

# THE ADDED VALUE CREATED BY COMPANIES LISTED ON BUCHAREST STOCK EXCHANGE: TRENDS AND PERSPECTIVES

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**Abstract:** *In light of their informational content, introduction to the financial theory and practice of financial indicators expressing the value creation has responded promptly to the economic environment's necessities to combat the classical instruments' deficiencies for measuring economic and financial performance based on profit, taking into account the risk associated with the business and the cost of capital invested by fund owners.*

*The present study examines the added value created by companies listed on the Romanian capital market, through the evolution of five major indicators, namely economic value added, market value added, cash value added, cash flow return on investment and total shareholder return. The level of these indicators was determined for each year of the time frame 2009-2013 at the level of a sample composed of 36 companies listed on Bucharest Stock Exchange belonging to several sectors of activity of the most diverse. The selection process of the enterprises has considered the broadest possible representation of the directly productive sectors of the national economy, as well as fulfillment of minimum criteria relating to liquidity and the value of the shares included in free-float, to ensure that their market value is the most accurate one.*

*Analyzing the evolution of indicators expressing value creation there could be ascertained the inability of companies listed on the capital market in Romania to significantly enhance their shareholders' wealth during the five years analyzed, the presence of the financial crisis being felt to the full. The only indicator which recorded favourable values for a significant number of companies is the total shareholder return. This, however, is determined to a large extent by the favourable evolution of the average stock market return, especially in the first and in the last two years of analysis, the unfavourable evolution of market value added demonstrating, nevertheless, that the value increase attributed by the market is not enough to cover the amount of capital invested by fund holders.*

**Keywords:** economic value added, market value added, total shareholder return, listed companies, Bucharest Stock Exchange

**JEL classification:** G32, G01

## **1. Introduction**

Standard indicators for measuring performance, although highly valuable, present the disadvantage that they take no account of the cost of invested capital, especially the cost of equity, and as such, their exclusive use within the economic and financial analysis can lead to erroneous conclusions since there may be encountered enterprises that are performing well but do not create value, and, on

the contrary, are consuming the already existing one.

In the specialized literature and practice concerns for quantifying the newly created value of a enterprise are relatively recent. Thus, Colasse (1993:54) defines increasing the value of an entity as "the capacity of the company to increase its size" mentioning several criteria for measuring it: sales, production, added value, fixed assets or total assets.

Essential contributions on the subject were made by US financial consulting offices, by promoting new indicators for measuring financial performance. Thus, in 1991 the consulting office Stern Stewart proposes economic value added (EVA), market value added (MVA), Future Growth Value (FGV) and Current Operations Value (COV) as indicators highlighting the registered value increase.

In 2002, other two important consultancies, Boston Consulting Group and HOLT Value Associates (now CSFB Holt LLC following the acquisition the same year by Credit Suisse) introduce Cash Flow Return On Investment (CFROI) and Total Shareholder Return (TSR) as the main means of highlighting the value creation.

Another innovative indicator promoted by Applied Finance Group is the Economic Margin, created to determine whether the entity generated cash flow in addition to the cost of capital invested in its operations or not, fact equivalent to an erosion of the value of advanced capital.

In Romania, most authors have consented to the use of new indicators promoted by advisory offices in order to determine the added value created by the company. Thus, Petrescu (2008:281) believes that added value is "the main element in determining certain indicators of value creation with major significance in the activity of any entity listed or not on the capital market" and mentions a number of the indicators presented above as criteria for performance evaluation.

## 2.Methodology

In the present study is tracked the evolution of added value created by companies listed on the Romanian capital market. To this end, following the confrontation of multiple opinions of international specialty literature and practice with the national literature (McLaney, 2014, Halpern, Weston and Brigham, 1998, Siminica, 2010, Achim and Borlea, 2012, Dinca, 2001), were selected the following set of main value creation indicators:

- Economic Value Added is a modern instrument of performance measurement, highlighting the value surplus obtained by shareholders from profits resulting from carrying on current activities, after covering the costs of invested capital and profit tax. Is determined as the difference between net operating result (Rne) and the cost of invested capital (Cki)

$$EVA=Rne - Cki \quad (1)$$

The cost of invested capital is determined starting from the formula for calculating the rate of invested capital cost (Rcki) as follows:

$$Rcki=\frac{Cki}{Ki} \rightarrow Cki = Rcki * Ki \quad (2)$$

Invested capital consists of equity (Kpr) and borrowed capital, ie medium and long term loans or financial liabilities (ltml) and short-term financial debts (Dfts) .Thus, it results that the rate of invested capital cost will be determined depending on the cost of the two categories of capital that make up the entire invested capital: the

cost of equity and the cost of borrowed capital.

