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PERFORMANCE THROUGH PROFESSIONALISM VS. COUNTER PERFORMANCE IN THE AERONAUTICAL INDUSTRY IN ROMANIA

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Abstract:
In this article, on the one hand, some aspects related to the worldwide aeronautical industry and the performances recorded by the most powerful companies in this field are captured. Known for the fact that there is fierce competition in the world for supremacy in this field, countries with a developed aeronautical industry are noted for their massive investments in the production of high technology products and services in the field of civil, space and defense aviation.

Regarding the aeronautical industry in Romania, the study aims to analyze the financial performance of five companies listed on the Bucharest Stock Exchange (BSE) through a limited battery of indicators that led to the formulation of relevant conclusions and recommendations regarding their financial situation. The performance management practiced within the companies with private majority capital is evidenced by a financial soundness without risks for the next period, compared to the inefficiency of the management practiced within the companies in which the state, through the Ministry of Economy, is the majority shareholder.

Key words: analysis, financial performance, professionalism, counter-performance, aeronautical companies.

JEL classification: D00, M40.

1. INTRODUCTION

The aerospace industry is one of the most important industries in the world, however, there is no consensus as to its size and composition. Worldwide there is fierce competition for supremacy in this area, with five countries highlighting massive investments in the production of high-tech products and services for civil, space and defense programs.

The United States today has the largest aerospace industry in the world supporting the production of high technology products and services for civil, space and defense programs. In the United States, the largest clients are the Department of Defense and NASA. On the other side of the equation, Boeing, Lockheed Martin, United Technologies, Northrop Grumman, Raytheon and General Electric are the largest aerospace manufacturing companies in America.

France has a solid advantage over a few other countries in this category due to access to research and development. *"Aerospace Valley"* is a hub for aerospace engineering, with research facilities that include aviation schools, aerospace research laboratories and an experimental aircraft dismantling center. The aerospace and aerospace industry was the second sector in terms of the value of global exports, being the only one showing an increase in value added. Airbus and Safran are among the most important French aerospace companies.

Germany is considered to be one of the most important producers in Europe and as one with an extensive research and development infrastructure. The aeronautical industry offers services and products for the civil, space and aviation defense sectors.

The United Kingdom stands out through the high technology engineering and services industry. His experience is the most accentuated in the field of landing gear, mechanical, fuel, electricity and avionics. Rolls Royce is not only a British manufacturer of luxury cars, but also a large aerospace company.

Canada is known for its markets in terms of gear used in landing aircraft. The Canadian aerospace industry dedicates 20% of its investment in research and development, with aerospace companies producing parts and structures for civil, defense and space programs

(https://www.quora.com/Which-are-the-top-5-countries-with-the-best-aerospace-industry-in-the-world).

2. LITERATURE REWIEW

Topics on performance in the aerospace industry have been addressed by various authors from the most renowned universities worldwide. For example, Haque B. and Moore M.J. from the University of Warwick (UK), in the paper *Measures of performance for lean product introduction in the aerospace industry*, presents the results of research regarding the development of performance measures for the new process of introduction of products in the aerospace industry, which will encourage a change behavioral towards adopting weak principles in areas other than manufacturing.

Herman O. Stekler, in the book *The structure and performance of the aerospace industry* published at the University of California Press in 1965, presents an analysis of the structure and performance of the aerospace industry, in particular the relationship between government and private firms.

Topics of interest regarding performance in the aerospace industry have also come to the attention of other authors, such as:

- ✓ Burgess T.F., McKee D., Kidd C. - *Configuration management in the aerospace industry: a review of industry practice*;
- ✓ Naomi J. Brookes, Sue C. Morton, Steve Grossman, Paul Joesbury, Duncan Varnes - *Analyzing Social Capital to Improve Product Development Team Performance: Action-Research Investigations in the Aerospace Industry With TRW and GKN*;
- ✓ Vittorio Chiesa, Federico Frattini, Valentina Lazzarotti, Raffaella Manzini - *Measuring Performance in New Product Development Projects: A Case Study in the Aerospace Industry*.

