



ASSESSMENT OF THE IMPACT OF THE COVID-19 PANDEMIC ON THE FINANCIAL PERFORMANCE OF COMPANIES IN THE PHARMACEUTICAL FIELD IN ROMANIA

Ioan BIRCEA^{1*}
Crina TEODORA²

¹. "George Emil Palade" University of Medicine, Pharmacy, Sciences and Technology of Tg Mureș, 540088, Romania

². Company Proflex Automotive SRL, Reghin, 545 300, Romania

Rezumat: Performanța financiară a unei societăți comerciale este dependentă de o multitudine de factori, care pot fi grupați în factori de natură externă și factori de natură internă. Prin studiul desfășurat am încercat să analizăm influența unor factori externi specifici perioadei de pandemie COVID -19 asupra performanței financiare a unor societăți comerciale din domeniul fabricării produselor farmaceutice de bază din România (Antibiotice), a preparatelor farmaceutice (Biofarm, Zentiva) a activității de asistență medicală ambulatorie (Med Life). Aceste societăți comerciale s-au confruntat cu condițiile perioadei pandemice COVID-19, cu măsurile luate în acest sens, precum și cu concurența acerbă din partea unor producători internaționali (Sanofi, Sandoz Romania, Hoffmann la Roche, Pfizer etc.). Astfel, unele societăți comerciale din domeniul fabricării produselor farmaceutice și-au redus volumul de activitate, iar altele au înregistrat o performanță mult superioară perioadei pre-pandemice.

Cuvinte cheie: performanță, COVID-19, farmaceutică, rată de rentabilitate

Abstract: The financial performance of a commercial company is dependent on a multitude of factors, which can be grouped into external factors and internal factors. Through the conducted study, we tried to analyze the influence of external factors specific to the period of the COVID-19 pandemic, on the financial performance of some commercial companies in the field of manufacturing pharmaceutical products in Romania (Antibiotice) pharmaceutical preparations (Biofarm, Zentiva) ambulatory healthcare activity (Med Life). These commercial companies faced the conditions of the COVID-19 pandemic period, the measures taken in this regard, as well as the fierce competition from some international manufacturers (Sanofi, Sandoz Romania, Hoffmann la Roche, Pfizer, etc.). Thus, some commercial companies in the field of manufacturing pharmaceutical products have reduced their volume of activity and others have performed much higher than the pre-pandemic period.

Keywords: performance, COVID-19, pharmaceutical, rate of return

© 2022 Publicat de revista ACTA MARISIENSIS, SERIA OECONOMICA, Editura University Press Târgu Mureș, sub egida Universității de Medicină, Farmacie, Științe și Tehnologie George Emil Palade din Târgu Mureș, România.

* Autor indicat pentru corespondență: Ioan Bircea
e-mail: ioan.bircea@umfst.ro

1. INTRODUCTION

Worldwide, in the first period of 2020, a decrease in economic activity was recorded, due to the restrictions imposed by the governments of the countries affected by the pandemic, the decrease in consumption and trade. Among the measures taken in Romania, in March 2020, we mention: - the 9-month moratorium on the repayment of loans to companies and to population; - the freezing of the price of utilities and fuel; - the introduction of technical unemployment (the payment of 75% of the basic salary but no more than 75% of the average gross salary for 2020), - the establishment of the state of emergency and its extension until May 2020, - the reduction of the monetary policy interest rate from 2.5% to 2%.

In May 2020, the state of emergency will be changed to the state of alert¹, which will be extended until March 2022.

In May 2020, the state of emergency is switched to a state of alert, which will be extended until March 2022.

In the second part of 2020, we witnessed an improvement in the economic-financial situation, due to the adaptation of the activity of commercial companies to the new conditions imposed by the pandemic, the relaxation of restrictions as well as the intervention of the state through the economic facilities granted.

Table no. 1. GDP per quarter, in current prices

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
GDP (bilions of lei)	247	251	223	240	254	254	269	265	273	307	324
The modification relative compared to 2019		101%	90%	96%	102%	102%	108%	107%	110%	123%	130%

Source : Statistics INSSE

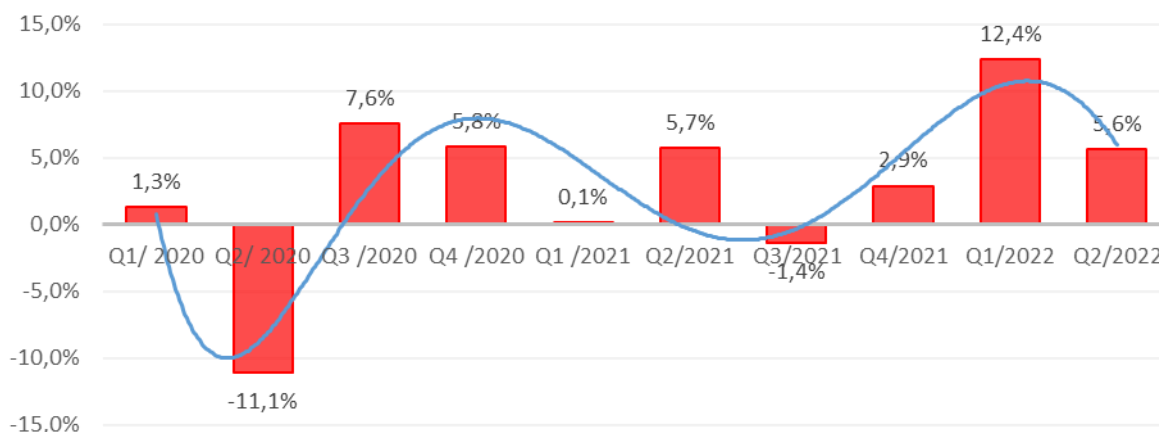
Despite all the measures taken in 2020, Romania's Gross Domestic Product (GDP) decreased in 2020 by 3.7% compared to 2019, but less than the European average which recorded a decrease of 5.7%. In 2021, due to vaccination campaigns and fiscal and monetary stimulus measures (the reduction of the monetary policy interest rate from 1.5% to 1.25% and in October the increase to 1.5% to temper the inflationary phenomenon), Romania's GDP increased by an annual rate of 5.1% while that of the European Union has a growth rate of 5.4% compared to 2020 (World Bank data, 2021).