The financial theory has stated the model for calculating the weighted average cost of capital (CMPC) as follows:

$$CMPC(R_{cki}) = R_c * \frac{K_{pr}}{K_i} + R_d * \frac{K_{imp}}{K_i} * (1 - c_i) \quad (3)$$

$$\text{and } K_i = K_{pr} + K_{imp} \quad (4) \qquad K_{imp} = I_{tml} + D_{fts} \quad (5)$$

where:  $R_c$ -rate of equity cost or the minimum profitability rate expected by shareholders;

$R_d$ -rate of borrowed capital cost;

$K_{pr}$ -equity;

$K_{imp}$ - borrowed capital;

$c_i$ -profit tax(%);

In order to determine the rate of equity cost I used the CAPM approach (Capital Asset Pricing Model), which involves calculating the rate of equity cost ( $R_c$ ) starting from the profitability rate for a 0 risk or the riskfree rate of return ( $R_f$ ) to which it is added the risk premium ( $Pr$ ).

$$R_c = R_f + Pr \quad (6)$$

The riskfree rate of return ( $R_f$ ) consists of the minimum gain obtained by shareholders if they invested their funds in risk-free investments (typically bonds) at the expense of investing in shares of various companies, which involve a certain degree of risk.

The risk premium ( $Pr$ ) consists of the extra return required by shareholders to compensate the risk they are assuming by placing their capital in the respective shares, and is determined as follows:

$$Pr = \beta(R_m - R_f) \quad (7)$$

where:  $R_m$ - the average rate of return expected on the market for a share;

$\beta$  - the risk index of the share in question;

$(R_m - R_f)$  – the risk premium on the market;

▪ The Market Value Added reflects the extra value created by the company in view of the market, over the book value of the capital invested in its assets.

$$MVA = KB - K_i \quad (8)$$

where:  $KB$  - market capitalization;  $K_i$  - invested capital;

▪ Cash Flow Return on Investment is determined reporting the gross cash flow of the period ( $CFB$ ) corrected with the volume of net depreciations ( $D$ ) at the sum of gross investments ( $IB$ ) or total assets ( $AT$ ) as follows:

$$CFROI = \frac{CFB - D}{IB(AT)} * 100 \quad (9)$$

The gross cash flow of the period is determined in the following manner (Achim and Borlea, 2012:318):

$$CFB = RNE + Dob + D \quad (10) \qquad \text{and} \qquad D = Cap - Vp \quad (11)$$

where:  $RNE$ -net result of the financial exercise;

$Dob$ - interests due and unpaid during the financial exercise;

$D$ - the volume of net depreciations;

$Cap$ - operating expenses related to depreciation, provisions and adjustments for depreciation and value loss that are taken from the debit balance of accounts from group 68;

Vp- Revenues from provisions and adjustments for depreciation and value loss, which are taken from the credit balance of accounts from group 78;

- Cash Value Added reflects the extra value corrected with unmonetary revenues and expenses obtained by the entity after covering the cost of invested capital (Cki).

$$CVA = CFB - D - Cki \quad (12)$$

- Total Shareholder Return expresses what percentage of the market price of the share at the beginning of the period (PPA<sub>0</sub>) returns to the investor in the form of dividend per share (DPS) and value increase of the share, recorded at the end of the period (ΔPPA=PPA<sub>1</sub>-PPA<sub>0</sub>):

