2002712, in 2016 it is -8405498, and in 2018 it is -22919099.

In terms of EVA modification for Antibiotics Iasi in 2015 compared to 2014 is -40591012, in 2016 it had a value of -12469931, in 2017 of -6581898, and in 2018 of -86591361.

The graphical representation of the deviations of the EVA indicator is made in Figure 3.

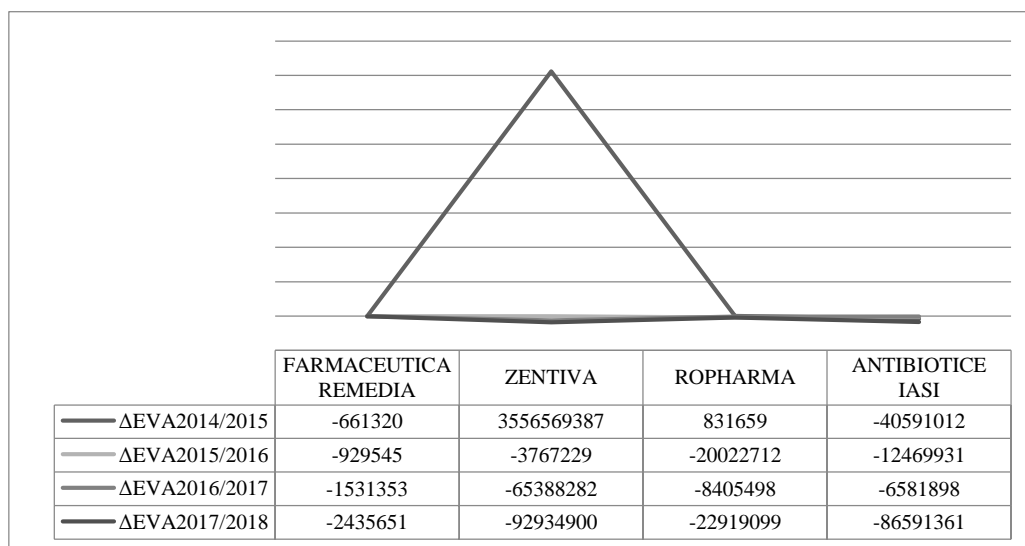


Figure 3 - Graphical representation of the deviations of the EVA indicator

Source: Own processing

In Figure 4 is graphically represented the evolution of EBIT (Earnings Before Interest and Taxes) for the company listed on the Bucharest Stock Exchange from the pharmaceutical industry in 2014-2018.

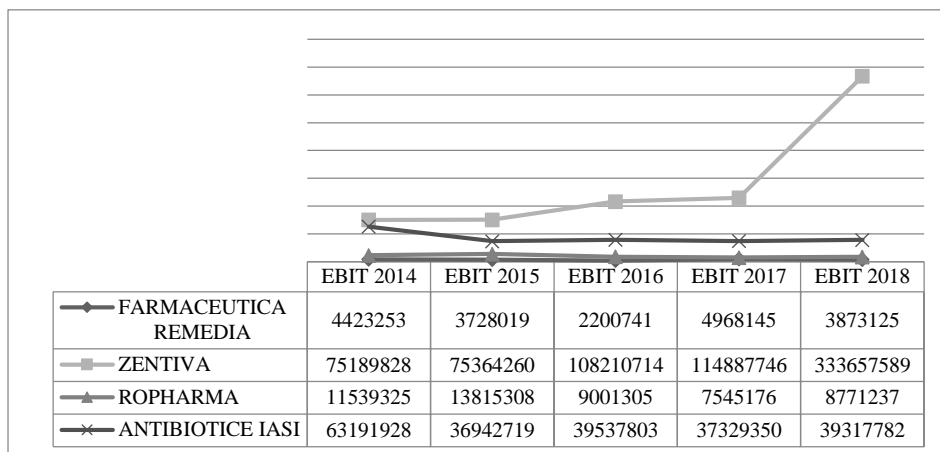


Figure 4 - Graphical representation of the evolution of EBIT

Source: Own processing

In the case of Remedia Pharmaceuticals in 2014 the value of EBIT is of 4423253 lei in 2015 decreased by 15.72% and the value of EBIT is of 3728019 lei, in 2016 it decreased by 40.97% reaching the value of 2200741 lei, in 2017 a increased by 125.75% compared to 2016 reaching the value of 498145 lei, and in 2018 it decreased by 22.04% becoming 3873125 lei.

