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Analysis of the economic and financial performance of Romania's state-owned companies in 2024

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Note:

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Summary

The accumulation of losses and arrears by companies in which the state is the majority shareholder poses a risk to fiscal and budgetary sustainability, as it may prompt the Government to intervene using public funds, potentially leading to an increase in the budget deficit. Conversely, profitable state-owned enterprises may provide a source of additional budget revenue. Therefore, the economic and financial performance of public-sector companies needs to be continuously monitored.

In this context, the present analysis examines the economic and financial performance of Romania’s state-owned enterprises in 2024, while also comparing them with private-sector companies. The analysis was conducted using a sample of 746 state-owned enterprises, divided into the top five companies by net profit and the remaining state-owned enterprises, as a small number of companies generating substantial profits significantly influence the aggregate results of the public-sector companies.

The year 2024 was marked by moderate economic growth of 0.9%, representing a slowdown of 1.4 pp compared with the previous year. Household consumption, supported by rising real wages, was the main driver of economic activity. External geopolitical tensions remained elevated, while the latter part of the year saw a significant increase in domestic uncertainty. Against this backdrop, the performance of both state-owned and private companies deteriorated compared with 2023. These results should be interpreted in light of the substantial influence exerted by energy-sector companies on the overall performance of state-owned enterprises. Companies operating in the hydropower, nuclear energy and natural gas sectors remained the main contributors to the aggregate profit generated by state-owned enterprises, even though their profits declined compared with 2023 amid falling energy prices and slowing economic activity. Across the sector as a whole, approximately 28.7% of state-owned enterprises were not profitable in 2024, compared with 34.5% in the previous year. Some of these companies provide goods and services of public interest at both central and local government levels.

Romania’s state-owned enterprises recorded declines in total revenues (-0.9%) and turnover (-3.1%), as well as a decrease in gross value added in nominal terms (-8.7%) in 2024. They generated a total net profit of 11.5 billion lei, approximately 0.3 billion lei (-2.2%) below the level recorded in 2023. The five most profitable state-owned enterprises recorded a decline in net profit, from almost 12 billion lei to approximately 10.1 billion lei. By contrast, the remaining state-owned enterprises moved from a combined loss of approximately 0.2 billion lei in 2023 to an aggregate profit of around 1.4 billion lei in 2024. It should be noted that, over the period under review, state-owned enterprises excluding the top five recorded a positive aggregate net result only in 2017, 2022 and 2024. The decline in the net result generated by state-owned enterprises led to a deterioration in their profitability indicators: ROA and ROE fell to 3.9% and 5.5%, respectively, in 2024, from 4.4% and 6.2%, respectively, in 2023. The

contribution of state-owned enterprises to economic activity in Romania remained limited in 2024. They accounted for 3.4% of economy-wide revenues, 3.3% of turnover and 7.4% of gross value added, although they represented only 0.08% of all non-financial companies included in the sample under review. Moreover, 2024 saw an improvement in the liquidity ratio to 156.8%, from 146.1% in 2023; a broadly unchanged debt ratio of 28%, compared with 28.1% in 2023; a decline in new investment to 6.4%, from 9.5% in 2023; and a reduction in labour productivity to 103.9 million lei per 1,000 employees, from 126.9 million lei per 1,000 employees in 2023.

By contrast, private-sector companies recorded increases in total revenues (+3.6%) and turnover (+3.4%), as well as growth in gross value added in nominal terms (+9%) in 2024. They generated a total net profit of 163.7 billion lei, approximately 9.9 billion lei (-5.7%) below the level recorded in 2023. The decline in the net result generated by private companies was also reflected in their profitability indicators: ROA decreased to 4.5% in 2024, from 4.7% in 2023, while ROE remained unchanged at 7.4%. Moreover, 2024 saw a decline in the liquidity ratio to 241.5%, from 247.9% in 2023; an increase in the debt ratio to 39.9%, from 36.7% in 2023; an increase in new investment to 5.7%, from 4.7% in 2023; and a marginal rise in labour productivity to 81.9 million lei per 1,000 employees, from 81 million lei per 1,000 employees in 2023.

Arrears accumulated by state-owned enterprises declined by 5.4% in nominal terms in 2024 compared with the previous year, reaching 20.3 billion lei. They accounted for 23.9% of total overdue payments across the economy, down from 24.5% in 2023. State-owned enterprises' arrears as a share of GDP decreased to 1.2%, from 1.4% in 2023, reaching the lowest level over the entire period under review. Nevertheless, arrears remain a structural and deeply entrenched problem, with the ten companies reporting the largest arrears accounting for 75.2% of total overdue payments. The evolution of this ranking over time shows that arrears are concentrated primarily in the transport, mining, energy and chemical sectors, with some state-owned enterprises continuing to appear in the ranking year after year. Private-sector companies' arrears also declined in nominal terms in 2024, falling by 2.4% compared with the previous year to 64.7 billion lei.

The economic and financial performance of state-owned enterprises is also influenced by the quality of the corporate governance framework and its implementation. The adoption of Law No. 187/2023, which introduced a series of measures aimed at improving the performance of state-owned enterprises, and the establishment of the Agency for Monitoring and Evaluation of the Performance of Public Enterprises (AMEPIP) represented important steps towards alignment with OECD corporate governance standards. The European Commission's assessment of AMEPIP's functioning, conducted in accordance with the requirements of milestone 440 under Romania's National Recovery and Resilience Plan (NRRP), found that the agency was only partially operational. Together with the OECD's 2024 report, this confirmed that appropriate legislation alone is insufficient without effective implementation. The legislative framework was subsequently strengthened through the adoption of Law No. 158/2025, which aims to increase economic efficiency and reduce administrative expenditure. The OECD's 2026 report on Romania noted improvements in the governance of state-owned enterprises.

As in previous years, the impact of the main state-owned enterprises at central and local government levels on the general government budget balance (under ESA standards) was marginal, amounting to only -0.02% of GDP in 2024 and placing no additional pressure on the budget deficit.

Analysis of the economic and financial performance of Romania's state-owned companies in 2024

Introduction

The accumulation of losses and arrears by companies in which the state is the majority shareholder poses a risk to fiscal and budgetary sustainability, as it may prompt the Government to intervene using public funds, potentially leading to an increase in the budget deficit. Conversely, profitable state-owned enterprises (SOEs) may provide a source of additional budget revenue. Therefore, the economic and financial performance of public-sector companies needs to be continuously monitored.

In this context, the present report analyses the performance of Romania's state-owned enterprises in 2024, based on the annual financial statements submitted to the Ministry of Finance (MF) by companies operating in Romania. The report examines the main economic and financial indicators of state-owned enterprises, considering both their evolution over time and their performance relative to the private sector. The indicators are assessed both on an aggregate basis and excluding the five most profitable state-owned enterprises, as these companies have a significant impact on the overall results of the analysis.

The economic and financial performance of state-owned and private-sector companies should be assessed in light of the macroeconomic environment and other specific factors that influenced their activity. In 2024, economic growth was moderate, with real GDP increasing by 0.9%, representing a slowdown of 1.4 pp compared with 2023. Household consumption, supported by rising real wages, was the main driver of economic growth, alongside a positive contribution from changes in inventories. These effects were partly offset by developments in investment and net exports. External geopolitical tensions remained elevated throughout 2024, while the latter part of the year also saw a significant increase in domestic uncertainty.