Comparing the evolution of the GDP and the number of new cases of illness between January 2020 and June 2022, we find that at the beginning of the pandemic, Romania's GDP recorded a decrease even though there was no peak of illnesses, one possible explanation would be due to the fact that many commercial companies have not adapted their activity to the many measures taken. By contrast, in the third quarter of 2021 and at the end of the first quarter of 2022, with the increase in the number of illnesses, a decrease in GDP is recorded. So, we can

¹ The state of alert means that the authorities can issue emergency orders regarding social distancing measures and measures to isolate the population, but no military orders can be issued.

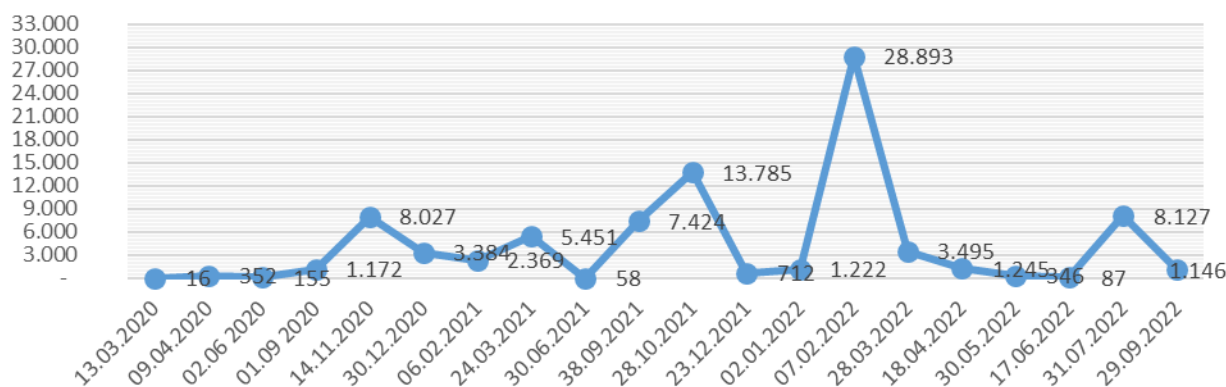
appreciate an influence of the number of cases of illness, through the measures taken, on the volume of activity at the national level (reflected by GDP).

Figure no. 1 Quarterly GDP growth rate



Source: INNSE, own calculations

Figure no. 2 Number of new cases within period 13.03.2020-29.09.2022



Source: <https://econ.ubbcluj.ro/roem/>, own processing

According to the graph, we find that the number of cases of COVID -19 illnesses have an oscillating evolution since March 2020. Most new cases of illness were recorded in November 2020 (8,027 cases), October 2021 (13,785 cases), February 2022 (28,893 cases)

The distribution of medicines in Romania is carried out through prescription pharmacies, over-the-counter pharmacies and through hospitals. According to a study published in the 2020 Annual Report of S.C. ATB SA (BVB, 2021, ATB annual report), the value of medicines dispensed to patients in Romania was RON 21.15 billion (EURO 4.30 billion), an increase by 17% compared to 2019, and in 2020 the value of medicines dispensed to patients was RON 18.05 billion lei (EURO 3.73 billion), increasing by only 1.3% compared to 2019. Thus, the

value of medicines issued to patients represents 1.7% of the gross domestic product (GDP) of 2021 and 1.8% of the gross domestic product of 2020.

2. DEFINING THE RESEARCH PROBLEM

In Romania, starting January 22, 2020, the first measures to prevent infection with COVID 19 are taken, and on March 9, 2022, the government decrees the end of the state of alert on the territory of Romania. As such, our study will focus on the period 30.06.2019 - 30.06.2022.

The commercial companies were selected by the authors for the following reasons:

- field of activity (the manufacture of basic pharmaceutical products (CAEN 2110-ATB), the field of manufacture of pharmaceutical preparations (CAEN 2120-SCD, BIO), specialized medical care activity (CAEN 8622-M);

- important contribution to Romania's GDP;

- the most representative in the field according to the ranking organized by the Chamber of Commerce of Romania.

Med Life Trade Company has six business lines covering a complex portfolio of medical activities [Clinics (29%), Dentistry (7%), Hospitals (22%), Laboratories (18%), Pharmacies (14%), Corporate (subscription-based medical prevention and prophylaxis packages)].

The financial performance during the pandemic was analyzed by:

- sales volume (CA);

- the earnings achieved from the entire activity (gross profit);

- the newly created value during this period (added value);

- the profit generated by sales (net margin);

- the efficiency of the use of own resources (financial profitability);

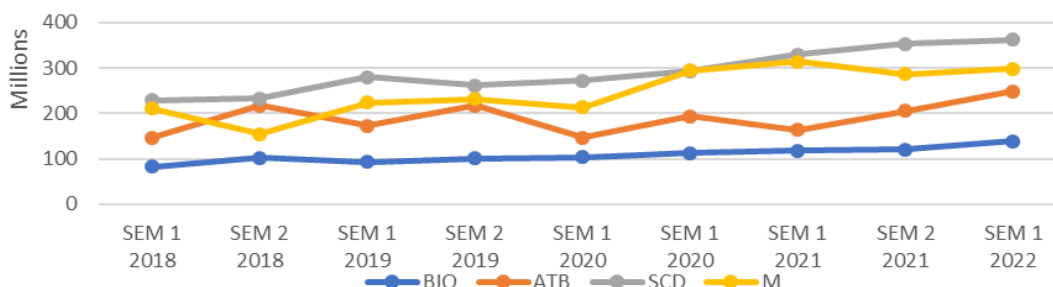
- by the return offered by the market for the amounts invested by the shareholders (return on shares).

