

TRENDS IN THE MILLING AND BAKING INDUSTRY IN THE EU-28 AND ROMANIA IN THE PERIOD 2015-2019

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Abstract

The paper aimed to analyze the trends in milling and baking industry in the EU-28 and Romania. During the period 2015-2019, the production of milling and bakery products increased as the need of the market is much higher. The offer of bakery products has been continuously adapted to consumer's preferences and assured a large range of bakery assortment for satisfying all the market segments. In the EU, the most representative countries operating in baking industry are Germany, France, Italy, Spain, Austria, United Kingdom, Poland and Romania. The milling and bakery products market is dominated by SMEs, and production technologies are more and more industrialized while the traditional bakery is slowing down. In Romania, milling and baking sector is the top sector in food industry. The number of companies has increased, production technologies have been modernized, product quality is increasing, the production volume is higher and higher, productivity, turnover and profit have also an ascending trend and the competitiveness has become more intense in the business environment. This economic sector assures jobs, and creates value added contributing to GDP growth. Bread consumption reached 78kg/capita/year in average in the EU-28 while in Romania is 82 kg/capita, a little bit higher. The top companies in milling and bakery industry in Romania based on their turnover achieved in 2019 are: Vel Pitar, the leader in the field, followed by Oltina, Boromir, Dobrogea, Sapte Spice and GoodMills. Based on the five criteria used in this study, the hierarchy is almost similar: Vel Pitar, Oltina, Boromir, Sapte Spice, Dobrogea, and GoodMills. The milling and bakery industry has to continue to modernize infrastructure, to look for healthier ingredients in the recipes, to diversify production, to keep under control production costs reducing energy expenses, to increase product quality and assure a good ratio between product quality and price.

Key words: milling and baking industry, trends, EU-28, Romania

INTRODUCTION

Bread is one of the oldest man-made foods, which plays an essential role in human diet and also in religious rituals and secular culture.

It is said that "wheat", one of the most important cereals in the world, in its form of bread, "provides more nutrients to the world population than any other single food source"[18].

This is explained by the fact that bread is a rich source of carbohydrates, fibers, vitamins, minerals and other nutritional factors, which are included in its content depending on the

recipe. It is commonly presented in our daily diet in different sorts, shapes, sizes, being prepared either in an industrialized system or in a traditional way.

The types of bread have been improved across the time and nowadays there is a large range of sorts among which it deserves to be mentioned: plain, multi grain, whole wheat, whole grain, high fiber, omega-3, gluten-free, non-allergen, low-fat, sugar-free, oat, bran, oil seeds etc. In addition, bakery industry produces many other sorts like pastries, muffins, cupcakes, biscuits etc, each of them having specific ingredients, nutritive value and benefits [15].

The offer of bakery products have known a large diversification in order to better satisfy consumer's preferences which have changed over the time and modern consumer is willing much more to consume a healthier food. For this purpose, consumers have become more careful in choosing the bread that they consume. They prefer a high quality bread which is made of whole wheat or whole grain flours and has a dense consistence. Many consumers avoid to buy and consume commercial bread which often is made of refined flour and contains additives destined to improve colour, flavour, texture, nutrition, and shelf life.

In general, packed bread and sliced bread are the most required, being purchased from supermarkets and hypermarkets, which means a high development of the industrialized manufacturing, while bread produced in traditional systems looks to slow down [33].

To satisfy better consumers' preferences, bakery industry have to maintain a continuous product innovation keeping pace with the trends in healthcare. Besides of its social and health importance, bakery industry is a key subsector in food industry bringing its contribution to the economic development by creating jobs, value added, assuring revenues flow to the budget. The increased demand of bakery products has led to the growth of the number of milling and bakery companies, to the improvement of production technologies and products quality, the increase of turnover, profit, profitability and competitiveness in this sector.