The moderate economic growth recorded in 2024 was reflected in the performance of both state-owned and private-sector companies. As in previous years, the overall performance of state-owned enterprises was influenced by the energy sector. A small number of companies operating in hydropower, nuclear energy and natural gas generated the majority of aggregate profits, while numerous companies operating thermal and coal-fired power plants continued to record losses. Across the sector as a whole, approximately 28.7% of state-owned enterprises were not profitable in 2024, some of which provide goods and services of public interest at central and local government levels.

Dataset

The analysis was conducted using a sample of 746 state-owned enterprises, broadly similar in size and composition to the sample

At the end of 2024, 1,706 companies in the non-financial sector reported in their annual financial statements that they were wholly or majority state-owned. Following a rigorous review of their legal form, principal activity and the ownership structure of their paid-in share capital, it was found that numerous limited liability companies had

used in 2023, which comprised 753 companies. Accordingly, the results of the present study are expected to be comparable with those obtained in previous years.

To reflect the economic and financial performance of Romania's state-owned enterprises as accurately as possible, the dataset used in the analysis was adjusted to eliminate the influence of factors reported in the financial statements that did not represent an actual change in the companies' economic and financial position.

incorrectly reported themselves as belonging to the state-owned enterprise sector. After the identified reporting errors were corrected, the final number of state-owned enterprises included in the analysis was 746, broadly in line with the 2023 sample of 753 companies. Accordingly, the results of the present study are expected to be comparable with those obtained in previous years.

A series of adjustments were subsequently made to the reported financial data to ensure that the analysis reflected the economic and financial performance of public-sector companies as accurately as possible. As in the 2018-2023 period, the National Company for Road Infrastructure Administration (C.N.A.I.R. S.A.) reported concession rights arising from its agreement with the Ministry of Transport concerning assets owned by the state. At December 31, 2024, the unamortised value of these rights amounted to 58.37 billion lei[1]. Because these concession rights did not result from investment activities and could materially distort the study's findings – by substantially increasing both the volume of assets and the debt ratio of state-owned enterprises –, they were excluded from the analysis. Furthermore, since 2018, the financial statements reported by C.N.A.I.R. S.A. have shown a significant decrease in tangible assets under execution – exceeding 10 billion lei at that time –, offset by a similar increase in production inventories under execution[2]. Given the substantial impact of these changes on the indicators relating to liquidity and the level of investment undertaken by state-owned enterprises, the relevant indicators were adjusted accordingly.

In 2022 and 2023, Complexul Energetic Oltenia S.A. reported substantial net profits – 3.5 billion lei in 2022 and 1 billion lei in 2023 –, ranking as the second most profitable state-owned enterprise in 2022 and the fourth most profitable in 2023. However, given that, under its restructuring plan, the company was to receive restructuring aid totalling 1.09 billion euro through 2025[3], the profits generated by Complexul Energetic Oltenia S.A. were excluded from the analyses for 2022 and 2023. Their inclusion would have artificially improved the

[1] According to the notes to C.N.A.I.R. S.A.'s 2024 financial statements.

[2] The reclassification of these amounts is most likely attributable to the accounting policies applied.

[3] According to the consolidated directors' report for the period from January 1 to December 31, 2023, p. 5, Complexul Energetic Oltenia received state aid amounting to almost 3.8 billion lei in 2022 (2022 report, p. 11) and 449 million lei in 2023 (Government Decision No. 247/2023), respectively.

aggregate profitability of state-owned enterprises and distorted the overall findings of the analysis.

From 2018 onwards, no overdue payments were reported by Compania Națională a Huilei S.A. (which had reported 5.4 billion lei in overdue payments at the end of 2017) or Electrocentrale București S.A. (1.7 billion lei at the end of 2017). This explains the substantial decline of more than 36% in state-owned enterprises' arrears in 2018 compared with the previous year. It should be noted that the absence of such reporting does not indicate that these overdue payments had been settled. Rather, it was most likely due to the fact that, at the time, C.N. a Huilei S.A. was undergoing bankruptcy proceedings, while Electrocentrale București S.A. was undergoing insolvency proceedings.

Similar adjustments were also made to the analyses for certain previous years, with a view to obtaining as realistic an assessment as possible of the performance of state-owned enterprises, as follows:

- In 2021, Oltchim S.A. reported a book profit of 1.7 billion lei, accounting for approximately 29% of the total profit generated by state-owned enterprises. Given that the company was undergoing bankruptcy proceedings and had been under the administration of a court-appointed liquidator since 2019, Oltchim's profit was excluded from the analysis for 2021.
- At the end of 2018, the National Rail Freight Transport Company (Societatea Națională de Transport Feroviar de Marfă – S.N.T.F.M. C.F.R. Marfă S.A.) reported a year-on-year increase of 4.3 billion lei in tangible fixed assets following a revaluation of its tangible fixed assets and investment property. This information was treated with caution: the increase was recognised in the total assets of state-owned enterprises but was not classified as investment in fixed assets.
- The Energy Holdings Management Company (Societatea de Administrare a Participațiilor în Energie – SAPE) and the Romanian Television Corporation (Societatea Română de Televiziune – SRT) were excluded from the 2017 sample because they significantly distorted the analysis of state-owned enterprises' profitability. In SAPE's case, this was due to the 401.2 million euro received from the Enel Group following a successful claim before the Paris Court of Arbitration. In SRT's case, it reflected the substantial increase in the subsidy granted by the Romanian state – from 95 million lei in 2016 to 946 million lei in 2017 –, following the abolition of the radio and

television licence fee and to facilitate the repayment of the public broadcaster's historical debt.

- A similar situation occurred in 2015, when Oltchim S.A. recorded a book profit exceeding 2.3 billion lei – almost 48% of the total profit generated by state-owned enterprises –, following the write-off of a substantial portion of its debt. In this case, Oltchim's profit was likewise excluded from the analysis for 2015.

Lastly, it should be noted that the aggregate results for private-sector companies are influenced by a company that has reported substantial and increasing current assets in recent years, exceeding 1,000 billion lei at the end of 2024. This considerable volume of current assets has a positive impact on the overall liquidity and debt ratios of private-sector companies. However, it reduces their rates of return by increasing the asset base against which aggregate net profit is measured.

Results of the empirical analysis

Against the backdrop of moderate economic growth, the gross value added generated by non-financial companies declined by 1.9% in real terms in 2024. The decrease amounted to 16.6% for state-owned enterprises and 0.5% for private-sector companies.

In 2024, economic growth was moderate, with real GDP increasing by 0.9% compared with the previous year. Household consumption, supported by rising real wages, was the main driver of economic growth, alongside the positive contribution from changes in inventories. These effects were partly offset by developments in investment and net exports. External geopolitical tensions and uncertainties remained elevated throughout 2024, while the latter part of the year also saw an increase in domestic uncertainty. Against this backdrop, the gross value added generated by non-financial companies declined by 1.9% in real terms in 2024, compared with an increase of 2.4% in 2023. For state-owned enterprises, the indicator decreased by 16.6%, while the gross value added generated by private-sector companies fell by 0.5% in real terms.

The performance of energy-sector companies and moderate economic growth influenced the overall results of state-owned enterprises in 2024.