By reporting the level reached by these pandemic-era indicators to the level reached in December 2019 (the pre-pandemic), we can appreciate their increase or decrease. The interpretation of these changes over time can be carried out by analyzing the influence of factors, which in turn were affected by the changes in the external environment of the commercial company.

3. PRESENTING THE RESEARCH FINDINGS

An indicator of the volume of activity and implicitly of a certain financial performance is the volume of sales (turnover) in a given period. In the case of Biofarm SA, with all the restrictions imposed during the COVID-19 pandemic, according to the data in the financial reporting statements, there was an increase in sales throughout the studied period. Of the total sales, the domestic ones amounted to 88% and those from the export to 2%. Through the measures taken (working remotely for certain people, hygiene and social distancing measures for those present in the productive sphere, etc.) the activity was not interrupted during the entire pandemic period. In total sales, according to BIOFARM Annual Report (2021), the OTC share is 62%, food supplements 35% and drug prescription 3%.

Figure no. 3 – Level of sales of the 4 companies studied for each semester



Source: Half-yearly reports – BVB, own calculations

According to the calculations carried out, it appears that in the first half of 2019 the turnover at Antibiotice trade company recorded a decrease compared to the second half of 2018. Our focus will be more on the pandemic period January 2020-March 2022. Thus, at Antibiotice SA, sales decreased in 2020 compared to 2019, due to the pronounced decreases in the first quarter of 2020. An explanation would be the change in drug consumption towards those mainly aimed at treating COVID-19, namely antiviral, anti-infectious ones, antithermic, support for increased immunity, the decrease is also due to the entry into force of the state of emergency and the subsequent state of alert. In order to increase sales, the trade company introduced two medicines (Paracetamol and Novocalmin) necessary for the treatment of COVID-19. The decrease is also due to the emergency ordinance (11. March 2020) banning the export of medicines manufactured in Romania, the very high increase in transport tariffs, the long waiting times in Romanian customs.

According to the Annual ATB-2020 Report, prescription drugs decreased in 2019 (their share in drug sales is 50%), and over-the-counter (OTC) drugs were increasing compared to 2019 (representing a 48% share). Also, the medicines provided in the hospital decreased significantly compared to 2019 (they have a share of 38%), because more patients with COVID 19 were admitted to hospitals.

In the case of Zentiva SA, according to the financial reporting statements published on BVB, the sales value increased very little (5%) in 2020 compared to 2019.

Because at the time of the study we had only information related to the first semester of 2022 and for the correct interpretation of the sales evolution we made comparisons not only at the annual level but also at the half-yearly level.

Table no. 2. Half-yearly turnover growth rate

Trade Company	1 st semester 2020/2019	2 nd semester 2020/2019	1 st semester 2021/2020	2 nd semester 2021/2020	1 st semester 2022/2021
Biofarm	10%	11%	14%	7%	17%
Antibiotice	-15%	-11%	11%	6%	52%
Zentiva	-3%	12%	21%	21%	10%
Med Life	-5%	27%	47%	-3%	-5%

Source: Annual reports, BVB

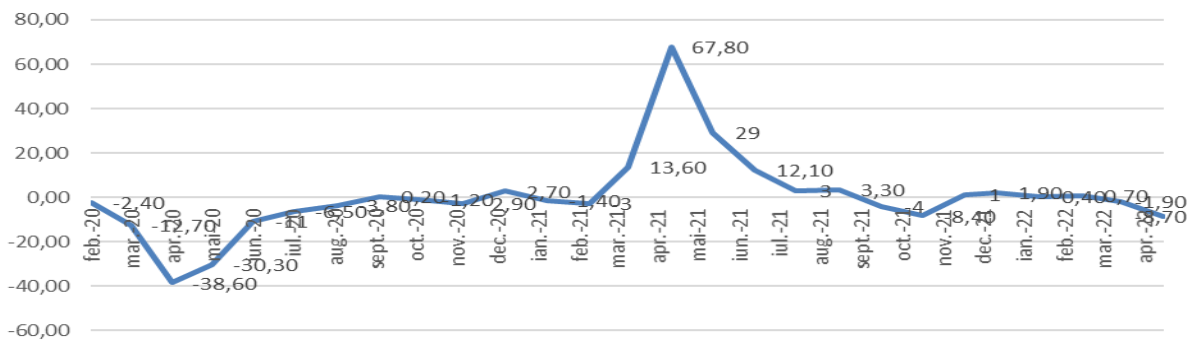
According to the data collected and the calculations made and presented in the table, it can be seen that in the first semester of 2020 compared to the same semester of 2019, sales decreased at the three commercial companies Antibiotice (ATB), Zentiva (SCD) and Med Life (M). The most pronounced decrease is at ATB by 15% and continues in the second half of 2020. In the first semester of 2021, Antibiotice, Biofarm, Zentiva trade companied had an increase in sales compared to the first half of 2020, the same the trend will continue in the second semester, but not at the same rate as in the previous semester.

In the case of the Med Life trade company, the strong sales growth in the first semester of 2021 is due to the focus on chronic, acute patients, the monitoring of those who have suffered from Covid-19 in the context of the limitation of activity in state hospitals (Administrators report, 2021). As the pandemic subsided, attention was focused on new service packages, especially on pre and post COVID-19 screening.