In 2018, the global grain mill products market size was valued at USD 623.4 billion, in 2019 it was estimated at USD 644.67 billion and in 2020 it is expected to reach USD 667 billion. From 2019 to 2025, it is expected to grow by 3.6% and reach USD 797.27 billion.

In milling industry, wheat, maize, rice, rye, barley and other cereals are supposed to be processed within an entire technological process which means: cutting, grinding, and crushing to produce flours. The new technologies and high demand of non-gelatinized flour will determine the market growth for grain mill products.

Wheat has the largest market share (42%) and the increased demand for binders has produced deep changes on starches and flours varieties used in the production of food products and industrial goods. Nowadays, wheat flours are fortified with additives, micronutrients, and a variety of ingredients [14].

The EU's bakery sector is one of the most dynamic sub sectors of food industry, due to the permanent change in consumer's preferences and innovations in production technologies of high productivity and efficiency and also assuring food safety and security.

Continuous changes are seen in manufacturing technologies, mainly regarding the reduction of energy expenses and production costs, and also in distribution channels, and products prices [12].

Among the most representative producing countries of milling and bakery products in the EU are Germany, France, Italy, Spain, Austria, United Kingdom, Poland and Romania [15].

The average bread consumption in the EU-28 has registered a decline and at present accounts for 78 kg/capita/year, but there are countries where bread is consumed in higher amounts.

In Romania, bread consumption is 82 kg/inhabitant/year, and it still higher compared to other countries, and this has sustained milling and bakery industry to maintain its the top position in the food industry regarding production diversification, turnover and profit.

The development of milling and bakery industry in Romania has been also favored by the large surface cultivated with wheat and maize and the high production performance year by year [17, 20, 26].

In this context, the paper aimed to analyze the main trends in bakery industry in the EU and Romania during the period 2015-2019.

Also, the study pays attention to the key companies operating in the milling and bakery industry, emphasizing on their financial results and profitability.

MATERIALS AND METHODS

This study is on a selection of important articles regarding the development of the milling and bakery industry in the EU and Romania, and also on the balance sheets of the top six companies operating in Romania: Vel Pitar, Boromir, Sapte Spice, Dobrogea, Oltina and GoodMills for the period 2015-2019 provided by Romanian Companies.

The main aspects approached in this study regard: product varieties, manufacturing technologies, the number of companies, production, and consumption.

Financial analysis is based on the firm performance at the end of a financial year emphasizing on turnover, net profit, profit margin, fixed assets turnover, return on fixed assets and equity [19].

The calculations were based on the following formulas:

Fixed Assets Turnover (FAT) = T/FA , where: T= turnover and FA = Fixed Assets.

Return on Fixed Assets (ROFA) = NP/FA , where: NP= Net profit, and FA= Fixed Assets.

Return on Equity (ROE) = NP/E , where: NP= Net profit, and E= Average Shareholders' Equity.

Profit margin (PM) = $NP/T \times 100$, where: NP = Net profit and T = Turnover.

In addition there were used the Points Method and Comparison Method in order to comparatively examine the financial results and profitability indicators of the companies operating on the milling and bakery market in Romania.

The results were tabled and correspondingly commented, and finally there were drawn the pertinent conclusions.

RESULTS AND DISCUSSIONS

Trends in the EU-28 milling and bakery industry

In the EU classification of economic activities, NACE Group C, Class 10, "Manufacture of Food products" includes the activities in food industry, in the year 2012, there were operating 265,699 enterprises,

where about 4,096,033 persons are employed and the companies' turnover accounted for Euro 914 Billion, and valued added for Euro 170 Billion. Over 50% of these companies are SMEs and their production value reached Euro 837 Billion.

In NACE Group C, Class 10.61 there are included the activities regarding "Manufacturing of grain mill products" such as: "grain milling: production of flour, groats, meal or pellets of wheat, rye, oats, maize (corn) or other cereal grains, manufacture of cereal breakfast foods, manufacture of flour mixes and prepared blended flour and dough for bread, cakes, biscuits or pancakes etc"[11]. In this field of activity, in the year 2012, there were operating 6,000 enterprises with about 105,852 employees, achieved a turnover of Euro 45,718 Million, and valued added of Euro 7,167 Million. Their production value reached Euro 42,186 Million [10].