$$TSR = \frac{\Delta PPA + DPS}{PPA_0} * 100 \quad (13)$$

In order to undertake the study I have analyzed 36 companies listed on Bucharest Stock Exchange, for a reference period of 5 years, ie from 2009 to 2013, the selection process of the enterprises considering the broadest possible representation of the directly productive sectors of the national economy, as well as fulfillment of minimum criteria relating to liquidity and the value of the shares included in free-float. Thus, the analysis includes companies from various areas of activity, such as: Mining and quarrying, (OMV Petrom, S.N.G.N Romgaz, Rompetrol Well Services, Dafora), Manufacturing (Vrancart, Rompetrol Rafinare, Antibiotice, Biofarm, Zentiva, Artego S.A Tg Jiu, Romcarbon S.A Buzau, Teraplast, Stirom S.A Bucuresti, Alro, TMK-Artrom, Electromagnetica S.A București, Electroargeș S.A Curtea de Argeș, Retrasib S.A Sibiu, Mecanica Ceahlău, Altur, Compa, Aerostar, Turbomecanica), Electricity, gas, steam and air conditioning supply (Amonil, C.N.T.E.E Transelectrica, S.N. Nuclearelectrica S.A), Constructions (Impact Developer & Contractor, Condmag), Wholesale and retail trade (Alumil Rom Industry, Ropharma S.A Brașov), Transportation (Conpet, S.N.T.G.N Transgaz), Storage (Oil Terminal, Socep), Professional, scientific and technical activities (Electrica), Hotels and restaurants (Turism Felix S.A Băile Felix).

For the 36 companies were extracted data from the annual financial statements but also from other published sources as well as from the records of Bucharest Stock Exchange, from where there were taken also the stock quotations of securities.

### 3 Results

Once determined the rate of equity cost and the weighted average cost of capital, the study is initiated by analyzing the added value created by listed companies in various forms, as well as the earnings they generate to their shareholders.

Thus, using the computing relations presented in the methodology section, we determined for each year of the time frame 2009-2013 the level of the indicators expressing the value creation achieved by listed companies, the obtained values being presented in the following.

**Table 1: The evolution of Economic Value Added**

Company	EVA (RON)				
	2009	2010	2011	2012	2013
1. SNP	-7.772.379.353	703.132.209	8.308.225.131	-117.700.585	1.473.613.365
2. SNG	-2.620.191.220	-69.979.986	1.803.806.137	-183.754.756	-316.460.681
3. PTR	-49.630.476	-2.001.706	34.559.498	-6.847.511	-9.077.896
4. DAFR	-102.765.212	-4.456.830	46.777.848	-28.733.948	-110.148.809
5. VNC	-24.740.004	-7.464.252	5.583.349	-7.929.814	-27.578.551
6. RRC	-898.218.196	-219.053.430	-299.737.701	-519.409.337	-662.869.284
7. ATB	-63.272.343	-3.297.847	37.484.349	-8.644.044	-2.284.855
8. BIO	-38.899.957	449.975	25.900.370	-8.239.856	-7.058.169
9. SCD	-140.306.210	18.138.270	61.147.130	-9.997.676	-7.521.185
10. ARTE	-26.233.410	-5.308.741	12.072.223	-311.724	-8.366.591
11. ROCE	-16.546.706	-11.957.577	-4.355.648	-8.057.928	-7.584.014
12. TRP	-91.764.806	-12.680.752	16.262.786	-33.756.511	-23.503.528
13. STIB	6.206.125	-1.509.407	-6.419.358	2.853.857	-7.514.783
14. ALR	-549.291.893	76.826.178	418.102.279	-144.627.260	-268.449.253
15. ART	-95.402.237	20.977.932	91.256.813	-1.171.443	-47.823.675
16. ELMA	-102.732.084	-4.609.298	64.423.480	-31.547.598	-42.651.042
17. ELGS	2.871.947	6.653.243	5.389.977	7.176.439	6.725.620
18. RTRA	-6.637.071	1.602.516	3.862.838	-5.844.721	-994.162
19. MECF	-11.280.524	1.007.494	6.015.998	3.652.186	-3.424.438
20. ALT	-34.744.079	-7.332.614	11.196.641	-11.170.519	-11.465.810
21. CMP	-101.852.791	-16.766.948	46.856.473	-20.010.941	-29.327.281
22. ARS	-20.534.020	2.353.774	18.802.696	-7.438.555	-8.224.238
23. TBM	-51.716.246	-14.714.236	-7.531.145	-17.865.777	-14.061.904
24. AMO	-28.136.372	-8.683.543	-15.266.445	-9.670.659	-9.574.577
25. TEL	-1.290.011.732	-280.220.365	497.142.223	-499.094.644	-479.862.230
26. SNN	-517.129.190	-488.693.963	-531.745.463	-501.819.570	-168.632.502
27. IMP	-325.666.654	-65.470.408	94.579.988	-160.098.237	-137.043.448
28. COMI	-53.443.364	-3.083.340	32.349.190	-44.578.949	-39.193.541
29. ALU	-2.212.240	-2.570.199	633.727	-3.247.551	-5.360.877
30. RPH	-9.585.832	1.719.746	12.404.042	-6.803.157	-6.595.807
31. COTE	-199.188.675	-24.016.074	78.567.953	-62.843.481	-88.511.466
32. TGN	-867.030.374	78.935.141	812.618.186	-267.791.244	-165.644.201
33. OIL	-79.871.591	-17.011.610	51.370.783	-64.486.926	-82.920.051
34. SOCP	-26.297.342	-4.786.276	9.557.952	-10.279.411	-9.084.598
35. EL	-1.726.459.933	-689.883.421	-254.797.467	-488.529.727	-420.495.261
36. TUFE	-43.219.282	-9.133.427	12.443.471	-15.493.334	-15.810.768

