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PERFORMANCE ANALYSIS OF PHARMACEUTICAL COMPANIES DURING THE PANDEMIC CRISIS

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Abstract:
Analysing the financial performance of companies involves examining various aspects of a company's financial activity, including profitability, liquidity, solvency, rate of return, cash flow and debt ratio. Beside the detailed information on the financial situation of a company, the financial performance analysis can help assess a company's potential, including its ability to meet its financial goals. The present paper performs examining of annual financial reports of three companies from pharmaceutical sector from Romania and analysing key financial indicators during three years: ante-pandemic, pandemic, post-pandemic. The crisis generated by the COVID-19 pandemic has directly influenced all economic sectors worldwide, in most cases in a negative sense. At the opposite pole, the pharmaceutical industry had the opportunity to expand and improve its performance, as a result of the constant market need for medicines and medical devices. The financial performance analysis of the three most important pharmaceutical companies from Romania provides detailed information on financial situation of these companies. The paper underlines the importance of the analysis for making investment, management and strategic decisions, but also to identify trends and risks and assess the companies' ability to meet their goals, presiding at the same time measures for long-term business expansion in a post-pandemic environment.

Key words: Company performance, pharmaceutical sector, crisis, COVID-19, economic-financial analysis

JEL classification: G01, G32, L25

INTRODUCTION

In the conditions of the market economy, every company, regardless of size, sector of activity or form of ownership, must constantly adapt to the requirements of the environment in which it operates, improve its economic-financial performance and competitive capacity in relation to other businesses.

An important role in the achievement of these objectives belongs to the economic-financial analysis, which, through the methods and techniques used, serves to know the state of various phenomena, identify the factors and causes that cause certain dysfunctions and take the appropriate measures to regulate and optimize the economic-financial results of each company.

The economic-financial analysis is an important tool of the company's internal management that allows the diagnosis of the state of performance and financial balance in order to substantiate decisions regarding the development strategy and efficient use of available resources.

Regardless of the category of users to whom it is addressed, the objectives of the economic-financial analysis can also be summarized in three large groups: analysis of the financial-patrimonial situation, respectively of the financial balance, using, mainly, the information provided by the accounting balance sheet; economic-financial performance analysis; and analysis of the internal potential of the enterprise, respectively of the way of managing available human and material resources (Morosan-Danila et al., 2022). To achieve these objectives, the analysis starts from the existing situation (Ulian and Morosan-Danila, 2022), which it explains on account of the factors and causes that generated it.

Integrated in the management activity of the company - regardless of the form of ownership - the economic-financial analysis is a tool whose usefulness is fully validated by theory, but especially by economic practice (Grigoras-Ichim and Morosan-Danila, 2020).

Economic analysis investigates activities or phenomena from an economic point of view, namely the consumption of resources and the results obtained. The essential thing in economic analysis is the consideration of structural-functional and cause-effect relationships (Stanciu, 2021).

The purpose of financial analysis is to analyse whether a business is sufficiently stable, solvent, liquid or profitable to justify a monetary investment (Morosan-Danila and Grigoras-Ichim, 2020). It is used to assess economic trends, to set financial policy, to develop long-term plans for business activity, and to identify projects or enterprises for investment (Boghean et al., 2009). Financial analysis can be done in corporate finance and investment finance (Bistriceanu et al., 2001).

In the context of reforms and the transition to the market economy, the activities of any company appear in a dynamic and aggressive environment (Boghean et al, 2010). In general, a transition is a period that puts things and concepts in their natural order, so the transition carefully changes the adaptation of the new structure to the requirements of the market economy under natural conditions, and the competition rules become stronger and clearer (Boghean et al, 2009). The fundamental problems faced by enterprises are mainly related to establishing and strengthening its position in specific economic spaces, and the main objectives it activates are the costs involved and the opportunities to achieve its victory (Morosan-Danila et al., 2012).

In this context, the enterprise is determined to require the permanent reporting of the market, it must predict the movement of the competition to self-assess the resources in it and act in the direction of improving the efficiency of its use (Agop et al., 2023; Grigoras-Ichim and Morosan-Danila, 2020; Boghean et al., 2009). In a systematic approach to corporate issues, a special role belongs to economic-financial analysis, as a tool for monitoring activity and performance.