In NACE Group 10.7 Manufacturing of bakery and farinaceous products, it is included the production of bakery products, macaroni, noodles and similar products, and in Group 10.71 it is included "Manufacture of bread; manufacture of fresh pastry goods and cakes class" which means: "manufacture of bakery products: bread and rolls (pastry, cakes, pies, tarts, pancakes, waffles, rolls etc.)" [11].

In 2012, in this field of activity, there were 155,219 enterprises with 1,530,972 employees. Their turnover accounted for Euro 114,523 Million, value added Euro 39,524 Million and production value Euro 108,199 Million [10].

Therefore, in food industry of the EU-28, in NACE 10.6 and 10.7. there were operating over 60.6% companies, which assured jobs for 40% people, which produced 17.52 % of turnover, 27.46% of value added and 17.95% of production value (Table 1).

Taking into account the number of enterprises and the number of jobs existing in these sectors, bakery industry is on the top position in the EU-28 food industry.

For the revenue level, these sectors come on the 5th position in the food industry [2].

Table 1. The number of companies, employees, turnover, value added and production value in food industry and in manufacturing of grain mill products and bakery and farinaceous products in the EU-28 in the year 2012

	Number of enterprises	Number of employees	Turnover Euro Billion	Value added Euro Billion	Production Value Euro Billion
NACE 10 Manufacture of food products	265,699	4,096,033	914	170	837
NACE 10.6. Manufacture of grain mill products	6,000	105,852	45.71	7.18	42.18
NACE 10.7 Manufacture of bakery and farinaceous products	155,219	1,530,972	114.52	39.52	108.19
Share of NACE 10.6 in NACE 10 (%)	2.25	2.58	5.00	4.22	5.03
Share of NACE 10.7 in NACE 10 (%)	58.41	37.37	12.52	23.24	12.92

Source: Own calculation based on the data from [10].

In the EU-28, the number of bakery companies varies from a country to another, the most numerous ones being in France and Italy, which together have almost 50% of the total number of enterprises. They are followed by Germany, Spain, Greece, Portugal, Poland, Romania and Belgium, all together having 85% of all the companies existing in the bakery sector.

The hierarchy of the companies is established based on their turnover and not on profit margin, because there are differences between companies regarding operating expenses, productivity and average value added per employee [2].

In 2018, the revenue of the bakery industry in the EU-28 was almost similar with the one performed in 2017, accounting for USD 68.7 Billion [13].

In the EU, more than 80% of the products are based on bread, being of various types, among which the most common are: pre-packed products, fresh products and bake-off products. If in the Eastern European countries, pre-packed breads and also the bake-off products achieved by supermarkets are more required, in the Western European countries consumers prefer much more "ready meals, pizzas, frozen baked goods, instant foods over breads" [15].

In 2016, the consumption of bakery products in the EU-28 reached 40 million tons, of which: 77% bread, 11 % patisserie, 9%

viennoiserie and 3% savory pastry. The consumption value accounted for €147.3 billion (\$165 billion). The share of various bakery products in sales was: bread 54%, patisserie 24%, viennoiserie 15% and savory pastry 7%.

About 71 % of bakery products is represented by fresh-baked goods, and 24% belong to packaged-to bake products [16].

Bread consumption in the EU-28 increased during the last decade, If in 2010, the average bread consumption per capita was 50 kg/year, in 2018, it accounted for 78 kg/inhabitant, but with large variations from a country to another. While Germans are the top consumers of bread, exceeding the EU average, the British consume less than the EU average.

In 2018, the highest consumption of fresh bread and miscellaneous bakery is in United Kingdom (4.8M tons), Germany (4.6M tons) and Spain (3M tons), representing 44% of the total consumption in the EU, which was 28.17 M tons.