As for the values of EBIT at ZENTIVA in 2014 it was 75189828 lei, in 2015 it increased by 0.23% and it was 5364260 lei, in 2016 it increased by 43.58% reaching the value of 108210714 lei, in 2017 it increased by 6.17% and reached the value of 114887746 lei, and in 2018 it increased by 190.42% reaching the value of 333657589 lei.

Regarding the evolution of EBIT in the case of Ropharma, in 2014 it had a value of 11539325 lei, in 2015 it increased by 43.58% and it reached the value of 13815308 lei, in 2016 it decreases with 34.85% compared to 2015 and reaches at the value of 9001305 lei, in 2017 it decreased by 16.18% compared to 2016 and reached the value of 7545176 lei, and in 2018 the value of EBIT increased by 16.25% reaching the value of 8771237 lei.

Regarding the evolution of EBIT for Antibiotics Iasi in 2014 it was 63191928 lei, in 2015 it decreased by 41.54% reaching the value of 36942719 lei, in 2016 the EBIT value increases by 7.02% and reaches 39537803 lei , in 2017 it falls by 5.59% compared to 2016 and becomes 37329350 lei, and in 2018 it increases by 5.33% compared to 2017 and becomes 39317782 lei.

In Figure 5 shows graphically the evolution of EBT (Earnings before taxes) for companies listed by BSE in the Farma industry.

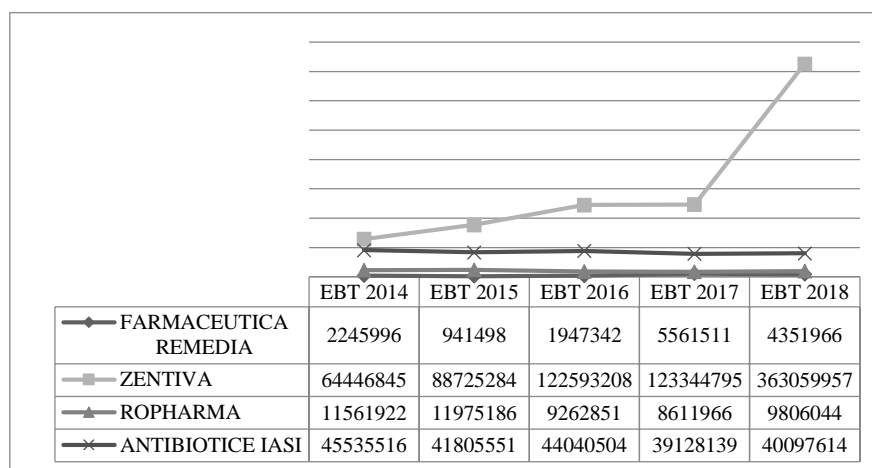


Figure 5 - Graphical representation of EBT evolution

Source: Own processing

In the case of Remedia Pharmaceuticals the value of EBT in 2014 is 2245996 lei, in 2015 it decreases by 58.08% to the value of 941498 lei, in 2016 it increases by 106.83% to the value of 1947342 lei, in 2017 it increases by 185, 59% and reaches 5561511 lei, and in 2018 it decreases by 21.75% and becomes 4351966 lei.

Regarding the evolution of EBT at ZENTIVA company in 2014 is 11561922 lei, in 2015 it increases by 37.87% reaching the value of 88725284 lei, in 2016 it is of 122593208 lei which means an increase of 38.17%

compared to 2015, in 2017 the value of EBT increased only by 0.61% and reached 123344795 lei, and in 2018 it increased by 194.35% compared to 2017 and reached the value of 363059957 lei.

In the case of Ropharma the value of EBT in 2014 is 11561922 lei, in 2015 it increases by 3.57% and reaches value of 11975186 lei, in 2016 it decreases by 22.65% and it reaches 9262851 lei, in 2017 it decreases by 7.03% compared to 2016 and reaches the value of 8611966 lei, and in 2018 it increases by 13.87% compared to 2017 and becomes 9806044 lei.

In the case of Antibiotics Iasi the value of EBT in 2014 is of 45535516 lei, in 2015 it decreases by 8.19% and becomes 41805551 lei, in 2016 it increases by 5.35% and reaches 44040504 lei, in 2017 it decreases by 11.15 % compared to 2016 and becomes 39128139 lei, and in 2018 it increases by 2.48% compared to 2017 and reaches 40097614 lei.