3. DATA AND METHODOLOGY

The present paper proposes an analysis of the financial performances recorded by the companies with private capital compared with those with state capital whose main object of activity is the manufacture of aircraft and spacecraft (CAEN code 3030 - according to the classification of activities in the national economy), listed on the Bucharest Stock Exchange. The companies with extensive expertise in the field of aircraft construction and maintenance that will be the subject of research in this paper are: Aerostar Bacău (aircraft components), Turbomecanica Bucharest (supplier of components and repairs for the aeronautical industry as well as for other high technological fields), IAR Brașov (helicopter components), Avioane Craiova (production of aircraft and subassemblies) and Romaero Bucharest (aircraft maintenance).

The financial performance analysis was performed for a 3 year time horizon (2016-2018) through indicators known in the specialized economic literature, using at the same time the portal of the financial services company RisCo (www.risco.ro) which allowed establishing financial ratings.

The information necessary to assess the financial performance was also taken from the annual reports for the period 2016-2018, published on the websites of the companies mentioned above (www.aerostar.ro, www.turbomecanica.ro, www.iar.ro, www.acv.ro and www.romaero.com) and on the website of the Bucharest Stock Exchange (www.bvb.ro), being further processed in the Excel software.

4. TOP 10 COMPANIES IN THE AEROSPACE INDUSTRY IN 2018 BY SALES VOLUME

Increased demand for commercial and military aircraft in conjunction with the substantial increase in defense spending have contributed to the development of the aerospace and defense industry in recent years.

The table below presents information on the sales revenue of the top ten companies in the aerospace industry worldwide, as shown by the ranking made by army-technology.com: (https://www.army-technology.com/features/worlds-biggest-aerospace-defense-companies-2018/, accessed on 10/16/2019).

Table no. 1. Top 10 companies in the aerospace industry worldwide

Rank	Company	Monetary unit	Revenues			Evolution (%)	
			2016	2017	2018	2017/2016	2018/2017
1	Boeing	Millions of dollars	93,496	94,005	101,127	100.54	107.58
2	Airbus	Millions of euros	66,581	66,767	63,707	100.28	95.42
3	United Technologies	Millions of dollars	57,244	59,837	66,501	104.53	111.14
4	Lockheed Martin	Millions of dollars	47,290	49,960	53,762	105.65	107.61
5	General Electric	Millions of dollars	26,240	27,013	30,566	102.95	113.15
6	Northrop Grumman	Millions of dollars	24,706	26,004	30,095	105.25	115.73
7	Raytheon	Millions of dollars	24,124	25,348	27,058	105.07	106.75
8	Safran	Millions of euros	15,781	15,953	21,050	101.09	131.95
9	BAE Systems	Millions pounds	17,790	18,322	16,821	102.99	91.81
10	Rolls-Royce	Millions pounds	14,955	16,307	15,729	109.04	96.46

Source: Author's own processing according to the Companies financial reports

The information presented in the table above shows that sales for 2016-2018 to most companies in the aeronautical industry have an upward evolution, with the exception of Airbus, BAE Systems and Rolls-Royce companies which recorded decreases in 2018 compared to the previous year. The drop in sales in the Airbus case is caused by some production problems, according to Marketwatch.

5. THE AEROSPACE SECTOR IN THE EUROPEAN UNION

The EU aerospace sector is growing, being the highest technological sector in the European Union. The European aeronautical industry is a multi-faceted industry involved in the development and manufacture of a wide range of products, such as air engines, unmanned aerial vehicles, helicopters, military and civilian aircraft, systems and equipment. The aerospace sector also offers training and repair services and other activities related to different aerospace products. Foreign investors have interesting investment opportunities in the aerospace sector, especially in the R&D sector, as the EU aerospace industry needs sustained research and development efforts to maintain global competitiveness. The total turnover of the aerospace sector of the EU is 128 billion euros, a significant share (approximately 12% of the turnover) being oriented to research and development (http://www.investineu.com/content/aerospace- sector-eu, accessed on 10/14/2019).