Per inhabitant, in the year 2018, the highest consumption of fresh bread and miscellaneous bakery was registered in Ireland (154 kg), Netherlands (81 kg) and United Kingdom (72 kg).

Also, in 2018, the highest level of market value was carried out by Germany (USD 15.7 Billion), United Kingdom (USD 11.9 Billion) and Italy (USD 9.8 Billion), all together

representing 54% of the total market value which accounted for USD 69.95 Billion.

In the EU, bakery sector is the most industrialized, 80% of bread production being manufactured in industrial companies, and the remaining being obtained in the traditional system.

The main countries where industrial bakery has the highest share in bread production are: United Kingdom 80%, Netherlands 81%, Germany 40%, France 30%, and Spain 19%.

Even though in the EU, the supermarkets and hypermarkets produce their own bakery products, frozen dough and semi-baked products are substantially expanding.

In 2018, the highest production of fresh bread and miscellaneous bakery was achieved by Germany (5.1M tons), United Kingdom (4.3M tons) and Spain (3.1M tons), all these three countries together producing 12.5M tons, that is 44% of the total production of 28.40M tons in the EU. Other important producing countries are; France, Italy, Poland, Netherlands, Romania, Ireland, Czech Republic, Portugal and Belgium, all together achieving other 44% of the total EU output [13].

The increased demand has stimulated not only production but also trade with bakery products, and imports are more and more commonly frequent in many countries and also the import price has substantially raised. In 2018, the EU-28 imported 4.2M tons of fresh bread and miscellaneous bakery [13, 33].

Trends in Romania's milling and bakery industry

Romania is a special case in the EU, being known its geographical position and good soil and climate conditions for producing cereals. In Romania, the most suitable areas for these crops being the South and South Eastern, West and North East [21, 24].

In 2019, Romania produced 30.41 million tons cereals, 1.8 times more than in the year 2010. Maize production accounted for 17.43 million tons, representing 57.3% of the cereals production and being 1.9 times higher than in 2010, while wheat production was 10.29 million tons, 1.77 times higher than in 2010 and representing 33.8% of the total

cereal production. Therefore, maize and wheat are the main cereals produced in Romania providing raw material for milling and bakery industry and not only and also for export [20]. The variation of production from a region to another was caused by climate change and especially by severe and long droughts periods which appeared during the last decade. The demand/offer ration had a deep impact on maize and wheat price, which affected producers very much [23].

The high production of maize and wheat grains allows not only to cover the domestic market but also to export these grains in the EU and other extra EU states [25].

The market of milling and bakery products in Romania has taken an unprecedented advance in terms of volume of supply and demand, diversification of product range, their qualities, volume and value of sales and profit of the companies operating in this sector, which currently set the top position in the food industry.

The milling and bakery products market is dominated by SMEs, but at the same time there are still large companies whose business is continuously developing.

The main market segments are: on one side, the industrial sector endowed with a modern infrastructure, having a high number of employees, a large range of production types, and on the other side, it is the traditional manufacturing sector which is represented by small companies which practice classic production technologies [28].

The industrial companies are permanently focused on the increase of production capacity and the improvement of processing technologies, on the creation of new recipes, on the diversification of products portfolio to satisfy better consumer's preferences, on the increase of the value added and product quality, on the improvement of distribution channels and on keeping costs under control, on the growth of turnover and profit, efficiency, profitability and to cope better with the fierce competition in the business environment.

The companies operating in milling and bakery sector have a high contribution to the employment and revenue flow in Romania.

Romania produces 1.5 Million tons bread and the turnover of the mill and bakery industry reached Euro 3 Billion, which places this sub sector of the food industry on the top position. However, besides the official statistical data, there are other 500 thousand tons bread which are missing from the official data, reflecting fiscal evasion, despite of the measures taken by Government to reduce VAT to 5% [29].