In Figure 6 are graphically represented the EBITDA (Earnings before interests, taxes, depreciation and amortization) values for the years 2014-2018 for companies listed on the Bucharest Stock Exchange in the Farma industry.

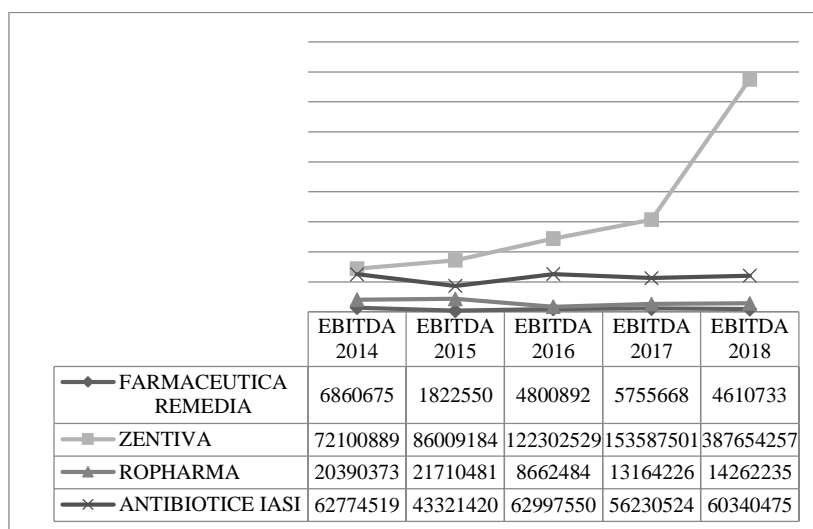


Figure 6 - Graphical representation of EBITDA evolution

Source: Own processing

Regarding the evolution of EBITDA at the company Remedia Pharmaceuticals in 2014, the value of this indicator is 6860675 lei, in 2015 it decreases compared to 2014 by 73.43% and reaches 1822550 lei, in 2016 it increases by 163.42% compared to 2015 and reaches 4800892 lei, in 2017 it increased by 19.89% compared to 2016 and reached 5755668 lei, and in 2018 it decreased by 19.89% compared to 2017 and reached 4610733 lei.

In the case of Zentiva the value of EBITDA in 2014 is 72100889 lei, in 2015 it increases by 19.29% compared to 2014 and reaches the value of 86009184 lei, in 2016 it increases by 42.20% compared to 2015 and reaches 122302529 lei, in 2017 it increases by 25.58% compared to 2016 and reaches the value of 153587501 lei, and in 2018 it increases by 152.4% compared to 2017 and reaches the value of 387654257 lei.

In the case of Ropharma the value of EBITDA in 2014 is 20390373 lei and increases in 2015 by 6.47% reaching 21710481 lei and decreases in 2016 by 60.10% compared to 2015 reaching 8662484 lei, in 2017 it increases by 51.97 % compared to 2016 and reaches 13164226 lei, and in 2018 it increases by 8.34% compared to 2017 reaching the value of 14262235 lei.

In the case of Antibiotics Iasi the EBITDA value in 2014 is 62774519 lei, in 2015 it decreases by 30.99% reaching the value of 43321420 lei, in 2016 it increases by 45.42% reaching the value of 62997550 lei, in 2017 it decreases with 10.74% reaching 56230524 lei, in 2018 it increases by 7.31% and reaches the value of 60340475 lei.

VI. CONCLUSION

As a result of the case study regarding the evolution of the performance in the pharmaceutical industry for the companies listed on the Bucharest Stock Exchange, a series of 4 performance appraisal indicators, EVA, EBIT, EBT and EBITDA, were provided, which provided an image of overall on the evolution of these companies.

Regarding the evolution of EVA for these companies according to the case study, the level of EVA is for all the companies one in continuous growth, except in 2016 when it had a tendency of stagnation or decrease

very easily. The values of the EVA indicator increasingly negative is equivalent to the destruction of value for shareholders from the perspective of this indicator.

On the basis of the values calculated for the EBIT indicator for the 4 companies and for the 5 years subjected to the analysis, this indicator has increasing values from year to year except for the companies Ropharma and Antibiotics Iasi which registered a decrease of the EBIT level after 2016. The situation of EBT and EBIDTA indicators calculated in this case study is also presented.