Economic-financial analysis, through specific methods, procedures and techniques, helps to diagnose the state of various processes and phenomena, which supports the discovery of structures, the establishment of causal relationships, the factors that govern them and discovers the laws of their formation and development, and based on them determines the possibility of future improvement activities (Moroșan, 2006).

The main objective of financial statement analysis is to understand and diagnose the information contained in the financial statements in order to assess the profitability and financial soundness of the company, as well as to make predictions about the future prospects of the company (Giurgiu and Duma, 2007). The purpose of the analysis depends on the person interested in the analysis and its purpose (Boghean et al., 2009).

After Vâlceanu et al. (2005), some purposes or objectives of the analysis of financial statements are:

- Evaluating the earning capacity or profitability of the company;
- Evaluation of operational efficiency and managerial effectiveness;
- Evaluation of the company’s short-term and long-term solvency position;
- Identifying the reasons for changes in the company’s profitability and financial position;
- Forecasts regarding the future prospects of the enterprise;
- Evaluating the progress of the enterprise over a period of time;
- Decision making and control;
- Guiding or determining dividend action;
- Providing important information for granting loans.

A proper analysis consists of five key areas, each of which contains its own set of data points and reports, namely:

1. Revenues - are probably the main source of cash for a business. The quantity, quality and timing of revenue can determine long-term success.

2. Profits - if quality profits cannot be produced consistently, a business may not survive in the long term.

3. Operational efficiency - measures how well the company’s resources are being used. A lack of operational efficiency leads to lower profits and weaker growth.

4. Capital efficiency and solvency - are of interest to lenders and investors.

In an increasingly complex economic environment, both externally and internally, economic-financial analysis work essentially contributes to a global, true and targeted diagnosis (Deaconu, 2015).

An economic model is a hypothetical construct that embodies economic procedures using a set of variables in logical and/or quantitative correlations. It is a simplistic method that uses mathematical and other techniques designed to show complicated processes (Duțescu, 2009). An economic model can have several constraints, which can change to generate different properties (Bordeianu and Morosan-Danila, 2013). Oprițescu et al. (2003) identifies five main reasons why economic models are used, namely: (1) To predict economic activities where conclusions are drawn based on assumptions; (2) To prescribe new economic guidelines that will change future economic behaviours; (3) To provide a logical defence to justify economic policies at three levels: national/political, organizational and household; (4) For resource planning and allocation and logistics and business management planning; (5) To assist in trading and investment speculation.

Determining corporate sustainability performance and its key performance indicators is very important for the top management of the enterprise. The verification of economic theory and the real manifestations of current economic practice can be considered today as a power boost for market enterprises in the entire spectrum of their activity. Determining the key performance indicators of companies, the methods of collection, analysis and correction of their measurement allows to modify their development, becoming a solid basis for analysis, ensuring the corporate sustainability of enterprises on the global market (Bordeianu et al., 2020; Grigoras-Ichim et al., 2020).

The purpose of this work is the implementation of the theoretical elements in the field of economic-financial analysis (regarding the evolution of the economic-financial indicators), carrying out an applied case study regarding 3 top companies from pharmaceutical field, coted at Bucharest Stock Exchange.

ECONOMIC-FINANCIAL ANALYSIS OF THE SELECTED COMPANIES

In this part of the paper, we will analyse the financial statements published by the three selected companies for three fiscal years, the year N being the crisis year. These companies were selected because they are some of the most important companies in the pharmaceutical field operating in Romania. The analysed period is important as a result of the influence of the COVID-19 pandemic on the economy and the population, thus analysing the period before and after COVID-19, with the idea of identifying the need for long-term business development.

In table no. 1 and table no. 2 presents the information regarding the financial position of the three companies analysed in the selected period.

Table no. 1. Centralization of balance sheet items of selected pharmaceutical companies (in thousands lei)