In the first semester of 2022 compared to the first semester of 2021, the increase in sales is present at the three companies active in the manufacture of pharmaceutical products and pharmaceutical preparations. In contrast, at Med Life company, we will witness a decrease in sales in the first semester of 2022 compared to 2021.

The same evolution trend will be found at the national level for industrial production. Thus, we see that industrial production had a decrease in April 2020 compared to the beginning of 2020, followed by an increase.

Figure no. 4 -The growth rate of industrial production within period 2020-2022



Source: *www. investing com., BVB, own calculations*

In order to explain the evolution of sales more accurately, we also considered an analysis of the sales structure (production and goods).

Table no. 3. The share of the value of goods in turnover did not undergo significant changes during the pandemic period.

Company	2018	2019	2020	2021
Biofarm BIO	1,7%	1,01%	0,35%	0,00%
Antibiotice ATB	21%	21%	24%	30%
Zentiva (SCD)	26%	62%	24%	48%
Med Life (M)	0	0	0	0

Source: *Annual reports, BVB*

We can appreciate that only in the case of Zentiva and Antibiotice, sales of goods hold an important share in the total sales. We can even notice that in 2021 compared to 2020, the share of goods sales increased.

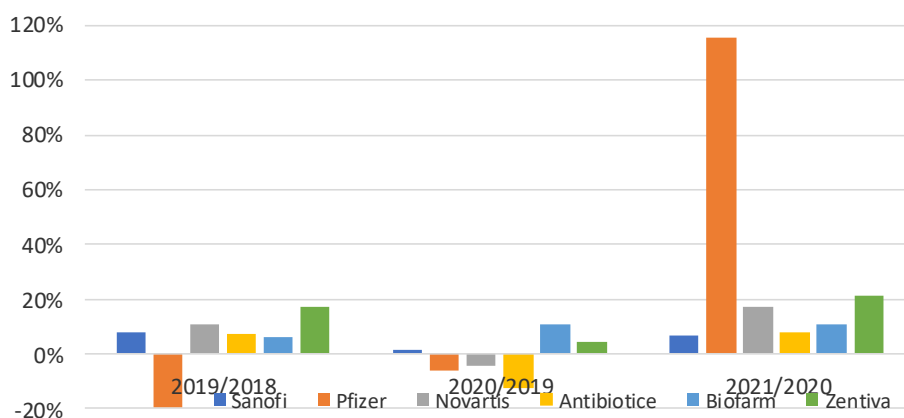
For a correct interpretation of the sales of the companies in the field of manufacturing of pharmaceutical in Romania, we also reported to the evolution of the sales of similar companies in the world. As such, we compared the annual sales growth rate of Romanian trade companies with that of foreign companies.

Table no. 4- The annual growth rate of turnover in relation to turnover in 2019 in current prices

Trade Company	2019/2018	2020/2019	2021/2020	2021/2019
Sanofi	8%	1,18%	6,56%	8%
Pfizer	-19%	-5,96%	115,37%	103%
Novartis	11%	-4,61%	16,94%	12%
Antibiotice	7%	-12,70%	8,03%	-6%
Biofarm	6%	10,78%	10,46%	22%
Zentiva	17%	4,34%	21,05%	26%

Source: investing.com, BVB, own calculations

Figure no. 5 -The annual rate of change in sales in the 6 trade companies analyzed



Source: www.investing.com., BVB, own calculations

Based on the results obtained, it appears that in 2020, compared to 2019, sales at Pfizer, Novartis, Antibiotics companies registered a decrease. Whereas in the year 2021 compared to the year 2020, all companies analyzed, both in Romania and abroad, witnessed an increase. In 2021, compared to the reference year 2019, almost all companies recorded a higher level, only Antibiotice trade company failed to reach the reference year level. It is worth noting that in 2020 compared to 2019, Pfizer doubled its sales.

The purpose of carrying out an economic activity within a trade company is to obtain profit, a possible source of increasing the shareholders' wealth by its distribution. As such, profit making and a certain level of it denotes a certain financial performance. The companies analyzed both in the country and abroad, record profit throughout the pandemic period. The analysis of the evolution of profit focused on gross profit, as it reflects the result of the entire activity carried out (both the operating activity and the financial activity) and is not affected by the corporate tax policy of the respective country.

In the case of the analyzed trade companies in Romania, in the first half of 2020 compared to 2019, only Antibiotics failed to register an increase in gross profit. At Zentiva, in the first semester of 2021 compared to 2020 and in 2022 compared to 2021, the gross profit is not at the level of the semester in previous years.