The main players in the European aerospace industry are France and the United Kingdom.

France, with a multi-faceted aerospace industry, is one of the dominant players in the European Union aerospace industry. The aerospace industry in France, developed vertically and estimated at over $ 15 billion, is involved in the development of helicopters, planes for defense forces, passenger aircraft for civil aviation, weapons and several other aeronautical projects.

The importance of the aerospace industry is also due to the fact that it generates about 100,000 jobs, with the probability that they will grow in the future.

Some of the big names of the French aerospace industry are the French corporation Aerospatiale Matra SA, founded in 1957, with 52,890 employees (https://www.bloomberg.com/profile/company/2061Q:FP, accessed on 10/16/2019) and European Aeronautic, Defense and Space Company (EADS), which was founded in 2000 by the merger of three renowned European aerospace companies: Aerospace Matra of France, DaimlerChrysler Aerospace (Dasa) of Germany and Construcciones Aeronáuticas SA (CASA) of Spain (https://www.britannica.com/topic/European-Aeronautic-Defence-and-Space-Company, accessed

on 10/16/2019). The French Government considers that foreign direct investments are necessary for the creation of a global enterprise, as well as for the strengthening of transnational corporations.

The UK aerospace industry is an important export sector and is also the second most intensive R&D sector for pharmaceuticals. The UK Government finances research and development, which enhances the global competitiveness of the industry, approves public R&D investments to keep costs down. UKAI (United Kingdom Aerospace Industry), with a turnover of several tens of billions of pounds, has registered a productivity with 50% higher than the national average. UKAI has independence in manufacturing for civil parts as well as for defense, which proves to be an added advantage. (http://www.investineu.com/content/aerospace-sector-eu, accessed on 10/14/2019)

6. THE AERONAUTICAL INDUSTRY IN ROMANIA

Romania is represented by several companies with expertise in the field of aircraft construction and maintenance, such as Aerostar (aircraft components), Turbomecanica (component and repair manufacturer for the aeronautical industry as well as for other high-tech fields), IAR (helicopter components), Avioane Craiova (aircraft and subassemblies production) and Romaero (aircraft maintenance).

Table no. 2. General information on companies in the field of aircraft and spacecraft manufacturing listed on the BSE

Company	Symbol	Segment/Category	Shareholder structure
AEROSTAR	ARS	Principal/Standard	S.C. IAROM S.A. – 71.31% S.I.F. Moldova – 15.05% Other private shareholders – 13.64%
TURBOMECANICA	TBM	Principal/Standard	Other private shareholders – 58.92% Viehmann Radu – 25.92% Ciorapciu Dana Maria – 15.16%
IAR	IARV	Principal/Standard	The Ministry of Economy – 64.89% Other private shareholders – 35.11%
AVIOANE	AVIO	ATS/AeRO Standard	The Ministry of Economy – 80.98% Other private shareholders – 19.02%
ROMAERO	RORX	ATS/AeRO Standard	The Ministry of Economy – 56.72% S.I.F. Muntenia – 23.24% Fondul Proprietatea S.A. – 18.88% Other private shareholders – 1,16%

Source: Author's own processing and processing according to the data taken from the website www.bvb.ro

AEROSTAR S.A. adheres firmly, consistently and transparently to growth and development goals, creating resources and value - shared to improve lives and ensure a sustainable and sustainable future. The company's businesses focus on increasing performance by continuously improving and professionally developing employees in the spirit of integrity, innovation and initiative. Increased competitiveness and productivity are the coordinates through which the culture of the successful model in the productive economy is developed for employees. AEROSTAR focuses on meeting the requirements and expectations of its customers, acting for continuous improvement at all levels. (http://www.aerostar.ro/dezvoltare)