Elements	"Company 1"			"Company 2"			"Company 3"		
	N-1	N	N+1	N-1	N	N+1	N-1	N	N+1
Fixed assets	**380002**	**487590**	**510384**	**143825**	**160536**	**178631**	**209976**	**238463**	**243866**
Tangible assets	363616	467880	480544	126454	142750	159258	156707	189815	194771
Real estate investments	-	-	-	11533	11507	11697	3544	3928	4652
Intangible assets	16385	19709	29839	839	532	220	-	-	-
Other fixed assets	-	-	-	7	9	9	49723	44718	44441
Deferred tax	-	-	-	4991	5737	7445			
Current assets	**414013**	**375409**	**385005**	**202790**	**211839**	**240147**	**807933**	**794800**	**805739**
Inventories	73975	108691	106017	18289	33883	29328	123841	137798	124563
Trade receivables	338159	260388	276876	93372	102412	106954	295617	250288	104874
Other receivables	-	-	-	-	21000	-	-	-	-
Cash and cash equivalents	1877	6329	2111	91128	54543	103865	388473	406713	576301
TOTAL ACTIVE	**794015**	**862999**	**895389**	**346616**	**372376**	**418778**	**1017909**	**1033264**	**1049605**
Trade and similar debts	65198	66103	98202	59551	50866	62134	241189	174935	98292
Corporate tax liabilities	15296	11189	9611	2436	1288	-	4934	6867	938

Elements	"Company 1"			"Company 2"			"Company 3"		
	N-1	N	N+1	N-1	N	N+1	N-1	N	N+1
Contractual liabilities	125951	95568	87163	25495	27013	21408	5204	-	-
Subsidies for investments	306	306	306	-	-	-	-	-	-
Other provisions	7149	13835	3853	1338	1034	1800	47601	41558	42341
Current liabilities	**213901**	**186696**	**199137**	**88821**	**80203**	**85343**	**298930**	**223361**	**141572**
Long-term debt	**77737**	**99030**	**91260**	**564**	**620**	**648**	**16978**	**24538**	**17260**
Total DEBTS	**291638**	**285727**	**290397**	**89386**	**80824**	**85991**	**315909**	**247899**	**158832**
Social capital	264835	264835	264835	98537	98537	98537	69701	69701	69701
Own actions	-	-	-	(0.8)	(0.8)	(0.8)	-	-	-
Premiums related to issuing own shares	-	-	-	(173)	(173)	(173)	24964	24964	24964
Revaluation reserves	50804	116636	114150	1967	1967	3718	40198	57927	57927
Other reservations	226616	244563	272580	101914	23350	23350	115450	118346	121743
Reported result	(63433)	(60698)	(51212)	5548	113605	146999	407148	448920	510903
Current result	30823	26388	29939	50881	54264	60355	43750	65635	105745
Distribution of profit	(7269)	(14452)	(25302)	(1445)	-	-	-	-	-
TOTAL Equity	**502376**	**577272**	**604991**	**257230**	**291551**	**332787**	**701999**	**785364**	**890772**
TOTAL EQUITY AND LIABILITIES	**794015**	**862999**	**895389**	**346616**	**372376**	**418778**	**1017909**	**1033264**	**1049605**

Source: Data processing from information published at https://bvb.ro in financial statements of analysed companies

Table no. 2. The situation of the overall result of selected pharmaceutical companies (in thousands lei)

Elements	"Company 1"			"Company 2"			"Company 3"		
	N-1	N	N+1	N-1	N	N+1	N-1	N	N+1
Net turnover	**389710**	**340424**	**366209**	**202755**	**217938**	**239044**	**559007**	**557960**	**683865**
Sales income	**389710**	**340424**	**366209**	**195322**	**216419**	**239044**	**541170**	**540432**	**667941**
Other operating revenues	33008	36062	37378	2033	302	1298	1799	13783	35008
Inventory variation	4564	23676	711	2649	1822	218	10660	6962	14624
Revenues made by the enterprise	4660	6351	10547	-	-	-	-	-	-
Raw materials and consumables	(146016)	(131864)	(147681)	(38122)	(39754)	(39342)	(284420)	(284458)	(331309)
Staff expenditure	(102852)	(111822)	(114906)	(33313)	(39830)	(41753)	(82792)	(98960)	(112431)
amortization	(21416)	(21794)	(24124)	(8095)	(11122)	(13316)	(19841)	(17289)	(25449)
Marketing expenses	-	-	-	-	-	-	(5672)	(5788)	(2856)
Reversals (expenses) from provisions	-	-	-	-	-	-	3030	1088	8327
Other operating expenses	(121652)	(107332)	(94100)	(59580)	(64169)	(77472)	(135064)	(99952)	(153731)
Profit from exploitation	**40007**	**33700**	**34034**	**60892**	**63668**	**68676**	**46705**	**73345**	**116046**
Financial income	8	2	3	1576	1177	877	11658	11247	7147
Financial expenses	(4836)	(5373)	(3735)	-	-	-	(4270)	(4043)	(3983)
Profit before tax	**35179**	**28329**	**30302**	**62468**	**64845**	**69554**	**54093**	**80549**	**119210**
Spend. with current and deferred income tax	(4356)	(1941)	(363)	(11586)	(10580)	(9198)	(10342)	(14913)	(13464)
Profit	**30823**	**26388**	**29939**	**50881**	**54264**	**60355**	**43750**	**65635**	**105754**