Table no. 5. The evolution of gross profit at the commercial companies analyzed

Millions of lei

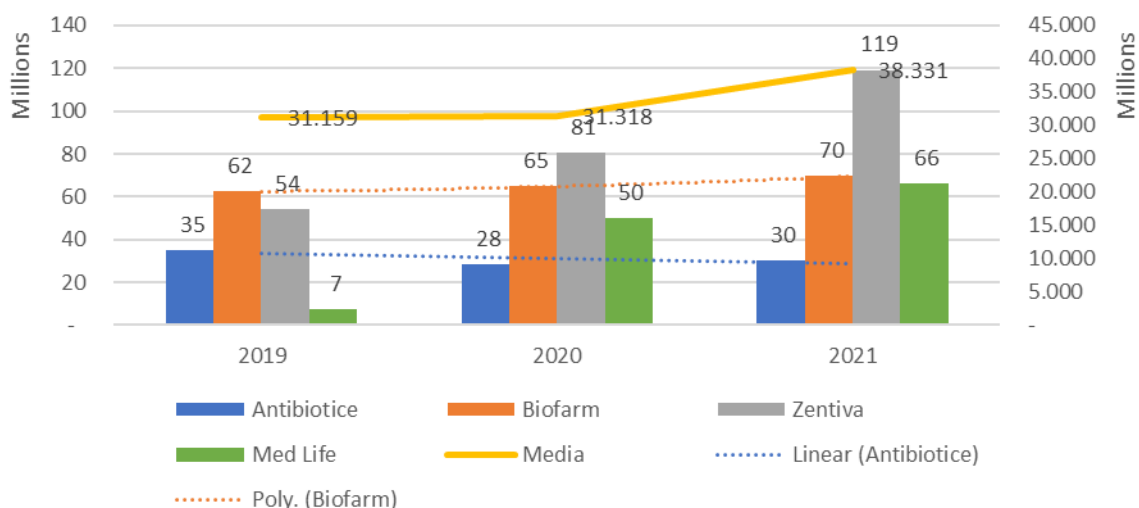
	Jun 2019	Dec 2019	Jun 2020	Dec 2020	Jun 2021	Dec 2021	Jun 2022	Jun 2020/ Jun 2019	Jun 2021/ Jun 2020	Jun2022/ Jun2021	Dec. 2020/ Dec. 2019	Dec.2021/ Dec2019
Biofarm	35	62	36	65	43	70	52	1%	20%	23%	4%	12%
Zentiva	30	54	49	81	44	86	37	62%	-9%	-17%	49%	59%
Antibiotice	25	35	19	28	20	30	26	-22%	2%	32%	-20%	-14%

Source: Annual report, own calculation

Compared to the level of 2019, only Antibiotice recorded a decrease in gross profit, both in 2020 (by 20%) and in 2021 (by 14%), the others registering an increase.

The best performing trade company according to the level reached by the gross profit during the pandemic is Zentiva.

Figure no. 6 Evolution of gross profit in relation to the average gross profit of similar commercial companies abroad



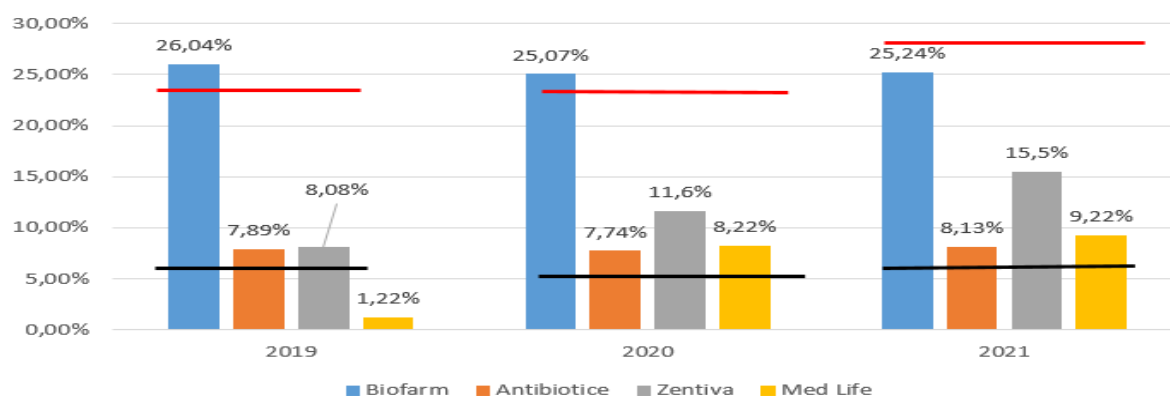
Source: BVB, own calculations

The growth trend of the gross profit achieved in the three Romanian trade companies (BIO, SCD, M) corresponds to the trend of foreign companies, the pace being different, only Antibiotice trade company makes a discordant note and has a downward trend.

Compared to the commercial companies analyzed from abroad (Novartiz, Pfizer, Sanovi), the annual gross profit of the Romanian trade companies is much lower, on average 1000 times.

By reporting the profit achieved at the level of activity of the companies, we establish a more relevant indicator in assessing the financial performance between them (Bircea, 2021). Thus, we obtain the net profit per 100 lei sales (PN/CA*100).

Figure no. 7- Net margin of the companies studied during the pandemic period



Source: Report on financial stability BNR-2021, investing com, own calculations

According to the calculations carried out, it results that during the pandemic, the net margin of trade companies that manufacture pharmaceutical products is higher than the average net margin of the Romanian companies (6%), but much lower, for certain trade companies (Antibiotice, Zentiva, Med Line M) than the studied offshore ones. Some banking institutions (BRD) give a maximum score when the level of this rate is higher than 5%, and others consider it (for example Raiffeisen Bank) as a minimum.

The analysis of the evolution of the net margin indicates an increase for Antibiotice, Zentiva and Med Life during the pandemic (Teodora, 2022). The increase in the net margin in the year 2020/2019 and in the year 2021/2020 is due to the growth in net profit at a higher rate (in Zentiva, it increased by 50% in 2020/2019, and by 60% in the year 2021/2020) in relation to the increase in turnover (in Zentiva, in 2021/2020, it increased by 4%, and in 2021/2020 by 21%). In Zentiva and Antibiotice, the factor that determines a higher rate of in net profit growth is the reduction of expenses with raw materials, materials and other operating expenses. In the case of Biofarm trade company, the high level is due to the reduction of expenses with goods, and in Med Life it is due to the reduction of staff expenses (reduction of the number of personnel by 694 people in 2020 compared to 2019).