Bakery industry is focused on the high demand of conventional bread which is "the white bagel", the top product consumed in Romania. However, young generation and the persons with higher income working and living in the urban areas have become more oriented to the new products compiling with a healthier life style and with a high satisfaction assured by the quality/price ratio.

Consumption habits in the urban areas have become more oriented to whole bread, rye bread or gluten-free bread, bread with seeds and Omega-3, or high-fiber bread.

Romanians are high bread consumers compared to other Europeans. But, if in 2010 bread consumption accounted for 92 kg/inhabitant/year, in 2018 it declined by 10 kg, and reached 82 kg/capita, being still by 4 kg higher than the EU-28 average of 78 kg/capita.

Consumption of white flour, maize flour and bread declined with a few percentages, while the consumption of biscuits and cakes increased.

Bread consumption differs from a region to another in the territory and also among various social categories depending on their income, education level, age, profession, preferences, habits.

The highest bread consumption in Romania is the South East Oltenia, South Muntenia, North East, where bread price is the lowest, compared to the Central region where bread price is higher.

Bread is bought especially in supermarkets and hypermarkets, but also from the small traditional bakeries situated in the house proximity from where people is accustomed to purchase rapidly [1].

Profitability in the top milling and baking companies in Romania

In Romania there are over 4,500 companies operating the field of milling and baking industry, among them the most well known are: Vel Pitar, Boromir, Dobrogea, GoodMills, Oltina, Titan, Pam Bac, Pan Grup, Croco and Rom Pak [27].

From these companies, there were selected in this study only six, which are the top companies based on their sales in 2019. They are: Vel Pitar SA, Oltina Impex Prod Com SRL, Boromir Ind SRL, Dobrogea Grup SA Constanta, Sapte Spice SA, and GoodMills Romania SRL.

Vel Pitar SA

The company is the leader in the field of bakery production and distribution in the market. Since its foundation in 2001, the company has expended its activities by joining the capital with other companies, so that at present it has 12 production units and over 2,500 employees. Its products are based on traditional recipes, the ingredients are carefully selected and of high quality, the products are packed to preserve freshness, savour and taste for a longer period of time. This was possible due to the investments in modern technologies, and products continuous improvement.

Its products are required both on the internal market by more than 1 million consumers which appreciate both the bread and pastry assortments. The company delivers bakery products every day in more than 7,000 shops which belong either to the modern retail network including supermarkets and hypermarkets and also in the traditional retail. Many of its bakery and pastry products are competitive for export [31].

However, the company is facing with the competition created by bakery products which are made of frozen bread and are commercialized on the Romanian market [32].

The sales of the company increased by +44.69% from Euro 73.63 Million in 2015 to Euro 106.54 in 2019. Net profit also increased 153 times from Euro 0.06 Million in 2015 to Euro 9.19 Million in 2019. Profit margin grew

up 153 times from Euro 0.08% in 2015 to 8.62% in 2019.

Fixed assets turnover increased from 2.83 in 2015 to 3.91 in 2019, Return on fixed assets from 0.22 in 2015 to 0.337 in 2019 with a

peak of 0.438 in 2018, and Return on equity raised from 0.004 in 2015 to 0.289 in 2019 with a peak of 0.455 in 2018 (Table 2).

Table 2. Financial results and profitability of Vel Pitar SA, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	106.54	94.75	85.11	78.67	73.63
2	Net profit (NP)	Euro Million	9.19	11.98	3.38	2.18	0.06
3	Profit margin (PM)	%	8.62	12.64	3.97	2.77	0.08
4	Fixed assets turnover (FAT)	-	3.91	3.46	3.26	3.35	2.83
5	Return on fixed assets (ROFA)	-	0.337	0.438	0.130	0.092	0.220
6	Return on equity (ROE)	-	0.289	0.455	0.207	0.147	0.04

Source: Own calculations based on [8].

Oltina Impex Prod Com SRL is another successful company in the field of milling and baking industry in the year 2019, reaching a high turnover of Euro 89.33 Million, a high profit profit of Euro 3.3 Million and a high profit margin accounting for 3.69%.