Source:author processing according to the data from the annual financial statements of companies

Analysing the evolution of economic value added we find that not many Romanian listed companies succeed to create value for their shareholders. Thus, in 2009, only 2 of the 36 analyzed companies recorded a positive economic value added, both belonging to the manufacturing industry, respectively Stirom and Electroargeş. For the other companies the effects of the economic and financial crisis are still visible as the cost of invested capital considerably exceeded the net current result. The already existent value was intensively eroded in some cases, such as Electrica, with more than 1.7 billion RON. The year 2010 brings with it a decrease in the average return on the stock market but also in the interest rate, so that the rate of the cost of capital invested by fund providers has reduced considerably, allowing more companies (11) to obtain positive economic value added. On the other hand, although the values of the indicator recorded in 2011 were largely positive, they are not relevant from an economic and financial point of view since, because of the negative market return this year, also the rate of equity cost recorded negative values, resulting in an artificial value creation. In 2012 it is observed a new unfavourable development for companies listed on BSE in terms of the economic value added created, only 3 of them (Stirom, Electroargeş and Mecanica Ceahlau) registering positive values. In fact, even though this year the interest rate registered yet another successive decrease, the financial leverage of companies is largely quite low, the rate of invested capital cost not being significantly influenced. The increase of the average return on the stock market was what determined the reduction in value added created by companies, which failed to achieve an operating result comparable to the cost of invested capital. The same phenomenon occurs also in 2013, this year only the company Electroargeş obtaining economic value added, although in slight decrease from the previous year.

**Table 2: The evolution of Market Value Added**

Company	MVA (RON)				
	2009	2010	2011	2012	2013
1. SNP	-	-	-	-830.357.765	-947.008.396
2. SNG	*	*	*	*	3.886.756.856
3. PTR	7.420.864	-29.941.614	-49.385.290	-50.795.426	-27.684.080
4. DAFR	-184.354.791	-147.069.242	-203.813.558	-177.966.183	-28.998.875
5. VNC	-66.421.662	-90.342.037	-141.864.330	-142.398.410	-133.848.150
6. RRC	74.481.472	564.564.336	1.725.493.956	-751.762.625	-528.808.303
7. ATB	-36.118.510	-55.132.531	-152.587.574	-229.181.968	-48.816.402
8. BIO	84.179.437	78.892.901	57.529.679	64.010.848	155.076.483
9. SCD	4.008.067	78.092.380	113.723.075	71.452.428	174.393.508
10. ARTE	-102.177.967	-94.322.540	-103.555.426	-50.872.744	-32.209.518
11. ROCE	-137.336.611	-153.641.659	-167.847.604	-157.473.493	-150.287.509
12. TRP	-12.715.384	-87.677.908	-136.190.711	-117.706.782	-109.039.870
13. STIB	-227.720.479	-240.646.851	-258.190.906	-293.156.491	-340.872.679
14. ALR	-280.491.133	53.716.981	161.407.652	-416.395.599	-708.957.036
15. ART	-213.442.515	-192.387.378	-574.014.251	-533.389.043	-478.334.199