As in previous years, energy-sector companies had a significant influence on the overall performance of state-owned enterprises. On the one hand, a homogeneous sample of companies operating in the hydropower, nuclear energy and natural gas sectors was the main source of profit generated by state-owned enterprises. On the other hand, a considerable number of companies operating thermal and coal-fired power plants continued to record losses. Approximately 28.7% of state-owned enterprises were not profitable, some of which provide goods and services of public interest at central and local government levels.

State-owned enterprises' revenues decreased by 0.9% compared with the previous year. This development was accompanied by a 3.1% decline in turnover and an 8.7% decrease in gross value added in nominal terms.

Total revenues of state-owned enterprises decreased by 825.5 million lei (-0.9%) compared with the previous year, while their turnover declined by 2.8 billion lei (-3.1%) relative to 2023. This contraction marks a turning point from the upward trend recorded during the 2021-2023 period. In nominal terms, gross value added increased across the economy as a whole (+7.5%), supported by private-sector companies (+9%), while public-sector companies recorded a decline of 8.7% compared with 2023.

Public-sector companies made a limited and declining contribution to economic activity in Romania.

The contribution of state-owned enterprises to economic activity in Romania remained limited, as they accounted for only 0.08% of the total number of companies. In 2024, state-owned enterprises accounted for 3.4% of economy-wide revenues (0.1 pp less than in 2023) and 3.3% of total turnover (0.2 pp less than in 2023), while their share of gross value added stood at 7.4%, down from 8.7% in 2023.

In 2024, the data indicate a 1.8% increase in the number of employees working for state-owned enterprises and a 1.6% decrease in private-sector employment.

In 2024, the data indicate that the number of employees in state-owned enterprises increased by approximately 4,300 (+1.8%) compared with the previous year. This development interrupted the downward trend in employment that began in 2020 and resulted in the lowest level for the entire period under review being reached in 2023. Nevertheless, the number of employees recorded in 2024 was the second lowest, after the minimum reached in the previous year. In private-sector companies, the number of employees decreased by approximately 65,000 (-1.6%) compared with 2023.

Labour productivity in state-owned enterprises declined by 18.1% in 2024, but remained above the average level recorded by private-sector companies.

For state-owned enterprises, gross value added declined sharply in real terms (-16.6%). Combined with the increase in the number of employees, this resulted in lower labour productivity compared with 2023: 103.9 million lei per 1,000 employees in 2024, compared with 126.9 million lei per 1,000 employees in 2023. In the private sector, labour productivity increased to 81.9 million lei per 1,000 employees, from 81 million lei per 1,000 employees in 2023, as the decline in gross value added in real terms (-0.5%) was accompanied by a larger decrease in the number of employees (-1.6%).

The aggregate net profit generated by non-financial companies declined by 10.2 billion lei in nominal terms (-5.5%). SOEs recorded a total

The aggregate net profit generated by all non-financial companies declined for the second consecutive year, decreasing by 10.2 billion lei in nominal terms (-5.5%). This unfavourable development was observed among both state-owned and private-sector companies. State-owned enterprises generated a net profit of 11.5 billion lei,

net profit of 11.5 billion lei, down 2.2% from the previous year. Private-sector companies also recorded a decline in total net profit of 9.9 billion lei, representing a 5.7% decrease from the previous year.

representing a decline of 264 million lei, or 2.2%, compared with 2023. Private-sector companies recorded a decrease in net profit of approximately 9.9 billion lei (-5.7% compared with the previous year). This result continued the negative trend recorded in 2023, in contrast to the upward trajectory of private-sector companies' profits during the 2016-2022 period: +55.2% in 2016, +30.9% in 2017, +23.6% in 2018, +19.4% in 2019, +10.5% in 2020, +40.5% in 2021 and +33.3% in 2022.

State-owned enterprises' arrears continued their downward trend, reaching their lowest level as a share of GDP over the entire period under review in 2024, at 1.2%.

In 2024, state-owned enterprises' arrears decreased by approximately 1.2 billion lei (-5.4%) compared with the previous year, reaching 20.3 billion lei. Arrears accounted for 1.2% of GDP – the lowest level over the entire period under review, compared with 6.5% in 2009 and 1.4% in 2023 – and 23.1% of state-owned enterprises' turnover, down from 23.7% in 2023. The share of state-owned enterprises in total economy-wide arrears remained relatively stable at 23.9%, compared with 24.5% in 2023, as private-sector companies' arrears also declined, from 66.3 billion lei in 2023 to 64.7 billion lei in 2024.

Each year, a small number of highly profitable SOEs significantly influence the aggregate results of the public-sector companies. In 2024, the profit generated by the five most profitable SOEs accounted for approximately 87.5% of the sector's total profit. Against this background, to provide a more rigorous assessment of the overall performance of state-owned enterprises, the relevant indicators will be analysed both on an aggregate basis and excluding the five

The analysis of state-owned enterprises' profitability can be further refined by separately examining the five best-performing companies in terms of net profit (the top five, presented in *Table 2*). The companies included in the top five generated substantial profits over the past six years. However, 2024 marked a decline in their aggregate profit, from 12 billion lei in 2023[4] to 10.1 billion lei in 2024, reversing the upward trend recorded between 2019 and 2023. Relative to the entire sample, the net profit generated by the five best-performing companies accounted for 87.5% of the total profit of state-owned enterprises in 2024. An examination of the top five over time reveals a relatively stable composition during the past six years, consisting predominantly of state-owned energy companies. Hidroelectrica S.A., Romgaz S.A. and Nuclearelectrica S.A. appeared in the top five every year during this six-year period, while Electrocentrale București S.A. and C.N. Aeroporturi București S.A. each appeared three times. It is also noteworthy that Hidroelectrica S.A. ranked first in each of the past six years,

[4] The profit reported by Complexul Energetic Oltenia S.A. was excluded from the analysis for 2022 and 2023, including from the aggregate profit generated by the top five companies, because it resulted from state aid received under the company's restructuring plan. The need for this adjustment is particularly evident given the substantial amount of profit reported, which placed Complexul Energetic Oltenia S.A. second among the top five in 2022 and fourth in 2023 (see *Table 2*). Its inclusion would have artificially improved the aggregate profitability of state-owned enterprises and distorted the overall findings of the analysis.

most profitable companies – the top five.

accounting for a substantial share of the top five's aggregate profit, ranging from 34.7% to 53.1%.

In 2024, the top five was again dominated by energy-sector companies, which accounted for four of the five companies and generated approximately 82.2% of the total profit of state-owned enterprises. Indeed, in each year from 2019 to 2024, at least four energy-sector companies were included in the top five. The performance of companies in this sector was supported by several factors. First, it was driven by a homogeneous group of companies holding monopolies in their respective markets. Second, their performance in recent years was significantly influenced by energy price developments. Energy prices rose rapidly in 2021-2022: the price index for electricity, gas and district heating increased by 28.1% in December 2021 compared with December 2020 and by 39.7% in December 2022 compared with December 2021. This trend reversed in 2023 and 2024. In December 2023, the price index for electricity, gas and district heating fell by 7.5% compared with December 2022, while the data for December 2024 indicate a further decrease of 5% compared with December 2023.