Therefore, the Romanian pharmaceutical industry represents one of the areas of activity in which it invests and which brings increasing value from year to year, and this growth leads to increases in the degree of competitiveness, performance and quality that bring countless advantages: jobs, development on all levels, increase of incomes, as well as increase of taxes and taxes paid to the state which helps to develop on all levels of the population and of the state.

VII. REFERENCES

1. Albu, N., Albu, C. (2005). *Practical solutions to streamline activities and increase organizational performance - Managing sustainable development through Balanced Scorecard*. CECCAR, Bucharest, Romania.
2. Berheci, M. (2010). *Capitalizing on financial reporting*. CECCAR, Bucharest, Romania.
3. Bostan I., Grosu V. (2011). *Contribution of balance scorecard model in efficiency of managerial control*. Romanian Journal of Economic Forecasting – 3/2011. Retrieved January 03, 2019 from: <http://www.ipe.ro/rjef/rjef8-199.pdf>.
4. Bucharest Stock Exchange. Retrieved January 08, 2019 from: <http://www.bvb.ro>.
5. Burja, V., Hada, D. I. (2017). *Performance measurement in the context of applying international financial reporting standards*. International Scientific Conference Financial-accounting paradigms in the vision of young researchers, Chişinău, Moldova.
6. Cenar, I. (2017). *The mayor's performance appreciated through the budget execution account*. International Scientific Conference, financial-accounting paradigms in the vision of young researchers, Chişinău, Moldova.
7. Copeland, T. (2000). *Valuation: Measuring and Managing the Value of Company*. New York, USA.
8. Elzahar, H., Hussainey, K., Mazzi, F., Tsalavoutas, I. (2015). *Economic Consequences of Key Performance Indicators' Disclosure Quality*. International Review of Financial Analysis, 39 (2015). Retrieved January 08, 2019 from: <https://ssrn.com/abstract=2484162>.
9. Epstein, B.J., Mirza, A.A. (2005). *IFRS. Interpretation and application of International Accounting and Financial Reporting Standards*. Publishing House BMT, Bucharest, Romania.
10. Ionescu, L. (2007). *Financial and economic analysis*. Biblioteca, Târgovişte, Romania.
11. Jianu, I. (2007). *Evaluation, presentation and analysis of the company's performance - An approach from the point of view of International Financial Reporting Standards*. CECCAR, Bucharest, Romania.
12. Larmande, F. (2003). *L'EVA et la theorie des incitations*. Retrieved January 15, 2019 from: <http://ceco.polytechnique.fr>
13. Lavalette, G., Niculescu, M. (1999). *Les strategies de croissance*. Organization, Paris, France.
14. Lorino, P. (2001). *Methodes et pratiques de la performance*. Edition d'Organisation, Paris, France.
15. Mihalciuc, C.C., Costaş, R., Barnea, L. (2017). *Concepts regarding the management and measurement of the company's performance, the International Scientific Conference Financial-accounting paradigms in the vision of the young researchers*. Chişinău, Moldova.
16. Mihalciuc, C.C. (2009). *Use of information in the diagnosis of the company*. Sedcom Libris, Iaşi, Romania.
17. Niculescu, M. (2005). *Financial diagnosis*. Economică, Bucharest, Romania.
18. Petrescu, S., Mihalciuc C.C. (2006). *Financial-accounting diagnosis regarding the performance of the company*. University of Suceava, Suceava, Romania.
19. Pinteă, M.O., Achim, M.V. (2010). *Performance - an evolving concept*. Annals of University of Craiova-Economic Sciences Series, 38.
20. Popa, V. (2005). *Managementul și măsurarea performanței organizației*. Valahia University Press, Târgu Mureş, Romania.
21. Shil, N. C. (2009). *Performance Measures: An Application of Economic Value Added*. International Journal of Business and Management.
22. Tabără, N., Dicu, R. (2007). *Performance indicators in the context of regulations. International conference. European integration - realities and perspectives*. Didactică și Pedagogică, Galați, Romania.
23. Vasilescu, L. (2011). *Assessing the firm performance through the financial ratios*. Analele Universității Constantin Brâncuși din Târgu Jiu, Seria Economie, 3. Retrieved January 08, 2019 from: http://www.utgjiu.ro/revista/ec/pdf/2011-03/20_LAURA_VASILESCU.pdf.