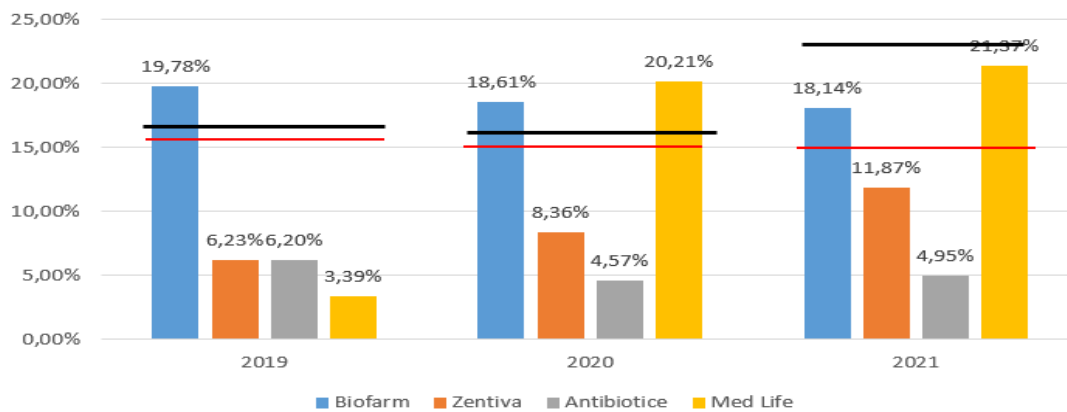
It is worth mentioning that Biofarm has a net margin (25.07%) approximately equal to that of those from abroad (the average being 24%).

The interest of the owners (shareholders and associates) in the amounts invested or left at the disposal of the company over time (equity) is for the net profit, that is, for their annual return. As a result, they will check through the financial return rate if their investment is justified.

Table no. 6 - Rate of financial return to pharmaceutical companies

The year	Biofarm	Zentiva	Antibiotice	MedLife	Pfizer	Sanofi	Novartis	Media
2019	19,78%	6,23%	6,20%	3,39%	26%	4,70%	21%	12,47%
2020	18,61%	8,36%	4,57%	20,21%	14%	19,40%	14%	14,16%
2021	18,14%	11,87%	4,95%	21,37%	28%	9%	35%	18,33%

Figure no. 8 Financial profitability at ATB, BIO, SCD, M in relation to the financial profitability at the national level and the profitability of foreign companies in the same field of activity



Source: Report on financial stability BNR-2021, own calculations

According to the values presented by the BNR in the 2021 Financial Stability Report and the calculations carried out, it follows that during the 2020-2021 pandemic period, two important trade companies in the field of pharmaceutical manufacturing (Zentiva and Antibiotice) have a financial return below the average level of financial profitability at national level and below the average level of financial profitability of some trade companies in the same field of activity abroad (Sanofi, Novartis, Pfizer). The other two companies, Biofarm and Med Life, have a higher financial return than the country-wide financial profitability (in 2020, 2021) and about the same level as the companies abroad.

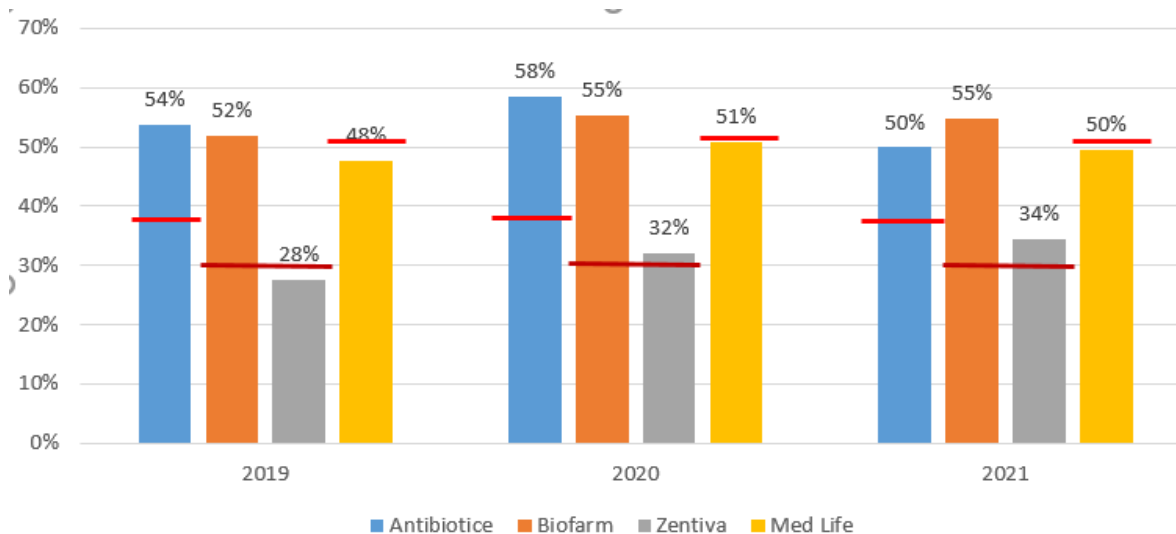
In the case of Biofarm, the factor responsible for this level is the net margin, which has an average value of 25%. In the case of Med Life, the increase in financial profitability is due both to the increase in the net margin (in 2020/2019 it is by 15%) and to the financial structure factor (3.75). Biofarm, Zentiva, Antibiotice trade companies have a low degree of external financing (bank loans or other forms of loans) as such the influence of the financial structure factor is insignificant.

Given the field of activity (manufacture of medicines) in which the newly created value is higher than in other sectors of the economy (such as trade 14% in 2019), we cannot ignore the analysis of this indicator in assessing financial performance. Through the achieved level of the newly created value (wealth), each trading company contributes to a certain extent to the

formation of Romania's GDP. In the case of Antibiotice, the added value is lower in 2020 and 2021 than in 2019. The factors that led to this decrease are the production of the exercise (in 2020/2019 by 10% and in 2021/2019 by 15%) at a rate higher than the intermediate consumption (in 2020/2019 by 5% and in 2021/2019 by 0.12%). For the comparison between companies we used the rate of increase in added value.