Its products of bakery are very well appreciated on the domestic market and also are exported in some European countries [9].

Oltina had one of the best the best dynamics of the sales during the last five years, increasing from Euro 30.02 Million in 2015 to Euro 89.33 Million in 2019.

Its net profit also raised by 855 from Euro 1.8 Million in 2015 to Euro 3.33 Million in 2019.

As a result, profit margin was the highest in the Romanian bakery industry accounting for 5.99 in 2015 and 3.72% in 2019, with variations from a year to another.

Fixed assets turnover increased from 2.61 in 2015 to 4.06 in 2018, meaning + 55%.

Return on fixed assets registered a decline from 0/156 in 2015 to 0.019 in 2017, but then it recovered and reached 0.151 in 2019.

Return on equity varied from a year to another, but the general trend was an ascending one from 0.169 in 2015 to 0.222 in 2019, meaning +31.3% (Table 3).

Table 3. Financial results and profitability of Oltina Impex Prod Com SRL, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	89.33	50.83	33.12	32.57	30.02
2	Net profit (NP)	Euro Million	3.33	2.13	0.28	1.60	1.80
3	Profit margin (PM)	%	3.72	4.20	0.83	4.92	5.99
4	Fixed assets turnover (FAT)	-	4.06	3.28	2.39	1.92	2.61
5	Return on fixed assets (ROFA)	-	0.151	0.137	0.019	0.095	0.156
6	Return on equity (ROE)	-	0.222	0.169	0.026	0.141	0.169

Source: Own calculations based on [6].

Boromir Ind SRL is a Romanian company founded in 1994, and which has been continuously developing, at present having many firms of milling and baking in various regions of the country and also specialized shops. The company invested Euro 5 Million in silos for increasing storage capacity and also Euro 3 Million for increasing the

production capacity. Its portfolio of products includes: flours of various cereal grains, mainly of wheat and maize, bread cakes, biscuits etc [9, 28].

Boromir registered a continuous increase of turnover from Euro 52.21 Million in 2015 to Euro 65.69 Million in 2019, meaning by 25.81 more. Its net profit also increased from

Euro 1.43 Million to Euro 2.12 Million in the same period, meaning $\pm 48/25\%$ in the last five years. Profit margin grew up from 2.72% in 2015 to 3.24 in 2019. Fixed assets turnover,

return on fixed assets and return on equity declined due to the investment made in modernizing infrastructure for enlarging production and storage capacity (Table 4).

Table 4. Financial results and profitability of Boromir Ind SRL, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	65.69	57.41	54/68	50.95	52.21
2	Net profit (NP)	Euro Million	2.12	1.29	1.54	2,11	1.43
3	Profit margin (PM)	%	3.24	2.25	2.82	4.14	2.74
4	Fixed assets turnover (FAT)	-	1.44	1.69	1.67	1.57	2.52
5	Return on fixed assets (ROFA)	-	0.046	0.038	0.047	0.065	0.069
6	Return on equity (ROE)	-	0.069	0.067	0.077	0.102	0.126

Source: Own calculations based on [3].

Dobrogea Grup SA is also a Romanian company with a high business operating mainly in Constanta, Mangalia, Eforie, but also in Medgidia. Its business is profiled on various sorts of flours, over 100 bread varieties and bakery specialities [28].

The company turnover has slightly increased by only 2.81% from Euro 34.45 Million in 2015 to Euro 35.42 Million in 2019.

Net profit was negative in 2015, accounting for Euro -1.29 Million and after a positive value of Euro 1.33 Million in 2016, the highest net profit during the last five years, it declined to Euro -6.67 Million in 2017, the

lowest level. Then, the net profit became again positive and reached Euro 0.29 Million in 2019.

Profit margin had a negative value in 2015 and 2017, and recovered at 0.82% in 2019, but much lower than in 2016, when it had the highest value of 3.85%.