The mission of the company concerns three lines of business, all in the aeronautical and defense fields, namely:

✓ Maintaining the status of supplier in the field of aviation systems and of the terrestrial defensive systems for the Ministry of National Defense of Romania and for other beneficiaries, field of activities from which to realize over 20% of the turnover;

✓ Strengthening the company's position as a sub-supplier of parts, aerostructures, subassemblies and equipment for commercial aviation and general aviation, so as to become a

major sub-supplier for the globalized aviation industry and achieve over 55% of its turnover from these activities;

✓ Consolidation of the company's activities as a first-class provider of maintenance for civil aircraft and conversion / modernization of civil aircraft, a field of activities from which to achieve over 20% of the turnover. (http://www.aerostar.ro/misiunea)

TURBOMECANICA S.A. maintains a high quality standard for manufactured / repaired products, ensuring the satisfaction of traditional customers as well as attracting new customers, optimal profits and long-term profits. Currently, the purpose of the company is to become a permanent supplier of components and repairs for the aeronautical industry as well as for other high technological fields.

In this context, the company's strategy is based on the permanent development of new programs in partnership with prestigious names in the aeronautical industry.

The changes that took place at the management level, founded on principles of efficiency and effectiveness, together with innovations and permanent investments in new technologies, have brought continuous progressive increases in the turnover, by attracting new projects and new partnerships.

Permanently developing and operating in a business environment that always puts the company management under continuous challenges, TURBOMECANICA is ready at any moment to explore the development of new programs for turbine engines, alongside traditional customers or with new partners. Also, continuing the programs of manufacture and repair of aviation or industrial assemblies and components, the company management is prepared to conclude strategic partnerships, joint ventures, agreements to establish repair bases for products from the aviation industry. The asset of the company is the quality condition, never compromising on reliability and permanently wishing to support the interests of business partners through cost efficiency.

TURBOMECANICA is open to support actions related to other products promoted by aeronautical companies in Romania and is capable of supporting manufacturing / repair / maintenance programs of components and assemblies expected to be delivered to operators in Romania or Eastern Europe in the future. (https://turbomecanica.ro/despre-noi/istoric/#azi)

IAR S.A. is currently a specialized unit for maintenance, repairs and major repairs for Puma and Alouette III helicopters. The company develops modernization programs, carries out periodic reviews, capital repairs and ground and flight tests; provides multiple after-sales services: maintenance, spare parts and equipment replacement, technical assistance; the training of pilots and technicians; *"Follow-on-Support"* program for the Puma and Alouette III helicopter range. Also, IAR S.A. is involved in the manufacture of assemblies, subassemblies and parts for various manufacturers in the world aeronautical industry (aircraft structures, electrical wiring etc.).

For all its products, IAR S.A. provides multiple "after-sales" services to meet the needs of its customers in the field of maintenance, repairs and repairs, spare parts, training of pilots and technicians, technical assistance and service interventions. The main beneficiaries of the Puma and Alouette III helicopters manufactured / repaired in Brașov are: Ministry of National Defense (Romanian Air Force and Naval Forces), Romanian Intelligence Service, Ministry of Interior, Eurocopter (Airbus Helicopters), Denel - South African Republic, UAE Air Force, Pakistan Armed Forces and Air Force, Sudan Air Force (1982-1984), Ivory Coast Ministry of Defense, Lebanese Air Force, Oman Air Force etc.

In order to be successful in the activities and actions carried out, it is necessary to take into account the evolutions that are registered internationally. For this purpose, the following set of values will be permanently observed:

✓ Satisfying customer requirements is the main priority and objective of the whole activity, taking into account the fact that, for the most part, the clients are involved in ensuring national defense capacity, as well as in other missions of special importance such as: law enforcement missions law, anti-terrorist missions, search-rescue missions, intervention missions in the event of natural disasters, surveillance of state borders, wound evacuation and medical assistance, special transports, air surveillance missions, firefighting missions etc.