16. ELMA	-92.387.126	-31.051.321	-96.823.310	-120.027.385	-118.812.014
17. ELGS	-1.325.961	11.260.011	-7.941.372	-17.216.847	-18.977.427
18. RTRA	-22.548.174	-16.892.007	-22.589.866	-24.257.984	-28.130.817
19. MECF	-20.522.646	-22.412.884	-18.376.378	-15.625.114	-11.364.159
20. ALT	-90.999.589	-86.768.946	-118.085.121	-94.097.931	-91.452.083
21. CMP	-330.136.708	-292.614.703	-316.638.969	-270.375.198	-259.060.515
22. ARS	-5.941.241	37.323.579	9.748.402	33.900.071	46.793.347
23. TBM	-131.985.526	-114.558.771	-120.021.982	-97.726.361	-88.879.677
24. AMO	-69.549.111	-68.551.861	-47.420.108	-56.607.519	-60.507.013
25. TEL	-	-	-	-	-
	2.529.920.741	2.250.473.185	2.576.010.328	3.092.396.051	3.121.287.684
26. SNN	*	*	*	*	-
					7.989.940.987
27. IMP	-338.806.556	-347.156.319	-353.254.745	-373.368.288	-231.408.044
28. COMI	41.977.517	-20.038.194	-79.075.462	-82.544.508	-59.671.566
29. ALU	2.718.026	-17.796.036	-40.057.577	-43.772.470	-58.040.273
30. RPH	50.855.193	31.122.355	78.655.732	53.305.792	30.458.514
31. COTE	-285.636.078	-313.982.143	-263.970.676	-249.039.059	-262.013.384
32. TGN	-790.183.059	297.625.457	1.104.505.966	-851.629.223	1.309.709.021
33. OIL	-24.519.571	-64.510.562	-245.758.947	-310.038.827	-387.129.017
34. SOCP	-39.893.664	33.009.930	18.366.203	-27.544.200	-42.250.300
35. EL	*	*	*	*	*
36. TUFE	-97.442.306	-117.229.803	-109.401.305	-110.868.135	-105.033.870

Source:author processing according to the data from the annual financial statements of companies

Regarding the market value added, it should be noted that two of the analyzed companies, respectively, Romgaz and Nuclearelectrica were listed on the stock exchange starting with the year 2013, while for company Electrica listing is a fact since the year 2014, so that the market value added could be determined only to a small extent for these companies. That said, only three companies have managed to record positive market value added throughout the entire analyzed period, namely Biofarm, Zentiva and Ropharma.

Thus, we find that although they had created economic value only in 2010 (the level from 2011 being irrelevant), the market assigns an extra value also in the following years of analysis. The reverse situation is encountered for company Electroargeş, whose constant positive economic value added is validated by the market only in 2010. In this context, with the exception of other two companies that recorded partially favourable developments (Romp petrol Rafinare in the first 3 years of analysis and Aerostar since 2010), according to the market, most Romanian companies are not able to create added value in any year of the period under consideration.