Excluding the impact of the top five companies, which are characterised by high rates of return, the profitability of the remaining state-owned enterprises is considerably lower. With the exception of 2017, 2022 and 2024, state-owned enterprises excluding the top five recorded aggregate net losses throughout the period under review. In 2024, state-owned enterprises excluding the top five generated a net profit of 1.4 billion lei, compared with a net loss of 190.3 million lei in the previous year. The share of public-sector companies reporting a positive net result increased slightly, from 65.5% in 2023 to 71.3% in 2024. Against this background, the profit gap between the five leading state-owned enterprises and the remaining companies narrowed to 8.6 billion lei, from 12.2 billion lei in the previous year. A comparison between the aggregate net result of state-owned enterprises excluding the top five and that of the top five companies confirms that a small number of highly profitable companies have a substantial influence on the aggregate performance of state-owned enterprises. Therefore, to provide a rigorous assessment of the sector as a whole, this study examines the relevant indicators both for all state-owned enterprises and excluding the influence of the top five. The evolution of the main economic and financial indicators of Romania's state-owned enterprises over the period under review is presented in *Table 1*.

Table 1: The evolution of the main economic and financial indicators of the Romanian companies from the non-financial sector

		2009	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of companies	SOEs	774	1,143	916	807	803	827	793	787	781	753	746
	All companies, non-financial sector	602,190	647,872	677,843	692,966	723,011	744,176	790,635	828,724	890,830	915,646	940,522
	Share of SOEs in all companies	0.13%	0.18%	0.14%	0.12%	0.11%	0.11%	0.10%	0.09%	0.09%	0.08%	0.08%
Total revenues, mil. lei	SOEs	50,756	48,578	46,586	50,432	54,640	57,079	51,384	62,317	91,897	92,390	91,565
	All companies, non-financial sector	845,396	1,186,900	1,269,290	1,369,313	1,550,721	1,687,325	1,665,158	2,016,759	2,593,737	2,607,074	2,695,884
	Share of SOEs in all companies	6.0%	4.1%	3.7%	3.7%	3.5%	3.4%	3.1%	3.1%	3.5%	3.5%	3.4%
Gross value added, mil. lei	SOEs	20,454	26,687	26,143	28,845	32,856	34,862	31,660	38,503	57,641	59,259	54,133
	All companies, non-financial sector	189,633	260,530	286,190	308,113	350,600	390,356	393,044	472,892	594,892	684,163	735,297
	Share of SOEs in all companies	10.8%	10.2%	9.1%	9.4%	9.4%	8.9%	8.1%	8.1%	9.7%	8.7%	7.4%
Gross value added in real terms, mil. lei (constant prices 2010)	SOEs	21,667	23,214	22,160	23,364	25,063	24,862	21,687	24,975	33,368	30,533	25,452
	Private companies	179,215	203,412	220,431	226,203	242,383	253,517	247,550	281,769	311,010	321,981	320,272
Number of employees, thousands of persons	SOEs	364	291	281	273	276	279	266	255	249	241	245
	All companies, non-financial sector	4,019	3,959	4,078	4,055	4,150	4,120	4,016	4,048	4,248	4,215	4,154
	Share of SOEs in all companies	9.1%	7.4%	6.9%	6.7%	6.6%	6.8%	6.6%	6.3%	5.9%	5.7%	5.9%
Labour productivity, mil. lei/1,000 employees (constant prices 2010)	SOEs	59,57	79,67	78,84	85,66	90,92	89,24	81,54	97,78	134,07	126,89	103,91
	Private companies	49,03	55,46	58,05	59,80	62,56	65,99	66,01	74,30	77,76	81,02	81,94
Net profit, mil. lei	SOEs	-3,443	1,200	3,108	4,818	2,574	-1832	918	4,131	12,686	11,771	11,507
	SOEs, excluding the influence of the top five	-4,573	-2,034	-513	380	-2,004	-5,509	-3,267	-2,300	1,961	-190	1,442
	Private companies	11,399	31,088	48,251	63,150	78,075	93,189	102,967	144,663	192,844	173,680	163,743
Arrears, mil. lei	SOEs	34,405	21,226	23,232	21,599	13,757	16,598	22,171	16,957	19,087	21,491	20,336
	Private companies	62,406	94,875	89,390	73,758	75,399	69,544	69,631	64,348	66,829	66,307	64,748
	Share of SOEs in all companies	35.5%	18.3%	20.6%	22.6%	15.4%	19.3%	24.1%	20.9%	22.2%	24.5%	23.9%
Arrears, % of GDP	SOEs	6.5%	3.0%	3.1%	2.5%	1.4%	1.6%	2.1%	1.4%	1.4%	1.4%	1.2%
Arrears, % of net turnover	SOEs	68.9%	44.6%	50.7%	43.3%	25.7%	30.0%	45.1%	27.8%	21.1%	23.7%	23.1%

Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

Note: Starting with 2018, C.N. a Huilei S.A. and Electrocentrale București S.A. did not report any overdue payments, which is the reason for the significant reduction of arrears compared to 2017.

Table 2: Top 5 SOEs in terms of net profit

Top 5 net profit in 2024

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	4,071.55
2	S.N.G.N. ROMGAZ S.A.	3,090.70
3	S.N. NUCLEARELECTRICA S.A.	1,708.19
4	COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.	608.83
5	C.N.T.E.E. TRANSELECTRICA S.A.	585.92
	Total	**10,065.19**

Top 5 net profit in 2023

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	6,352.33
2	S.N.G.N. ROMGAZ S.A.	2,649.28
3	S.N. NUCLEARELECTRICA S.A.	2,506.52
4	COMPLEXUL ENERGETIC OLTENIA S.A.	1,027.33*
5	COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.	453.32
	Total	**11,961.44*** **

Top 5 net profit in 2022

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	4,394.38
2	COMPLEXUL ENERGETIC OLTENIA S.A.	3,499.91*
3	S.N. NUCLEARELECTRICA S.A.	2,764.42
4	S.N.G.N. ROMGAZ S.A.	2,531.95
5	ELECTROCENTRALE BUCUREȘTI S.A.	1,034.40
	Total	**10,725.15*** **

Top 5 net profit in 2021

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	3,019.51
2	S.N.G.N. ROMGAZ S.A.	1,962.51
3	S.C. OLTCHIM S.A.	1,701.27**
4	S.N. NUCLEARELECTRICA S.A.	1,036.26
5	ELECTROCENTRALE BUCUREȘTI S.A.	412.94
	Total	**6,431.22*** **

Top 5 net profit in 2020

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	1,451.58
2	S.N.G.N. ROMGAZ S.A.	1,278.88
3	S.N. NUCLEARELECTRICA S.A.	699.32
4	SAPE S.A.	396.63
5	ELECTROCENTRALE BUCUREȘTI S.A.	358.72
	Total	**4,185.13**

Top 5 net profit in 2019

	Company name	Net profit (mil. lei)
1	S.P.E.E.H. HIDROELECTRICA S.A.	1,386.54
2	S.N.G.N. ROMGAZ S.A.	1,046.41
3	S.N. NUCLEARELECTRICA S.A.	535.67
4	COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.	359.62
5	S.N.T.G.N. TRANSGAZ S.A.	348.26
	Total	**3,676.49**

Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

** The profit reported by Complexul Energetic Oltenia was excluded from the analysis for 2022 and 2023, as it was determined by the grants received according to the company's restructuring plan.*

*** The profit reported by Oltchim S.A. was excluded from the analysis for 2021, as the company was in a bankruptcy situation.*

**** Thus, the Top 5 for 2021, 2022, and 2023 effectively only includes 4 companies.*

In 2024, SOEs' arrears[5] decreased by 5.4% in nominal terms compared with the previous year, reaching 20.3 billion lei and accounting for 23.9% of total overdue payments across the economy.