Source: Data processing from information published at https://bvb.ro in financial statements of analysed companies

Funding ratios are metrics used to assess the performance and financial health of a business. Most of these economic and financial indicators are calculated based on the information provided by the company in its financial statements. The utility of these economic and financial indicators is to highlight trends, especially to compare the analysed companies with other companies active in the same industry.

Given the fact that the objective of the financial statements is to provide information about the financial position, performance and changes in the companies, the table no. 3 presents the main indicators of the selected companies, necessary to carry out the economic-financial diagnosis of the company, for the three-year period.

Table no. 3. Centralization of economic-financial indicators of selected pharmaceutical companies

Indicator	"Company 1"			"Company 2"			"Company 3"		
	N-1	N	N+1	N-1	N	N+1	N-1	N	N+1
Liquidity indicators									
Current Liquidity (%)	1.94	2.01	1.93	2.28	2.64	2.81	2.70	3.56	5.69
Immediate liquidity (%)	1.59	1.43	1.40	2.08	2.22	2.47	2.29	2.94	4.81
Risk indicators									
Debt ratio (%)	13.40	14.64	13.11	0.22	0.21	0.19	2.36	3.03	1.90
Interest coverage ratio (%)	7.75	5.60	8.62	40.50	50.94	79.26	4.85	8.61	18.22
Activity indicators (management)									
Inventory turnover rate (%)	5.27	3.13	3.45	10.68	6.39	8.15	4.37	3.92	5.36
Number of storage days	69.29	116.54	105.67	34.18	57.15	44.78	83.53	93.07	68.07
Turnover rate of debits-customers (%)	31.91	31.26	21.36	31.74	24.24	22.10	1.42	0.41	1.04
Turnover speed of credits-suppliers (%)	31.91	31.26	21.36	31.74	24.24	22.10	1.42	0.41	1.04
Fixed assets turnover rate (%)	1.03	0.70	0.72	1.41	1.36	1.34	2.66	2.34	2.80
Total assets turnover (%)	0.49	0.39	0.41	0.58	0.59	0.57	0.55	0.54	0.65
Profitability indicators									
Return on capital employed (%)	0.06	0.04	0.04	0.24	0.22	0.21	0.08	0.10	0.13
Gross Sales Margin (%)	9.03	8.32	8.27	30.81	29.75	29.10	9.68	14.44	17.43
Profitability (%)	0.07	0.05	0.05	0.24	0.22	0.21	0.06	0.09	0.13
Long-term solvency									
Debt to equity ratio (%)	0.58	0.49	0.48	0.35	0.28	0.26	0.45	0.32	0.18
The ratio of net tangible fixed assets to equity (%)	0.97	0.97	0.95	1.00	1.00	1.00	0.99	0.99	0.99
Interest coverage ratio (%)	8.82	6.66	9.61	39.48	50.02	78.26	4.19	7.84	17.73

Source: Data processing from information published in financial statements of analysed companies

Liquidity expresses the ability of some assets to turn into money, in a certain period of time. Liquidity relations result from the possibilities of transforming company's asset into money, in order to meet obligations to third parties. The degree of liquidity is expressed as a ratio between a company's assets and short-term liabilities. As can be seen in table no. 3, the current liquidity indicator for the three companies has values between 1.93% and 5.69%, and immediate liquidity is between 1.40% and 4.81%. At "Company 1" there is an increase in current liquidity in N, but in N+1 it decreases again to the initial value of 1.93%. It is recommended that the value of the indicator be between 1.5 – 2.

Liquidity refers to the property of patrimonial elements to turn into money, this can also be a criterion for grouping items in the balance sheet. From the evolution of liquidity indicators at "Company 2" it is observed that the analysed company has a good general liquidity (over-unit and increasing value) which proves that, at least in the short term, the company has the ability to pay its due debts. In N we have an increase of 0.36% compared to the previous year due to the increase in the balance of receivables and the decrease in debts.