**Table 3: The evolution of Cah Value Added**

Company	CVA (RON)				
	2009	2010	2011	2012	2013
1. SNP	10.027.060.399	2.392.241.294	1.520.268.304	6.367.227.668	7.283.148.621
2. SNG	*	*	863.787.247	1.622.458.881	2.373.393.681
3. PTR	-68.537.058	-18.970.018	19.030.661	-30.053.549	-44.878.747
4. DAFR	-146.652.478	-50.653.556	7.568.512	-53.471.811	-70.008.792
5. VNC	-37.828.833	-19.280.699	-7.657.760	-32.702.345	-37.578.297
6. RRC	-758.318.119	-235.077.436	-261.697.789	-397.035.526	-731.327.372
7. ATB	-109.879.079	-59.406.370	-12.112.716	-63.564.197	-62.328.547
8. BIO	-53.188.617	-44.835.397	7.151.585	-25.361.609	-36.285.440
9. SCD	-147.331.759	66.282.230	-171.222.655	-58.466.994	-22.809.419
10. ARTE	-33.390.314	-14.466.571	1.348.894	-19.462.788	-18.473.631
11. ROCE	-22.123.332	-26.210.544	-7.860.938	-15.499.430	-19.783.328
12. TRP	-119.828.096	-32.858.205	7.024.730	-47.924.511	-45.822.808
13. STIB	-33.419.738	-39.458.853	-48.725.402	-38.320.212	-42.594.744
14. ALR	-397.845.904	-270.705.324	-41.316.366	-313.911.759	-471.524.977
15. ART	-121.344.214	-49.562.027	-21.960.087	-79.887.387	-128.525.736
16. ELMA	-107.739.369	-36.504.027	23.805.547	-46.515.481	-71.184.139
17. ELGS	-1.163.486	-92.249	-2.048.195	-8.545.730	-5.780.240
18. RTRA	-9.450.525	-3.359.613	-2.349.458	-5.958.623	-6.002.991
19. MECF	-7.256.384	-7.477.326	3.881.894	-2.279.235	-7.332.165
20. ALT	-41.278.152	-13.382.373	2.426.344	-18.975.619	-19.218.240
21. CMP	-134.435.398	-60.279.566	-13.206.577	-78.025.406	-81.865.044
22. ARS	-37.778.098	-11.109.911	-14.699.473	-32.248.612	-42.592.954
23. TBM	-57.977.527	-19.514.300	-446.682	-16.265.099	-17.652.872
24. AMO	-52.253.007	-13.791.474	5.914.618	-10.487.055	-12.533.374
25. TEL	-1.712.516.149	-648.949.542	181.045.300	-928.226.692	-735.177.027
26. SNN	-1.105.890.752	1.056.159.816	-839.453.752	-772.547.663	-933.464.953
27. IMP	-390.139.490	-61.903.484	99.272.132	-120.843.094	-121.062.158
28. COMI	-62.601.880	-26.360.106	18.244.415	-44.200.488	-28.482.818
29. ALU	-14.783.708	-12.347.695	-3.620.118	1.246.855	-4.898.823
30. RPH	-16.529.157	-17.379.468	11.865.085	-44.366.454	23.418.482
31. COTE	-256.277.430	-74.798.709	30.854.414	-134.179.789	-104.641.516
32. TGN	-1.373.939.988	-387.872.827	359.458.731	-818.616.605	-699.606.380
33. OIL	-94.586.161	-34.161.090	34.372.601	-80.576.136	-95.273.325
34. SOCP	-25.600.705	-11.258.029	8.514.427	-50.293.169	-10.941.562
35. EL	*	1.975.825.936	-974.238.467	-823.541.727	-982.044.261
36. TUFE	-58.810.363	-18.568.162	3.940.848	-25.667.839	-28.269.863

Source:author processing according to the data from the annual financial statements of companies



Cash Value Added could not be determined for company Romgaz in the first two years of analysis nor for company Electrica in 2009, due to the lack of availability of data on cash flows in these years. At the same time, the values of the indicator in 2011 can not be considered relevant for the same reasons as for economic value added. That said, it is observed that only two companies succeed each in one year to record an adjusted gross cash flow that surpasses the cost of capital invested in their assets (Zentiva in 2010 and Alumil in 2012). In this context, it is obvious the difficulty of Romanian enterprises to implement scripted profit, obtained by applying accruals, to effective cash flow.