Fixed assets turnover had negative values in 2015 and 2017, but then it recovered and reached 0.27 in 2019, but being by 55% lower than in 2016. Return on equity registered a similar trend, being negative in 2015 and mainly in 2017, but in 2019 it became 0.023, by 65.7% smaller than in 2016 (Table 5).

Table 5. Financial results and profitability of Dobrogea Group SA, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	35.42	35.41	35.12	34.41	34.45
2	Net profit (NP)	Euro Million	0.29	0.25	-6.67	1.33	-1.29
3	Profit margin (PM)	%	0.82	0.70	-19.00	3.85	-3.74
4	Fixed assets turnover (FAT)	-	3.33	3.06	2.90	1.55	1.49
5	Return on fixed assets (ROFA)	-	0.027	0.022	-0.552	0.060	-0.056
6	Return on equity (ROE)	-	0.023	0.020	-0.529	0.067	-0.069

Source: Own calculations based on [4].

Sapte Spice SA is profiled on milling activity, owning four mills of high capacity and its production is specialized on various types of flours (wheat, rye etc), complete mixtures for baking and pastry, but also it produce specialized products according to the clients' specifications.

The company turnover increased by 7.87%

from Euro 50.91 Million in 2015 to Euro 54.92 Million in 2019. The net profit declined from Euro 0.54 Million in 2016, the peak value, to Euro -1.14 Million in 2018. As a result, profit margin accounted for 1.18% in 2016 and -2.21% in 2018, the lowest level.

Fixed assets turnover declined from 5.79 in 2015 to 4.88 in 2019. Return on fixed assets

decreased from 0.061 in 2015 to -0.108 in 2018. Return on equity also decreased from 0.047 in 2016 to -0.111 in 2018 (Table 6).

Table 6. Financial results and profitability of Sapte Spice SA, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	54.92	47.08	45.86	46.13	50.91
2	Net profit (NP)	Euro Million	0.19	-1.04	0.53	0.54	0.53
3	Profit margin (PM)	%	0.35	-2.21	1.15	1.18	1.06
4	Fixed assets turnover (FAT)	-	4.88	4.89	4.93	4.51	5.79
5	Return on fixed assets (ROFA)	-	0.017	-0.108	0.057	0.053	0.061
6	Return on equity (ROE)	-	0.021	-0.111	0.051	0.047	0.046

Source: Own calculations based on [7].

GoodMills Romania SRL is a subsidiary of the Austrian company, one of the largest groups of milling industry in Europe.

It is a Romanian bakery and a flour mill, but also the company commercialises its milling and baking products. Its origin is in the company Mopan Mures SA in Tirgu Mures City, Central Romania and which was founded in 1991. Then, in 1999, it was acquired by the Greek company Loulis SA, in 2007 it becomes the company Titan SA, after being acquired by Euromills AG, in 2012, GoodMills Group acquires 97.85% shares in the company and in 2014, the company name becomes GoodMills Romania [30]. It has two factories for milling and baking and it is a leader in producing cereals flours: wheat flour, maize flour, gray, breadcrumbs etc [28].

The company turnover was higher in 2015 and 2016, but then in 2017 it declined from Euro 69.56 Million in 2015 to Euro 44.98 Million, meaning by -35.4% less than in 2015. Then, the company recovered its sales in 2018 and in 2019 reached Euro 53.39 Million, but by -25.25% lower than the level performed in 2015. Net profit has also declined from Euro 1.42 Million in 2015 to -10.04 in 2016, the lowest loss. Profit margin ranged between 2.04% in 2015, the highest level and -15.21%, the lowest one in 2016. Fixed assets turnover increased from 1.46 to 2.58 in the interval 2015-2019. Return on fixed assets declined from 0.031 in 2017 to -0.513 in 2016. Return on equity was much more negative reflecting the lack of efficiency in using the shareholders' equity (Table 7).