In 2024, state-owned enterprises' overdue payments decreased by 1.2 billion lei, or 5.4%, in nominal terms compared with the previous year, reaching 20.3 billion lei and accounting for 23.9% of total overdue payments across the economy (*Figure 1*). Given the high GDP deflator of 8.8% recorded in 2024, state-owned enterprises' arrears as a share of GDP declined from 1.4% in 2023 to 1.2% in 2024.

An examination of the state-owned enterprises with the largest arrears (see *Table 3*) shows that this decline was also attributable to the July 2024 decision by the National Agency for Fiscal Administration (NAFA) approving the restructuring of C.N. UNIFARM S.A.'s budgetary obligations through the conversion of its principal budgetary liabilities into shares. This followed the company's update of its restructuring plan and prudent private creditor test by March 2024[6]. Consequently, C.N. UNIFARM S.A., which had accumulated arrears of approximately 1.3 billion lei by the end of 2023, was no longer among the state-owned enterprises with the largest arrears in 2024. By contrast, ROMAERO S.A. entered the ranking in fifth place, with overdue payments exceeding 800 million lei, after entering general insolvency proceedings in January 2024 amid its accumulated debt[7].

Although the share of state-owned enterprises' arrears in total overdue payments across the economy remains well below the peak of 35.5% recorded in 2009, it is still significantly higher than their contribution to economic activity in Romania. Over the past ten years, state-owned enterprises accounted, on average, for 3.5% of total revenues and 8.9% of total gross value added, with both average shares reflecting a downward trend over the past decade. This discrepancy points to a chronic arrears problem among certain state-owned enterprises.

An examination of state-owned enterprises' arrears as a share

An examination of state-owned enterprises' arrears as a share of GDP and total turnover shows that, after both indicators reached their

[5] According to the Ministry of Finance, corporate arrears comprise payments to banks, the state budget, the social security budget, suppliers and other creditors that are more than 30 days overdue relative to the contractual or statutory deadlines giving rise to the payment obligations.

[6] According to the 2024 directors' report of Compania Națională Unifarm S.A., available at: Unifarm – 2024 Directors' Report.

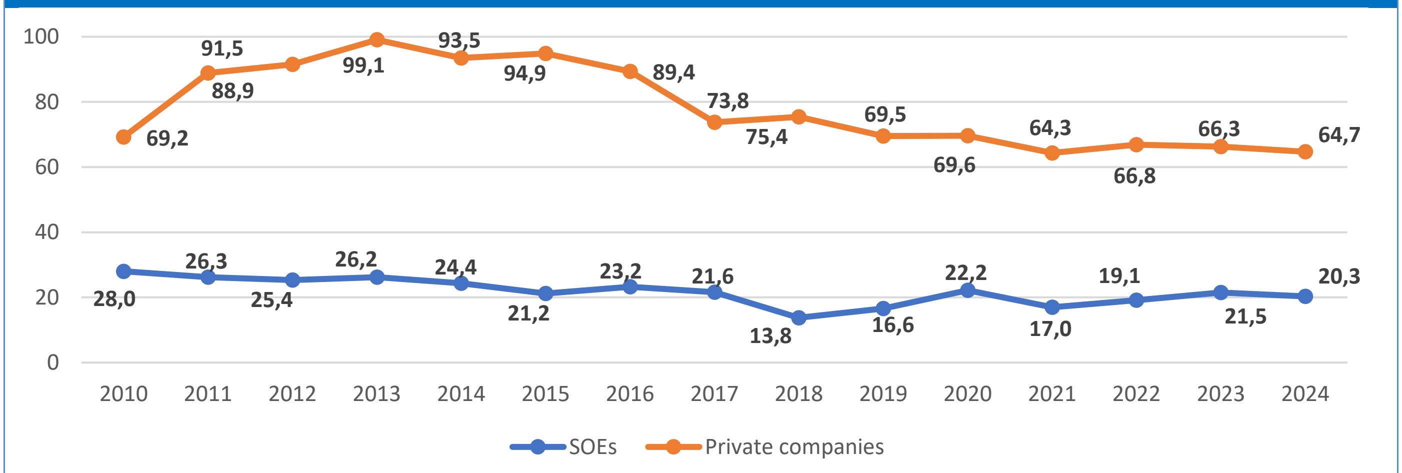
[7] According to the annual report as at December 31, 2024, available at: ROMAERO – 2024 Annual Report.

of GDP and total turnover reveals an overall downward trend. At the end of 2024, their arrears accounted for 1.2% of GDP and 23.1% of their total turnover.

highest levels of the period under review in 2009, they followed a broadly downward trend. In 2020, public-sector companies' arrears increased amid the COVID-19 pandemic, but the recovery in economic activity beginning in 2021 led to the resumption of the downward trend. At the end of 2024, state-owned enterprises' arrears accounted for 1.2% of GDP – down 0.2 pp from the previous year and the lowest level recorded over the period under review. Relative to total turnover, the share of state-owned enterprises' arrears decreased marginally to 23.1%, down 0.6 pp from the previous year, following the 2.6 pp increase recorded in 2023.

The broadly favourable trend in public-sector arrears since 2010 was also supported by the measures[8] agreed under the balance-of-payments assistance programmes concluded with the international financial institutions – the European Commission, the International Monetary Fund and the World Bank – during the 2009-2013 period.

Figure 1: Evolution of arrears – SOEs and private companies (billion lei)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
Note: Starting with 2018, C.N. a Huilei and Electrocentrale București no longer reported overdue payments, which is the reason for the significant decrease in SOEs' arrears compared to 2017.

In 2024, 39.1% of state-owned enterprises' arrears were owed to suppliers, 30.5% consisted of overdue payments to the general government budget,

An examination of the composition of state-owned enterprises' arrears in 2024 shows that overdue payments to *suppliers* continued to predominate. These amounted to 7.9 billion lei, down 0.6 billion lei

[8] These measures aimed to keep arrears within the quarterly indicative targets and included budgetary transfers, placing state-owned enterprises into voluntary liquidation or insolvency, and converting arrears into equity.

and 30.4% were owed to other creditors. The decline in overdue payments to the general government budget and suppliers was partly offset by an increase in arrears owed to other creditors.