The company's liquidity is influenced by the speed of stock turnover, the duration of collection of customer receivables, the return on invested capital and the profitability of products sold. At the same time, "Company 3" current and immediate liquidity ratio is higher than the minimum value allowed, which shows that the company was able to cover its current liabilities on account of current assets. The immediate liquidity indicator recorded an increase of 13,956,892 lei in N compared to the stocks in N-1, and in N+1 there was a decrease of 13,235,217 lei compared to N and an increase of 721,675 compared to N-1, due to the increase in turnover. The degree of indebtedness of the company is between 14.64% and 0.19%, which reflects that the proportion of medium and long-term debts participates in the formation of permanent capital, and the value of the rate is considered normal because it is less than 50%.

The lowest degree of debt has the company "Company 2" with values between 0.19% in N+1 and 0.22% in N-1, which is among the lowest of all companies listed on the Bucharest Stock Exchange. At the same time, short-term debts are relatively high.

At “Company 1”, the debt ratio oscillates between 13.11% in N+1 and 14.64% in N, with an increase of 1.24% compared to the previous year, and at “Company 3” we have an increase in N of 0.67% compared to N-1 and a decrease of 1.13% compared to N+1.

The interest coverage indicator at the “Company 2” increased a lot in N+1 with a value of 79.26% compared to N-1 when the value was 40.50%. The profit before tax in N+1 was (69,554,106 lei) and increased by (7,085,654 lei) compared to N-1. At the other two companies, the lowest values are 4.85% in N-1 at “Company 3” and 5.60% in N for “Company 1”. The lower the ratio, the more conservative the company’s management, which relies on the company’s own source of funds; on the other hand, efficient management of borrowed funds can bring higher returns on assets, that is, higher profitability. The activity indicator varies between 3.13 and 10.68%. The highest value is recorded in “Company 2” in N-1, and the lowest in “Company 1” in N. These values are due to the increase in turnover and average inventory. The lowest stock was recorded in N-1 with a value of 18,289,407 lei.

The value of fixed assets at “Company 1” increased on December 31, N compared to the value on December 31, N-1, representing an increase of 28%. In their structure, tangible assets increased in value by 29% due to the revaluation of land and some assets from the investment plan sold at market prices. Value of intangible assets is 20% higher than similar products during the previous year. The stock value in N is higher than the value recorded in December N-1, and in N+1 “Company 1” achieved the 4th sustainability report, placing the company in the GOLD category in the Romania Corporate Sustainability & Transparency Index (CST Index).

At “Company 3”, the turnover rate of accounts receivable, suppliers and total assets also had ups and downs from year to year. In N-1, the turnover rate of customer and supplier debits was 1.42%, 1.01% higher than in N and with a value of 1.04% in N+1. The turnover rate of fixed assets decreased, being 2.66% in N-1 and 2.34% in N. In N+1, “Company 3” had a turnover of 694,768,972 lei, and in N-1 the turnover was lower, with a value of 559,007,373 lei. Based on the results obtained, it can be concluded that the increase in turnover is due to the increase in the number of employees. The first two companies recorded decreasing values, which may mean an increase in exploitation activity, and “Company 3” has increasing values.

The evolution of the return on capital employed at “Company 1” decreased in N and N+1 by 0.02% compared to N-1, at “Company 2” we have a decrease every year, from 0.24% in N-1 to 0.21% in N+1, while for “Company 3” the values are increasing, from 0.08% in N-1 to 0.13% in N+1.

A business is profitable if it covers its expenses from the revenues it generates. Profitability can be appreciated in absolute terms, through gross or net profit, net cash flow, and in relative terms, through rates of return. Comparisons between companies are based on rates of return, so we eliminate differences due to company size, field of activity, etc.

The gross margin from sales at “Company 1” is represented by a lower percentage, this decrease in percentage may highlight the fact that the company is not able to control its production costs or obtain the optimal selling price. So, we have values between 8.27% and 9.03%. The issue of the solvency of companies is sufficiently complex, being treated differently in the specialized literature, sometimes creating confusion.

Solvency represents the company’s ability to meet its financial obligations, respectively to honour its payments when due. Here, the comparison between asset and liability elements, respectively availabilities and liabilities, comes into play.