Given the field of activity (manufacturing of medicines) in which the newly created value is higher than in other sectors of the economy (such as trade 14% in 2019), we cannot ignore the analysis of this indicator in the assessment of financial performance. Through the achieved level of newly created value (wealth), each trade company contributes to a certain extent to the formation of Romania's GDP. In the case of Antibiotice, the added value is lower in 2020 and 2021 than in 2019. The factors that led to this decrease are the year's production (in 2020/2019 by 10% and in 2021/2019 by 15%) at a rate higher than intermediate consumption (in 2020/2019 by 5% and in 2021/2019 by 0.12%). For the comparison between the companies and that at the national level specific to the branch in 2019, we used the added value rate.

Figure no. 9- Rates of value added during the pandemic in relation to the average value at national level in 2019



Source: Annual report – BNR, INSSE, own calculations

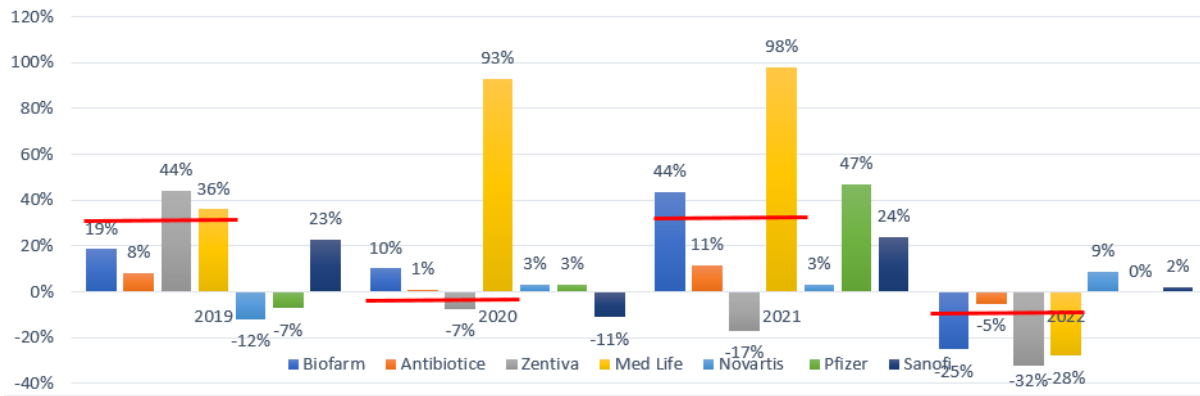
The value added per 100 lei turnover in 2019, for the trade company in the field of manufacturing basic pharmaceutical products, pharmaceutical preparations, ambulatory healthcare activity was taken from the public data of the National Institute of Statistics (INSSE). The higher the share of added value in annual sales (58%), the lower the intermediate consumption (material expenses and third-party expenses) and the higher the newly created value. In the case of companies manufacturing basic pharmaceutical products (Antibiotics) and those manufacturing pharmaceutical preparations (BIO, SCD), the added value rate is higher than the average level (37% and 30% established for 2019). So, during the pandemic with all the imposed restrictions, the added value increased in the case of the companies in the field studied,

only in the case of Med Life trade company, in the field of specialized medical assistance, the added value is below the average level in Romania.

All the indicators calculated and presented in the paper were based on accounting data, made public through the half-yearly reports to the BNV. It is interesting to analyze the performance in the pandemic conditions to see how the market reacted to the measures taken during this period.

Consequently, we evaluated the performance of trade companies in the field of basic pharmaceutical products and pharmaceutical preparations and by the return on shares. Investors focus their investments in company shares on the basis of anticipated financial performance (EPS, DIV, FCF) (Anghel et al, 2022). In 2020, the yield calculated on the basis of dividends and price increases is quite low for the analyzed companies. Instead, in 2021, we witness an increase in it. In 2022, although the alert status was declared to end, the investment in the shares of most trade companies in Romania led to a negative return.

Figure no. 10 - Return of the analyzed shares in relation to the return on the capital stock



A comparison between the return of the capital market in Romania, estimated by the BETPlus index and the return of Antibiotice and Biofarm shares, in 2019, indicates that the investment in these shares was not as profitable as the investment in the stock portfolio that composes the BETPlus index (34 %). By contrast, in 2020, even if the yield decreased in the two trade companies is higher than the yield calculated by the BETPlus index (-1.7%). In 2021, the share yield of Biofarm (44%) and Med Life (98%) was higher than the market yield, reflected by the BETPlus index (33%).

4. CONCLUSIONS

Due to the measures taken in the state of emergency by the government (restriction on the movement of people, etc.) and the measures taken by commercial companies (some reducing their activity in certain sectors of the economy, working remotely), in 2020 (after the outbreak of the COVID-19 in Romania) in compared to 2019, the Gross Domestic Product (GDP) met a decrease, which denotes a fall in the volume of activity at national level. This decrease can be attributed to a certain extent to certain sectors of the economy (metallurgical industry, automotive industry, hotels and restaurants, travel agencies, air transport, etc.) which will contribute less to the formation of the gross domestic product.