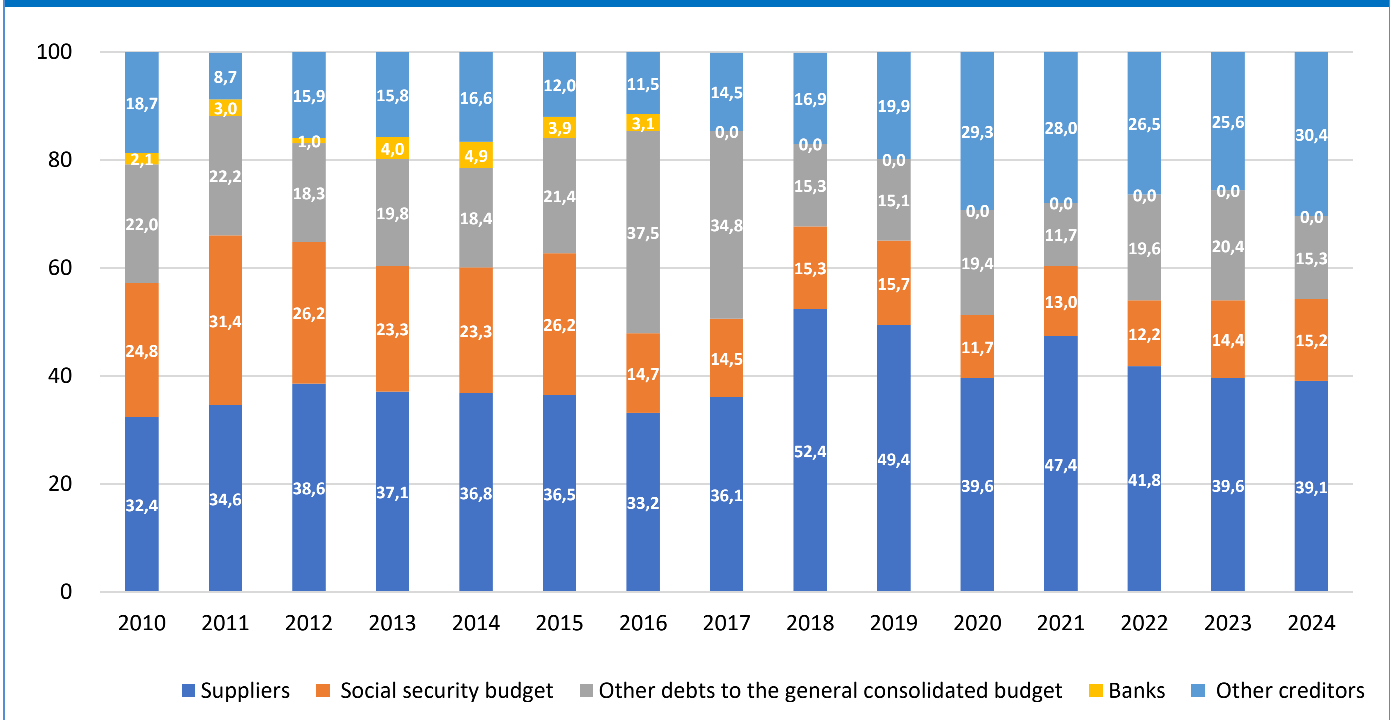
from the previous year, and accounted for 39.1% of total arrears recorded by state-owned enterprises.

Arrears owed to the *general government budget* ranked second, accounting for 30.5% of the total, or 6.2 billion lei. Compared with the previous year, this category recorded the largest decline, decreasing by 1.3 billion lei.

By contrast, arrears owed to *other creditors* increased from 5.5 billion lei in 2023 to 6.2 billion lei in 2024, with their share of total arrears rising from 25.6% to 30.4%. This development partly offset the decline in the other categories of arrears.

The evolution of the composition of state-owned enterprises' arrears is presented in *Figure 2*.

Figure 2: Structure of arrears – SOEs (billion lei)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
Note: Starting from 2017, due to changes in the reporting form F30, data on arrears towards the banking sector is no longer available.

Among private-sector companies, overdue payments to suppliers continued to

In terms of the composition of arrears, overdue payments to *suppliers* represented the largest category for private-sector companies in 2024. They accounted for 66.2% of total arrears, up from 60.9% in the previous

account for the largest share of total arrears in 2024, at 66.2%, followed by arrears owed to other creditors (18.3%) and overdue payments to the general government budget (15.5%).

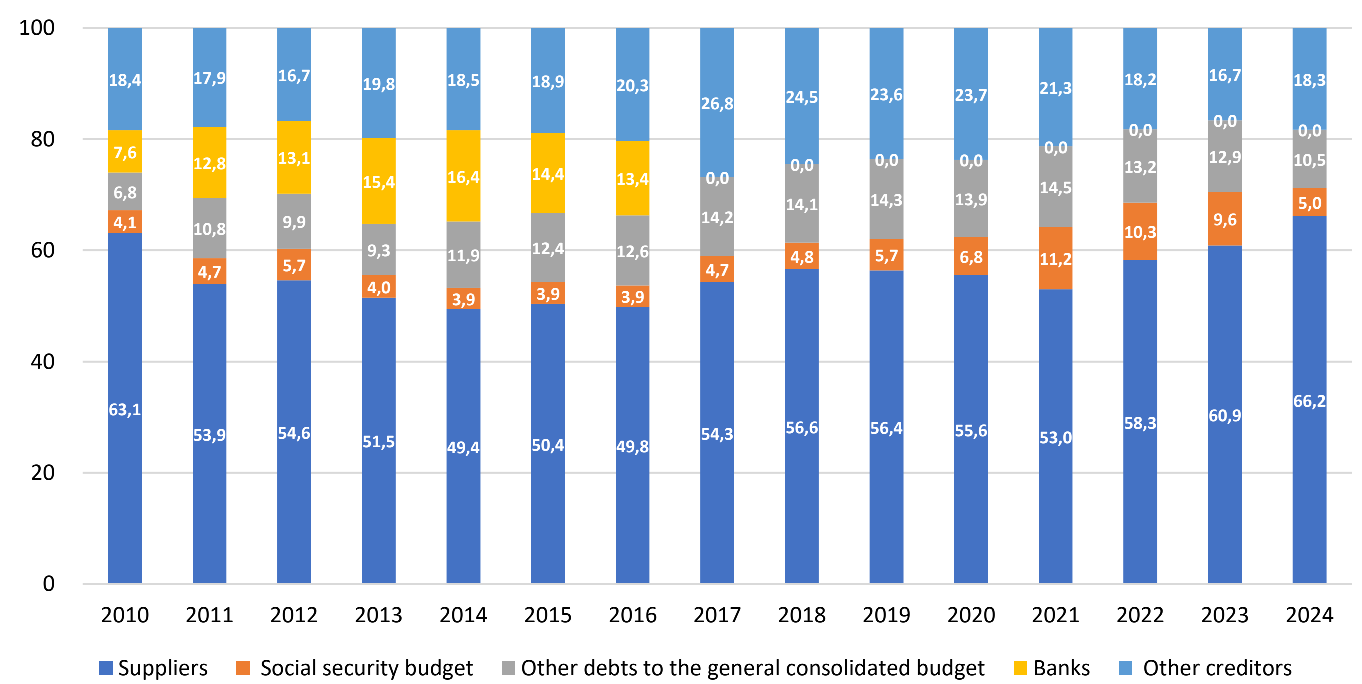
year, indicating a greater concentration of overdue obligations to trading partners.

Overdue payments to *other creditors* ranked second, accounting for 18.3% of the total, slightly up from 16.7% in 2023.

Overdue payments to the *general government budget* accounted for 15.5% of private-sector companies' total arrears, down from 22.5% in 2023. This decline reflected both a reduction in the share of liabilities to the social security budgets, from 9.6% to 5%, and a decrease in the share of other liabilities to the general government budget, from 12.9% to 10.5%.