Table 7. Financial results and profitability of GoodMills Romania SRL, 2015-2019

Crt. No.	Indicators	MU	2019	2018	2017	2016	2015
1	Turnover (T)	Euro Million	53.39	52.26	44.98	66.04	69.56
2	Net profit (NP)	Euro Million	-0.41	-0.18	0.66	-10.04	1.42
3	Profit margin (PM)	%	-0.76	-0.34	1.47	-15.21	2.04
4	Fixed assets turnover (FAT)	-	2.58	2.46	2.11	3.37	1.46
5	Return on fixed assets (ROFA)	-	-0.019	-0.008	0.031	-0.513	0.029
6	Return on equity (ROE)	-	-0.032	-0.013	0.048	-0.760	0.063

Source: Own calculations based on [5].

Using the results obtained by each company for each criterion, and using the point method, Vel Pitar cumulated 8 points, Oltina cumulated 12 points, Boromir 21 points,

Dobrogea 26 points, Sapte Spice 25 points and GoodMills 34 points.

Therefore, the hierarchy of these companies based on the lowest number of points carried out for their profitability in 2019 is the

following one: Vel Pitar, the leader in the field, followed by Oltina, Boromir, Sapte Spice, Dobrogea, and GoodMills (Tabel 8).

Table 8. Classification of the six companies in 2019 based on the selected criteria, using Point Method

	Vel Pitar	Oltina	Boromir	Dobrogea	Sapte Spice	GoodMills
Turnover	106.54	89.33	65.69	35.42	54.92	53.39
Points	1	2	3	6	4	5
Net profit	9.19	3.33	2.12	0.29	0.19	-0.41
Points	1	2	3	4	5	6
Profit Margin	8.62	3.72	3.24	0.82	0.35	-0.76
Points	1	2	3	4	5	6
FAT	3.91	4.06	1.44	3.33	4.88	2.58
Points	3	2	6	4	1	5
ROFA	0.337	0.151	0.046	0.027	0.017	-0.019
Points	1	2	3	4	5	6
ROE	0.289	0.222	0.068	0.023	0.021	-0.032
Points	1	2	3	4	5	6
Total points	8	12	21	26	25	34
Final classification	1	2	3	5	4	6

Source: Own calculation.

CONCLUSIONS

The offer of bakery products have known a large diversification in order to better satisfy modern consumer's preferences which are more oriented to healthier bread and other bakery products.

Bakery industry is a key subsector in food industry in Romania being the top sector based on its turnover and contribution to the economic development by creating jobs, value added, assuring revenues flow to the budget.

The increased demand of bakery products has led to the growth of the number of milling and bakery companies, to the improvement of production technologies in order to increase production and product quality, productivity, turnover and profit and also the competitiveness of their products in the market.

Among the most representative producing countries of milling and bakery products in the EU are Germany, France, Italy, Spain, Austria, United Kingdom, Poland and Romania.

Bread consumption increased in the EU reaching 78kg/capita/year and in Romania is 82 kg/capita, a little bit higher, despite that during the last decade it declined from 92 kg in 2010. In Ireland and Netherlands bread consumption is the highest in the EU.

The milling and bakery products market is dominated by SMEs, but at the same time there are still large companies whose business is continuously developing.

Traditional milling and baking system are replaces year by year by industrialized technologies of production which produce a higher production which could better satisfy the demand.

In Romania's milling and baking industry are operating over 4,500 enterprises, whose turnover exceeded Euro 3 Billion.

The top companies in milling and bakery industry in Romania based on their turnover achieved in 2019 are: Vel Pitar, the leader in the field, followed by Oltina, Boromir, Dobrogea, Sapte Spice and GoodMills.

Based on the five criteria used in this study, the hierarchy is almost similar: Vel Pitar, Oltina, Boromir, Sapte Spice, Dobrogea, and GoodMills.

The milling and bakery industry has to continue to modernize infrastructure, to look for healthier ingredients in the recipes, to diversify production, to keep under control production costs reducing energy expenses, to increase product quality and assure a good ratio between product quality and price.

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