✓ The success of the company depends both on how successful the modernization of the products is, so that they respond to the operational requirements of the users to the greatest extent, as well as by engaging in industrial partnerships with large helicopter producers, an action that allows the offer of new products and complete packages of services related to them.

✓ Continuous concern for the members of the company: the aim is to select, train and motivate employees, but also to ensure optimum working conditions, in order to obtain the best quality in terms of commercial and financial results as best as possible. (https://www.iar.ro/despre-noi/)

AVIOANE S.A. was founded in 1972 for the production and supply of military aircraft for the Romanian Air Forces.

The company started its activity as an aircraft manufacturer by cooperating with the former Yugoslavia in developing the joint project of the IAR-93 bombing and ground attack aircraft. During the 1980s, the company designed together with the National Institute of Aerospace Constructions, fully produced and qualified together with the Flight Research and Testing Center, the IAR-99 training aircraft; the aircraft is also currently being manufactured and serviced by the Romanian Air Force in the upgraded version - IAR 99 Șoim. The aircraft is the outstanding proof of the company's capabilities as an ideal partner in the design and execution of aviation as well as industrial products.

In terms of company capabilities, they cover a wide range of engineering and design activities, product maintenance, testing, design and execution of tools and verifiers, aircraft manufacturing and structural subassemblies and product support. The processes and services offered by the company cover almost all manufacturing areas, namely:

✓ Processing of parts made of aluminum and steel alloys;

✓ Special processes qualified for aviation: thermal treatments and surface protection (cadmium, anodizing, phosphating, ionic nitriding etc.);

✓ General assembly, final assembly, equipment and testing;

✓ Final painting (including aircraft painting) in a medium-sized enclosure;

✓ Defect non-destructive defective tests, laboratory work for testing materials and equipment and measuring on digital machines for small, medium and large sizes. (http://www.acv.ro/despre-noi/?lang=ro)

ROMAERO S.A. has long experience in the manufacture of aircraft and aircraft components such as coatings, structural components and assemblies. In this area the strengths of the company are:

✓ an extensive product portfolio: starting with the manufacture of the "C" class components, major and minor assemblies up to complex repairs and maintenance operations;

✓ SDV design and manufacturing capabilities;

✓ experience following extensive programs: fuselage for G200 and components for Hawker 800;

✓ ongoing contracts with high profile aerospace companies: Boeing, Bombardier, BAe Systems, Spirit Aerosystems, Eblit Systems, Aerolean, SABCA, SAAB, Israel Aerospace Industries;

✓ use of complex processes such as firing and chemical milling;

✓ extended quality certifications. (https://romaero.com/aerostructuri/)

ROMAERO's strategy is to maintain and develop manufacturing capabilities for aerostructures and maintenance services and repairs, upgrades, reconfigurations of civil and military aircraft in terms of efficiency and profitability. Human capital, the company's primary resource, plays a central role in the implementation of the strategy. The mission of human resources management is to provide the company with the properly trained and motivated staff that will contribute to the achievement of the specific objectives. The planning of human resources is carried out in close interdependence with the financial and material resources of the company. (https://romaero.com/resurse-umane/).

The financial information taken from the accounting reports of the companies have been processed, calculating a series of indicators which are highlighted in the table below:

Table no. 3. Level and dynamics of financial results

Company	Indicators	Period of analysis			Evolution (%)	
		2016	2017	2018	2017/2016	2018/2017
AEROSTAR S.A.	Turnover (Ron)	356,219,105	340,172,330	353,413,272	95.50	103.89
	Net result (Ron)	56,471,595	53,169,633	79,920,849	94.15	150.31
	Average number	1,719	1,834	1,804	106.69	98.36
	Net profit margin	15.85	15.63	22.61	98.59	144.68
	Sales per	207,224.61	185,481.10	195,905.36	89.51	105.62
	Profit per	32,851.42	28,991.08	44,302.02	88.25	152.81
TURBOMECANICA S.A.	Turnover (Ron)	83,030,250	100,766,069	112,387,772	121.36	111.53
	Net result (Ron)	10,873,045	13,650,921	24,847,717	125.55	182.02
	Average number	430	447	441	103.95	98.66
	Net profit margin	13.10	13.55	22.11	103.45	163.20
	Sales per	193,093.60	225,427.45	254,847.56	116.75	113.05
	Profit per	25,286.15	30,538.97	56,344.03	120.77	184.50
IAR S.A.	Turnover (Ron)	152,096,365	192,724,954	259,274,208	126.71	134.53
	Net result (Ron)	12,213,227	24,191,976	31,184,158	198.08	128.90
	Average number	316	341	364	107.91	106.74
	Net profit margin	8.03	12.55	12.03	156.32	95.82
	Sales per	481,317.61	565,175.82	712,291.78	117.42	126.03
	Profit per	38,649.45	70,944.21	85,670.76	183.56	120.76
AVIOANE S.A.	Turnover (Ron)	23,378,109	14,774,199	15,720,390	63.20	106.40
	Net result (Ron)	99,644	-7,578,786	-5,129,364	-	67.68
	Average number	255	272	266	106.67	97.79
	Net profit margin	0.43	-51.30	-32.63	-	63.61
	Sales per	91,678.86	54,316.91	59,099.21	59.25	108.80
	Profit per	390.76	-27,863.18	-19,283.32	-	69.21
ROMAERO S.A.	Turnover (Ron)	46,537,544	60,089,744	84,483,620	129.12	140.60
	Net result (Ron)	-60,280,472	-39,388,337	-35,308,938	65.34	89.64
	Average number	819	717	772	87.55	107.67
	Net profit margin	-129.53	-65.55	-41.79	50.61	63.76
	Sales per	56,822.40	83,807.17	109,434.74	147.49	130.58
	Profit per	-73,602.53	-54,934.92	-45,736.97	74.64	83.26

Source: Author's own elaboration according to the annual financial reports of the companies

The level and dynamics of the market share of the companies under analysis are highlighted in the table below:

Table no. 4. Market share of companies - Romania CAEN 3030

Company	Indicators	Period of analysis		
		2016	2017	2018
AEROSTAR S.A.	Turnover (Ron)	356,219,105	340,172,330	353,413,272
	Country turnover CAEN 3030 (Ron)	1,314,915,841	1,452,374,331	1,632,817,955
	Market share (%)	***27.09***	***23.42***	***21.64***
TURBOMECANICA S.A.	Turnover (Ron)	83,030,250	100,766,069	112,387,772
	Country turnover CAEN 3030 (Ron)	1,314,915,841	1,452,374,331	1,632,817,955
	Market share (%)	***6.31***	***6.94***	***6.88***

IAR S.A.	Turnover (Ron)	152,096,365	192,724,954	259,274,208
	Country turnover CAEN 3030 (Ron)	1,314,915,841	1,452,374,331	1,632,817,955
	Market share (%)	***11.57***	***13.27***	***15.88***
AVIOANE S.A.	Turnover (Ron)	23,378,109	14,774,199	15,720,390
	Country turnover CAEN 3030 (Ron)	1,314,915,841	1,452,374,331	1,632,817,955
	Market share (%)	***1.78***	***1.02***	***0.96***
ROMAERO S.A.	Turnover (Ron)	46,537,544	60,089,744	84,483,620
	Country turnover CAEN 3030 (Ron)	1,314,915,841	1,452,374,331	1,632,817,955
	Market share (%)	***3.54***	***4.14***	***5.17***

Source: Author's own elaboration after the portal of the financial services company RisCo.