The evolution of the composition of private-sector companies' arrears is presented in *Figure 3*.

Figure 3: Structure of arrears – Private companies (billion lei)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
Note: Starting from 2017, due to changes in the reporting form F30, data on arrears towards the banking sector is no longer available.

State-owned enterprises' arrears are concentrated among a small number of

An examination of the ten state-owned enterprises with the largest arrears (presented in *Table 3*) shows that arrears remained highly concentrated. In 2024, the top ten companies together accounted for

companies operating mainly in transport, energy and district heating, mining, and the chemical industry. The ten companies with the largest volume of overdue payments (the top ten) accumulated more than 75% of total state-owned enterprises' arrears. It is noteworthy that many companies appear in the top ten year after year, indicating that the arrears problem has become entrenched in certain sectors.

75.2% of state-owned enterprises' total arrears, slightly above the 74.6% recorded in 2023.

An examination of the top ten over the past three years reveals the persistent presence of certain companies in the ranking, particularly those operating in transport, energy and district heating, mining, and the chemical industry. Six companies – S.N.T.F.M. CFR Marfă S.A., RADET București, Regia Autonomă de Transport București R.A., Compania Națională a Metalelor Prețioase și Neferoase REMIN S.A., Societatea Națională a Căbunelui S.A. and Oltchim S.A. – appeared in the top ten in each of the three years under review, indicating that the arrears problem has become entrenched among certain companies and economic sectors.

As regards the ranking of arrears owed to the general government budget (also presented in *Table 3*), the top ten companies accounted for 73.1% of the total in this category in 2024, down from 78.5% in 2023. Although the degree of concentration declined, it remained high, showing that overdue payments to the general government budget continued to be concentrated among a small number of companies. The persistence of these overdue budgetary payments is even more evident, as eight companies appeared in the ranking in each of the past three years.

Table 3: Top 10 SOEs with the largest arrears

Top 10 arrears in Dec. 2024

	Company name	Arrears (mil. lei)
1	S.N.T.F.M. CFR MARFĂ S.A.	4,626.17
2	RADET BUCUREȘTI	4,009.63
3	S.C. COMPLEXUL ENERGETIC HUNEDOARA S.A.	2,389.13
4	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	876.08
5	ROMAERO S.A.	809.85
6	COMPANIA NAȚIONALĂ A METALELOR PREȚIOASE ȘI NEFEROASE REMIN S.A.	595.76
7	COMPANIA MUNICIPALĂ TERMOENERGETICA S.A.	566.98
8	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	505.32
9	OLTCHIM S.A.	499.76
10	APATERM S.A.	407.41
	% of total	**75.2%**

Top 10 arrears in Dec. 2023

	Company name	Arrears (mil. lei)
1	S.N.T.F.M. CFR MARFĂ S.A.	4,451.68
2	RADET BUCUREȘTI	4,009.33
3	S.C. COMPLEXUL ENERGETIC HUNEDOARA S.A.	2,336.59
4	COMPANIA NAȚIONALĂ UNIFARM S.A.	1,337.84
5	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	927.09
6	COMPANIA MUNICIPALĂ TERMOENERGETICA S.A.	769.38
7	RADET CONSTANȚA	599.37
8	COMPANIA NAȚIONALĂ A METALELOR PREȚIOASE ȘI NEFEROASE REMIN S.A.	591.96
9	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	503.99
10	OLTCHIM S.A.	497.18
	% of total	**74.6%**

Top 10 arrears in Dec. 2022

	Company name	Arrears (mil. lei)
1	S.N.T.F.M. CFR MARFĂ S.A.	4,348.21
2	RADET BUCUREȘTI	4,008.95
3	COMPANIA NAȚIONALĂ UNIFARM S.A.	1,340.30
4	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	1,059.33
5	RADET CONSTANȚA	600.73
6	COMPANIA NAȚIONALĂ A METALELOR PREȚIOASE ȘI NEFEROASE REMIN S.A.	587.99
7	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	504.75
8	OLTCHIM S.A.	503.11
9	S.C. ELECTROCENTRALE CONSTANȚA	446.38
10	APATERM S.A.	407.64
	% of total	**72.3%**

Top 10 arrears to the general consolidated budget in Dec. 2024

	Company name	Arrears (mil. lei)
1	S.C. COMPLEXUL ENERGETIC HUNEDOARA S.A.	1,629.02
2	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	839.02
3	S.N.T.F.M. CFR MARFĂ S.A.	695.93
4	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	503.76
5	S.C. DE REPARAȚII LOCOMOTIVE C.F.	174.78
6	S.C. ELECTROCENTRALE CONSTANȚA	154.58
7	AVERSA S.A.	145.97
8	S.N. „ÎMBUNĂTĂȚIRI FUNCIARE” S.A.	141.27
9	REGIA AUTONOMĂ DE TRANSPORT PUBLIC IAȘI R.A.	136.30
10	COMPANIA NAȚIONALĂ A URANIULUI S.A.	119.75
	% of total	**73.1%**

Top 10 arrears to the general consolidated budget in Dec. 2023

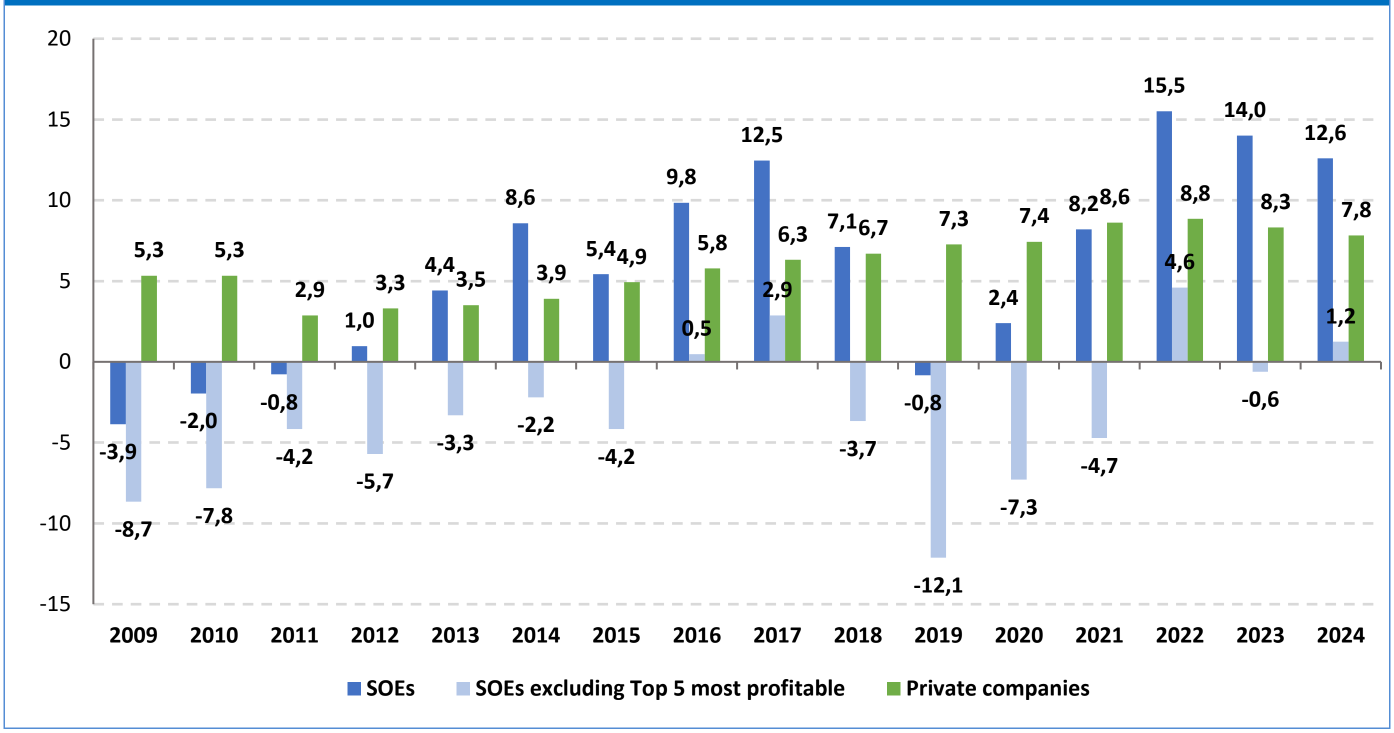
	Company name	Arrears (mil. lei)
1	S.C. COMPLEXUL ENERGETIC HUNEDOARA S.A.	1,782.61
2	COMPANIA NAȚIONALĂ UNIFARM S.A.	1,337.84
3	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	893.42
4	S.N.T.F.M. CFR MARFĂ S.A.	561.77
5	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	502.45
6	AVERSA S.A.	206.00
7	S.C. ELECTROCENTRALE CONSTANȚA	181.35
8	REGIA AUTONOMĂ DE TRANSPORT PUBLIC IAȘI R.A.	138.00
9	COMPANIA NAȚIONALĂ A URANIULUI S.A.	136.06
10	S.N. „ÎMBUNĂTĂȚIRI FUNCIARE” S.A.	135.07
	% of total	**78.5%**