**Table 4: The evolution of Cah Flow Return On Investment**

Company	CFROI				
	2009	2010	2011	2012	2013
1. SNP	-5,20%	-0,97%	-7,08%	-4,92%	-3,24%
2. SNG	*	*	0,33%	-2,64%	-9,59%
3. PTR	-7,29%	-5,08%	-2,65%	-2,97%	-6,17%
4. DAFR	-4,49%	-5,20%	-5,66%	-5,00%	-22,06%
5. VNC	-4,75%	-4,01%	-3,44%	-6,06%	-7,47%
6. RRC	-3,93%	-2,78%	-3,60%	-0,73%	-3,85%
7. ATB	-6,42%	-8,02%	-5,26%	-3,08%	-2,54%
8. BIO	-2,29%	-18,92%	-3,11%	-1,85%	-5,10%
9. SCD	-5,91%	25,14%	-58,88%	-6,02%	7,02%
10. ARTE	-0,32%	-2,93%	-2,40%	-2,65%	-1,46%
11. ROCE	1,44%	-4,75%	0,90%	-0,66%	-3,85%
12. TRP	-7,48%	-3,81%	-8,66%	-8,27%	-6,76%
13. STIB	-5,65%	-5,63%	-5,10%	-5,07%	-6,04%
14. ALR	9,16%	-3,98%	-5,98%	-4,81%	-12,11%
15. ART	-2,06%	-2,34%	-2,60%	-1,55%	-6,00%
16. ELMA	7,72%	-2,60%	-8,32%	-0,41%	-4,50%
17. ELGS	-1,36%	2,76%	0,31%	-8,78%	-2,97%
18. RTRA	-1,92%	-0,32%	-7,12%	-2,61%	-2,17%
19. MECF	-2,56%	-9,21%	11,06%	2,11%	-8,70%
20. ALT	-2,48%	-2,02%	-2,55%	-4,39%	-3,60%
21. CMP	-3,79%	-5,65%	-7,86%	-6,28%	-6,62%
22. ARS	-8,70%	-3,23%	-15,22%	-5,81%	-8,52%
23. TBM	-3,15%	-3,66%	-3,33%	-3,51%	-5,28%
24. AMO	-9,20%	-4,95%	-2,56%	-0,67%	-0,91%
25. TEL	-7,77%	-6,77%	-3,70%	-7,33%	-1,02%
26. SNN	-2,79%	-3,84%	-1,62%	-1,60%	-3,48%
27. IMP	-10,65%	-1,48%	-2,92%	-5,36%	-4,75%
28. COMI	5,69%	-6,26%	-7,52%	-13,08%	-5,08%
29. ALU	-5,30%	-9,83%	-1,80%	7,62%	1,22%
30. RPH	-0,51%	-3,02%	2,60%	-8,41%	11,35%

31. COTE	-6,65%	-3,30%	-4,80%	-8,28%	0,53%
32. TGN	-6,54%	-2,56%	-2,28%	-7,67%	-2,38%
33. OIL	-7,48%	-6,60%	-4,36%	-3,51%	-2,44%
34. SOCP	0,13%	-3,52%	3,97%	-36,33%	1,07%
35. EL	*	-15,74%	-9,06%	-1,44%	-2,93%
36. TUFE	-3,74%	-1,01%	-0,34%	-3,23%	-4,17%

Source:author processing according to the data from the annual financial statements of companies

Analyzing the cash flow return on investment, we find that there are not many the companies that register positive values regarding this indicator neither. This fact can, however, be considered normal, given that the companies selected to be part of this study are companies of considerable size, mostly industrial, holding significant fixed assets. In these circumstances, also the annual net depreciation of assets is situated at a high level, level difficult to surpass through the size of cash flow, so that their cash flow return on investment is, generally, a negative one. Only certain entities succeed sporadically to record positive values, worth mentioning being the maximum level reached by company Zentiva in 2010, respectively, 25.14%.

**Table 5: The evolution of Total Shareholder Return**

Company	TSR				
	2009	2010	2011	2012	2013
1. SNP	37,57%	41,65%	-4,18%	57,28%	16,94%
2. SNG	*	*	*	*	*
3. PTR	45,00%	-21,90%	-0,96%	25,94%	56,36%
4. DAFR	160,87%	21,47%	-50,77%	-45,41%	-9,91%
5. VNC	26,18%	10,45%	-9,46%	0,00%	3,13%
6. RRC	240,54%	-21,06%	-22,99%	-17,75%	35,87%
7. ATB	75,00%	-6,28%	-31,38%	5,84%	54,36%
8. BIO	157,69%	4,73%	-1,02%	14,83%	44,84%
9. SCD	152,77%	89,75%	-3,18%	-7,22%	47,35%
10. ARTE	-0,57%	65,64%	-13,40%	333,11%	21,85%
11. ROCE	-57,27%	-13,31%	-25,02%	-7,09%	-55,30%
12. TRP	55,00%	-32,26%	-52,31%	2,85%	-22,91%
13. STIB	-49,49%	-9,00%	18,68%	-16,67%	-6,45%
14. ALR	105,37%	33,91%	19,28%	-38,46%	-27,65%
15. ART	-11,33%	-10,00%	-16,91%	-0,82%	64,79%
16. ELMA	14,29%	-12,64%	-20,00%	-29,08%	17,26%
17. ELGS	-1,22%	154,29%	-66,29%	20,64%	65,41%
18. RTRA	-17,86%	82,61%	-54,76%	10,53%	-26,19%
19. MECF	-12,50%	-14,29%	27,78%	15,65%	11,81%
20. ALT	89,87%	35,00%	-16,05%	-13,24%	44,75%
21. CMP	205,26%	47,24%	-8,90%	41,39%	-6,18%