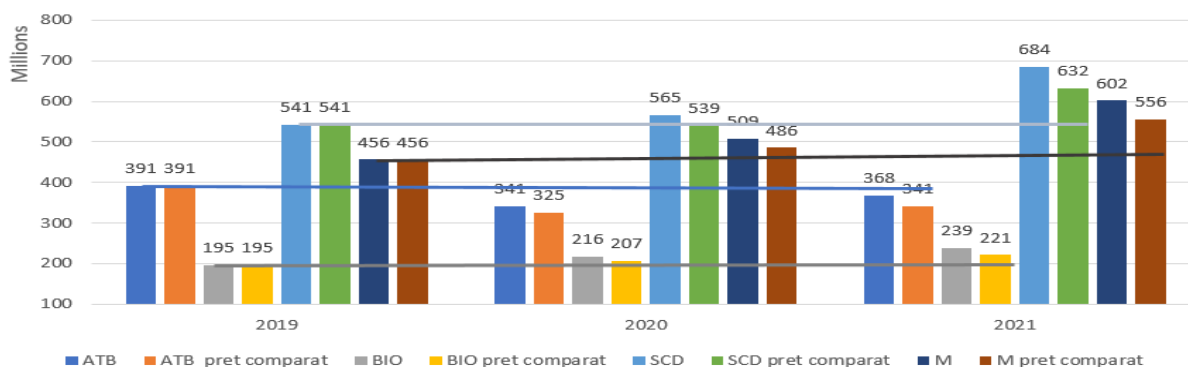
Contrary to this state at national level, in 2020 compared to 2019, the volume of activity (reflected by turnover) at Biofarm (BIO), Zentiva (SCD), Med Life (M) trade companies recorded an increase. This increase can be attributed to sales in the second half of 2020. During the state of alert, the restrictions were further diminished, the need for the pharmaceutical products manufactured by these companies and for medical assistance increased, and trade companies adapted the schedule to the new conditions imposed by the pandemic.

Only Antibiotice recorded a decrease in sales and yet, this company did not reduce the number of employees (1415 people) in 2020.

This year, the added value that the trade companies in the field of manufacturing basic pharmaceutical products (ATMs), pharmaceutical preparations (SCD and BIO), healthcare insurance (M) contribute to the formation of GDP is increasing.

In 2021 compared to 2019; Romania's GDP recorded an increase as well as in the sales and added value for all the studied trade companies (ATB, BIO; SCD; M)

Figure no. 11. Evolution of sales in current prices and prices related to 2019



During the pandemic, the trade companies studied register profit, the trend being of growth in most companies, only the pace being different. The profit made by foreign trade companies (amounting to EUR 33 billion) due to the volume of sales and the price is much higher than those in Romania (RON 60 million). According to the statement of the Minister of Health (Petrescu, 2022) "we currently have the lowest prices for medicines" and the purchase of raw materials (China, India) is made from abroad at the price at which the studied trade company from abroad is also supplied, therefore it is natural to register a higher profit.

In the case of Antibiotice and Zentiva trade companies, the gross profit could be even higher by eliminating the expenses with the claw-bakw tax (special tax on the sale of medicines included in the national health programs).

In order to research the ratio between profit and volume of activity (sales), we analyzed the net margin rate both as a trend and in comparison, with the level of some competitors in the country and abroad. In the case of Antibiotice, Zentiva and Med Life trade companies, there is an increasing trend and in the case of Biofarm a slight decreasing trend. The prices of prescription drugs are set by the Ministry of Health (National Agency of Medicines and Medical Devices in Romania, Law no. 95/National catalog of drug labels regarding health reform) at the manufacturer's price, and the non-prescription ones are freely established by manufacturers and

trade companies, as such those who manage to have a lower cost will register a higher profit. Thus, Antibiotice, Zentiva and Med Life have a higher rate of net profit growth compared to turnover. Consequently, we register an increasing trend of net margin.

Table no. 7. Gross Profit without Claw Back Tax

		2019	2020	2021
Gross Profit Antibiotice	mill. in RON	35,18	28,3	30
Claw Back Tax Antibiotice	mill. in RON	42,21	27,8	28,7
Gross profit without tax	mill. in RON	77,39	56,1	58,7
Gross Profit Zentiva	mill. in RON	62,46	80,54	119,2
Claw Back Tax Zentiva	mill. in RON	12	10	11
Gross profit without tax	mill. in RON	74,46	90,54	130,2

Source: Antibiotice and Zentiva annual reports

In the case of Biofarm companies, a high net margin (25%) is the factor that determines a high financial profitability. In the case of Med life, in 2020 and 2021, the factor responsible for a high financial return is financial leverage (total assets/equity = 3.7). The market price and implicitly the share yield is a good barometer of the financial performance and its trends, so by the level reached we are indicated that by investing in the shares issued by the company Biofarm and Med life, in 2019, we will be able to make a positive impact on the financial performance of the company. we would have achieved a win even if we went through a pandemic.

In the case of Biofarm trade company, high net margin (25%) leads to high financial profitability. Whereas in the case of Med Life, in 2020 and 2021, the factor responsible for a high financial return is financial leverage (total assets/equity = 3.7). The market price, and implicitly, the share yield, is a good barometer of financial performance and its trends, so, by the reached level, it indicates that by having invested in the shares issued by Biofarm and Med Life company, in 2019, we would have made a profit even if we had gone through a pandemic.

Bibliography:

- Anghel I. and others**, Treatise on economic-financial analysis, Ed. Romanian Academy, 2022
Bircea Ioan, Financial analysis. Theory and applications, University Press Ed., Cluj, 2016
Petrescu, Tania. Who strangled the Romanian medicine industry; Newspapers. Com. 2022
Teodora C.M., Dissertation work, "George Emil Palade" University of Medicine, Pharmacy, Sciences and Technology, Tg Mures, 2022
 Law no. 95/National catalog of drug labels regarding health reform
 Annual report, 2020, Zentiva, BVB, p. 82
 Annual report, 2021, Antibiotice, BVB, p. 6
 Annual Report Biofarm, BVB; 2021, p. 8
<https://investing.com/equities>
<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG-GDP> growth (annual %-European Union, Romania