Solvency provides the picture of the liquidities available to an economic agent at a given moment and the ability to repay the loan in the short term. It represents, therefore, the possibility of a debtor having sufficient assets in his patrimony to be able to honour his due obligations. It has a wider scope, expressing the situation in which a debtor finds himself whose means cover or not the obligations he has to pay at a given time.

Maintaining solvency throughout the year is closely related to the fulfilment of the company’s budget and production activity schedule, which allows it to have the volume of cash to honour its due revenue obligations at all times.

The solvency of the enterprise reflects the quality of the activity carried out, throughout the flow (supply, production and marketing). From the analysis of the solvency indicators at the company “Company 2”, it can be seen that the long-term solvency is better, which highlights the decrease in the risk of insolvency assumed by the suppliers of funds made available to the company.

From the analysis of the liquidity and solvency indicators, it can be seen that the companies have good liquidity, being able to honour their immediately due debts, as well as a satisfactory solvency, which makes them credible in front of fund providers. So, businesses have the ability to repay maturing obligations based on the activity performed, even at an unsatisfactory level of equity.

From the point of view of solvency rates, these rates are close to the recommended values.

IDENTIFIED MEASURES FOR LONG-TERM BUSINESS EXPANSION

Considering the financial analysis made, the following proposals can be made:

- Continuation of the upward line in the development of enterprises, by increasing revenues by ensuring quality services in the production activity. This means increasing the number of customers, disciplining them in the sense of respecting payment terms and correctness in making orders.
- Developing relationships with current business partners, in the sense of paying more attention to relationships with suppliers and customers for a good present and future collaboration with them.
- Permanent monitoring of the market, of the demand and in accordance with this to offer the products. Sales prices to be aligned with those in the market within the limits of competition. Any economic agent who wants to be successful must pay close attention to all the signs coming from the market. The existence of a safe domestic and foreign market is given by the marketing study which indicates for an immediate period a channelling of the volume of activity.
- Reduction of costs as a whole and primarily of general and indirect expenses. Special attention should be paid to cost reduction regarding the purchase prices of raw materials and materials. In this sense, suppliers must be selected according to the principle of the most convenient price-quality ratio. Also, visiting national exhibitions presenting new products in the field in which the company operates should not be neglected.
- Improving the organizational structure regarding authorities, responsibilities, operative and efficient decision-making.
- Last but not least, it should be mentioned paying special attention to the workforce factor. In the paste decade, choosing and maintaining a competent workforce in an enterprise is a problem for all enterprises, regardless of size. A competent staff that “costs little” is a difficult problem to solve and can unnecessarily increase expenses.

For the “Company 1” company, N was an unusual year with many trials determined by the COVID-19 pandemic, where the biggest concerns of the company were related to the health of employees, productivity, compliance with statutory requirements and solidarity with the national health system, such as and the company’s global presence.

The company decided to restore the long-term strategy in the coming years, having as priority two objectives for a high-performance and continuous activity, namely: maximizing the profitability of the business and sustainable growth, consolidated in the period N – N+8. In the first phase, N – N+3, the company’s management plan targets a 25% growth rate in turnover and profit. In the second phase, from N+4 to N+8, according to the strategic organization and development plan (P.O.D.S.) of the enterprise, its business plan proposes a 40% increase in turnover and a 70% increase in profit.

Achieving these long-term goals is based on the following strategies:

- Strategic development and management measures for adaptation to internal and external market realities;

- Investments and activities for the development of the platform strategy (development of production infrastructure, utilities, research, storage and transport, investments in strengthening and ensuring the continuity of environmental protection, development and adaptation of training infrastructure and training of human resources to strategic development concepts);
- Digitization and computerization of company activities and processes.

“Company 1” aims to transform itself into a sustainable enterprise from all points of view, a sustainable enterprise with responsibility towards the environment and people in the period N - N+8.

“Company 2” uses a strategy of growth by significantly expanding the volume of business, which usually results in substantial increases in sales and income. As a result, the company plans to support the goals set out in the annual sales plan by reducing backlogs, increasing turnover and improving cash flow over the next few years. “Company 2” continuously invests in media, commercial and marketing campaigns with long-term impact to increase awareness of the company’s products and to help healthcare professionals identify the best solutions to meet patient needs. In the long term, “Company 2” aims to expand its current product portfolio by developing and manufacturing new products that meet high quality standards, licensing or contracting production from other manufacturers.