Although declining, the most significant market share is held by Aerostar S.A., Bacău, followed by Iar S.A., Brașov whose market share shows an upward trend. The increase of the turnover of the company Turbomecanica S.A., Bucharest contributes to a favorable evolution of the market share. The lowest market shares are held by the companies Romaero S.A., Bucharest and Avioane S.A., Craiova, with values much lower than those of competitors.

The financial ratings, created based on several indicators obtained from the official financial data of the companies, are presented in the table below:

Table no. 5. Financial rating

Company	Value rating/Qualifying			Interpretation
	2016	2017	2018	
AEROSTAR S.A.	9.7 Very good	9.2 Very good	8.9 Very good	The company has a stable financial position. The operating profitability, the net profitability as well as the balance sheet indicators indicate a risk-free financial soundness for the next period.
TURBOMECANICA S.A.	7.9 Very good	7.9 Very good	8.4 Very good	The company has a stable financial position. The operating profitability, the net profitability as well as the balance sheet indicators indicate a risk-free financial soundness for the next period.
IAR S.A.	8.9 Very good	9.4 Very good	8.9 Very good	The company has a stable financial position. The operating profitability, the net profitability as well as the balance sheet indicators indicate a risk-free financial soundness for the next period.
AVIOANE S.A.	3.9 Low	3.9 Low	4.8 Low	The company is in an unstable financial situation. The level of operating and net profitability, as well as the situation of net current liabilities, is in an area that indicates operational and financial risks. It is possible that in the next period this company will face difficulties in ensuring the liquidity necessary to carry out its activity under optimal conditions. *Recommendation*: closely monitoring the financial situation of the company as well as the monthly
ROMAERO S.A.	5.1 Normal	5.1 Normal	0 Low	The company was in a normal financial position compared to the industry. The level of operational profitability as well as the level of solvency indicators indicate a comfortable financial position. However, there is the possibility that during the next 6-12 months the company may present certain operational or financial risks. More frequent monitoring of the evolution of the situation of this company is

Source: Author's own elaboration after the portal of the financial services company RisCo.

7. CONCLUSION

In 2018, the aerospace and global defense industry recovered and experienced a solid year, as passenger travel demand strengthened and global military spending continued to grow. It is expected that the industry will continue its growth trajectory in the coming years as a result of increased commercial aircraft production and defense spending.

At present, the Romanian aeronautical industry is experiencing if not a major decline at least with a period of "transition", caused mainly by the situation created after the events of '89 when the economic-social and political problems were associated with the recession of the Romanian industry. In order for the problems not to stop here, Romania is also facing the decline of higher education in general and higher technical education in particular, which has and will continue to suffer. Despite these issues, Romania will undoubtedly remain one of the few countries that made a major contribution to the "beginning of aviation".

The aspects highlighted in this article have materialized in the analysis of profitability and financial performance based on the information released from the annual financial reports of five companies in the aeronautical industry listed on the Bucharest Stock Exchange, in the period 2016-2018.

The study of the five companies in the aeronautical industry confirmed that the financial performance was achieved mainly in those companies with majority private shareholding (AEROSTAR S.A. and TURBOMECANICA S.A.), the operational profitability, the net profitability and the balance sheet indicators indicating a solidity financial risk-free for the next period. In contrast, the companies in which the majority shareholding is owned by the Romanian state through the Ministry of Economy (AVIOANE S.A. and ROMAERO S.A.) are facing an unstable financial situation, the level of operational and net profitability, as well as the current net debt situation in an area that indicates operational and financial risks, it is necessary to carefully monitor the financial situation of the companies as well as the monthly evolution of its financial indicators.

Despite the issues mentioned above, the strategies implemented by the management of the five companies have allowed the consolidation of the position on the Romanian aeronautical market, a very dynamic and constantly changing market.

The aspects captured in this study are only part of an investigation that can be carried out in this extremely complex and dynamic field, leaving the horizons of future research open.

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