22. ARS	16,32%	81,51%	5,15%	54,24%	17,47%
23. TBM	23,74%	7,26%	-50,69%	-36,27%	-10,77%
24. AMO	33,81%	-23,66%	-4,23%	-51,47%	-22,73%
25. TEL	23,18%	44,19%	-4,39%	-24,75%	41,99%
26. SNN	*	*	*	*	*
27. IMP	2145,22%	-33,32%	-60,87%	-37,49%	373,04%
28. COMI	188,14%	-32,50%	-64,58%	-46,49%	-12,53%
29. ALU	223,19%	-32,56%	-28,97%	10,29%	45,51%
30. RPH	*	-48,57%	44,27%	-2,90%	-47,91%
31. COTE	26,25%	13,41%	23,57%	14,25%	33,92%
32. TGN	39,36%	96,67%	-9,60%	7,14%	-6,96%
33. OIL	50,38%	-6,67%	-17,01%	-10,64%	-29,06%
34. SOCP	-9,38%	155,17%	-6,89%	-37,88%	-16,56%
35. EL	*	*	*	*	*
36. TUFE	29,41%	-19,09%	-10,11%	-2,81%	9,97%

Source:author processing according to the data from the annual financial statements of companies

The total shareholder return provided by listed companies is strongly influenced by the stock quote movements of shares, since the number of companies that distributed dividends during the period 2009-2013 is relatively low. Thus, in 2009, when the BET index increased by 57.2%, most companies were positively impacted by the stock market advance, and, thus, the shareholders' return was a significant one. To be mentioned is the return value recorded by company Impact, of 2145.22%, moreover the maximum of the entire period under review, return achieved only from the increase in the market value of its shares. In 2010, amid increasing market return to a moderate pace, of 10.89%, decreased both the number of companies offering shareholders a positive return and its level. Further, the negative return of the stock market in 2011 had its say on the individual returns of the issuing companies, this year only 6 of them providing equity holders a positive return. In the next two years, 2012 and 2013, the prospects begin to improve amid the positive auspices of the capital market, more and more enterprises providing a satisfactory return to their shareholders.

#### 4. Conclusions

In the economic theory and practice it is considered that in order to create value, a company must obtain a gain that ensures the coverage of its operating expenses and a sufficient remuneration for the capital invested in its activity. The invested capital includes two components, equity and borrowed capital, each entailing different costs. Borrowed capital is cheaper but can sometimes be difficult to procure as banks, as the main providers of loan resources, condition their granting upon the fulfillment of certain criteria which may prove restrictive for companies (such as the efficiency of the managerial act, positioning above a certain threshold of liquidity, solvency, profitability or cash flows, etc.). On the other hand, in order for current or potential investors to express interest in the company, the remuneration

of equity should be done at an attractive rate, above a risk-free investment. The undertaken study reflects the inability of companies listed on the Romanian capital market to create added value for their shareholders. Thus, most of the analyzed indicators display unfavourable evolutions during the entire time frame under analysis, a sign that the impact of the global financial crisis was felt to the full in the activities of companies listed on BSE. The exception is given only by the total shareholder return, a series of the analyzed companies managing to record positive values of the indicator, especially in 2009, 2012 and 2013. This development is considerably driven by the significant positive stock market return during those years, being inconsistent with the evolution of the market value added of the companies surveyed. Thus, it can be stated that even though the market has assigned a certain value increase to the shares of companies listed on Bucharest Stock Exchange from one year to the next, the value of equity securities is not sufficient to cover the capital invested by shareholders and creditors in the current activities of the companies.

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