As a long-term strategy, “Company 3” aims to complete the acquisition of the factory in Asia to expand its production capacity. The production network is strong and growing. Together with the new manufacturing capacity, it will enable them to meet the accelerated demand for the medicines they produce and increase control over the supply chain, ensuring a continuous flow of supply and rapid response to meet patient needs.

The companies experienced a continuous development during the analysed period, a statement supported by the increase in turnover, fixed assets and the company’s own capital.

During the entire period, the companies recorded profit and profitability. The highest rates of return, both economic and financial, were recorded in N-1-N. The value of the monetary resources used in the analysed period had an upward evolution. Equity used increased, as well as long-term and short-term liabilities.

The companies register a positive self-financing capacity throughout the period, which is why it can be said that they have financial independence, that is, they are able to finance their activity from their own resources.

From the point of view of financial autonomy, it can be said that companies have a financial autonomy in the term, and the global one is a borderline situation, due to the fact that long-term debts have a relatively small weight in the total debts. Regarding the degree of indebtedness, the situation is similar to financial autonomy, i.e. the degree of term indebtedness is below the recommended limits, and the global one slightly above the recommended limits.

From the point of view of financial stability, one cannot speak of stability, because during the entire analysed period the value of permanent capital in the total financing resources is between 30%-35%, one of the basic requirements of an adequate structure of capitals, namely that the share of borrowed capitals must not exceed that of permanent capitals. Regarding liquidity, it can be said that companies are able to cover their current debts on account of current assets.

“Company 3” pays the highest dividend among pharmaceutical companies on the stock exchange, while “Company 2” has reduced its dividend to shareholders. However, the analysts’ favourite is “Company 1”, which had the best growth in the field in the last year. Stock analysts see “Company 1” stock as having the most upside potential among pharma stocks on the bourse, saying it is a net beneficiary of current healthcare reforms and also has prospects for developing export business.

The economic-financial indicators had fluctuations of increases and decreases from year to year, as we presented and interpreted these indicators above.

The pharmaceutical industry has proven to be a unique industry over time, spectacular/impressive evolution, able to face a (possibly) challenging future, because the need for medicine will always be sought, even if none of us want it.

In conclusion, we would like to emphasize that, we think that all indicators are important, but we cannot ignore the level of indebtedness because it shows us specifically how an enterprise operates, namely: from own sources or through other sources (loans). We believe that it is equally important for any company to be solvent and able to meet its obligations to creditors.

CONCLUSIONS

In the process of evaluating the company's performance, the indicators of results, costs, product quality and technological efficiency must be supplemented with indicators that qualitatively measure the compatibility of the company's objectives with the employees' desires, as well as the nature of the decision-making process and the degree of adequacy of the communication process.

Based on the information from the financial reports, one can determine the system of indicators that are necessary to evaluate the company's activity and make appropriate decisions. Most decisions are taken with the help of financial analysis, through financial indicators, being sufficiently important. Financially motivated decisions require the employment of a logical framework in which impressions and conclusions can be systematically developed and the decision applied.

Therefore, making informed decisions is the true purpose of financial statement analysis.

Economic-financial indicators perform the following functions in decision-making: analysis and synthesis, reflection, knowledge and measurement, estimation, order, comparison, economic-financial leverage, hypothesis verification and testing the significance of the parameters used.

These indicators show how data is calculated, analysed, interpreted and correlated in decision making.

The achievement of any objective in the company's activity is not done through its analysis, but through the action of the human factor which, based on the analysis and the conclusions drawn, directs the effort so that the effects are maximum.

The analysis carried out leads to the conclusion that all three companies have sufficient liquidity to cover their payment obligations throughout the analysed period. The solvency rate of the companies analysed guarantees the repayment of debts at the due dates.

The pharmaceutical industry is one of the few sectors that has adapted to the conditions on the fly, being a real impetus for economic development at the global level, this being evident not in theory, but also in the analysis of the situations and the economic-financial indicators of the companies analysed at the case study.

The pharmaceutical market in Romania has been in constant change for the last four years, and in order to maintain its growth trend, they understand that, in this context, their main contribution is to establish long-term win-win relationships with all partners.

Therefore, we found that in terms of the strategies that businesses use, namely, growth strategies, we found that they include significantly expanding the volume of activities, which often leads to a large increase in sales and income.

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