Top 10 arrears to the general consolidated budget in Dec. 2022

	Company name	Arrears (mil. lei)
1	COMPANIA NAȚIONALĂ UNIFARM S.A.	1,340.14
2	REGIA AUTONOMĂ DE TRANSPORT BUCUREȘTI R.A.	1,005.23
3	SOCIETATEA NAȚIONALĂ A CĂRBUNELUI S.A.	503.23
4	S.N.T.F.M. CFR MARFĂ S.A.	485.45
5	S.C. ELECTROCENTRALE CONSTANȚA	240.71
6	AVERSA S.A.	203.83
7	COMPANIA NAȚIONALĂ A URANIULUI S.A.	202.48
8	REGIA AUTONOMĂ DE TRANSPORT PUBLIC IAȘI R.A.	141.08
9	S.N. „ÎMBUNĂTĂȚIRI FUNCIARE” S.A.	134.19
10	S.C. DE REPARAȚII LOCOMOTIVE C.F.	116.07
	% of total	**72.1%**

Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

Figure 4: Operating margin (%)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: Operating margin (%) = Operating profit/Total revenues * 100 (the operating profit does not include interest expenses and those related to corporate income tax)*

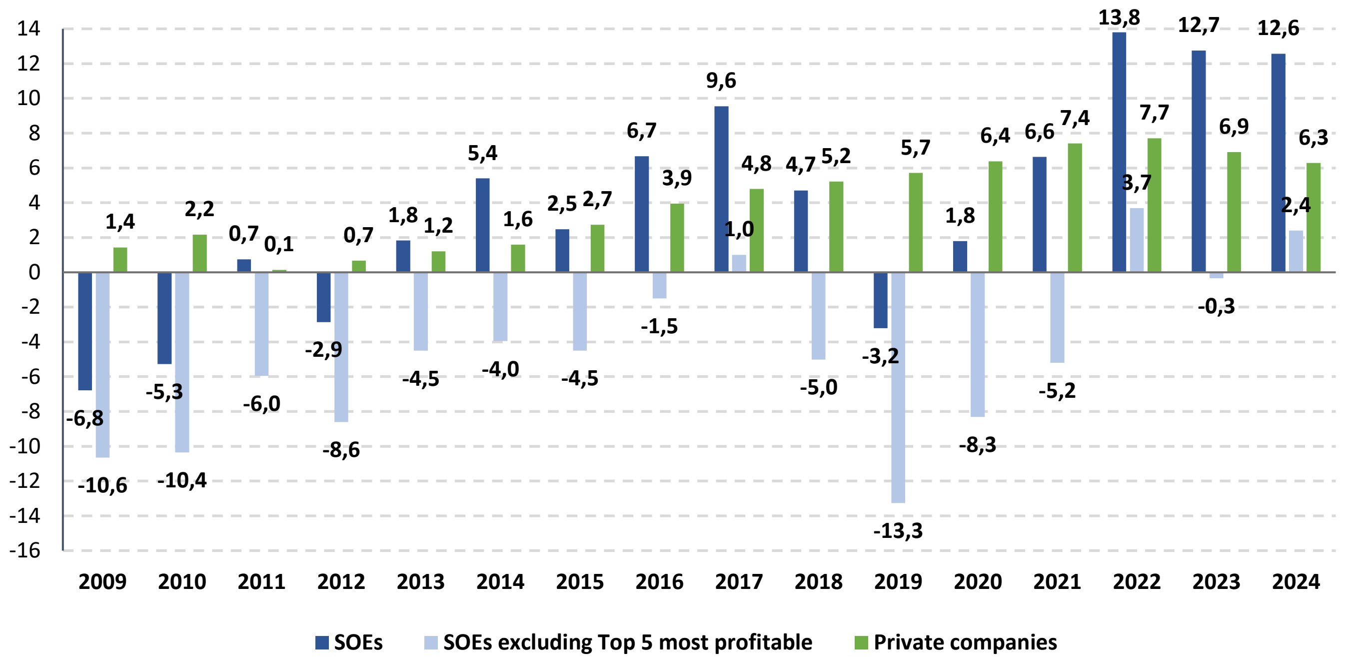
In 2024, the operating profit margin of SOEs declined to 12.6%, from 14% in the previous year. The operating profit margin of private-sector companies also decreased, from 8.3% in 2023 to 7.8% in 2024.

In 2024, the operating profit margin of state-owned enterprises declined from 14% in the previous year to 12.6% (*Figure 4*). This indicator measures the profitability of core operations by expressing earnings before interest and income tax as a percentage of total revenues. This development indicates a 1.4 pp deterioration in state-owned enterprises' operating profitability compared with 2023. At the same time, private-sector companies recorded a less pronounced decline in their operating profit margin, from 8.3% in 2023 to 7.8% in 2024. Nevertheless, the operating profit margin of state-owned enterprises remained above that of private-sector companies, with a gap of 4.8 pp.

Excluding the five most profitable SOEs, the indicator improved by 1.8 pp, reaching 1.2%.

Excluding the five most profitable state-owned enterprises, the indicator stood at 1.2% in 2024, up by 1.8 pp from -0.6% in 2023. However, it remained significantly below the rate calculated for state-owned enterprises as a whole. The 11.4 pp gap highlights the substantial impact of the five most profitable companies on the aggregate results of the state-owned enterprise sector.

Figure 5: Profit margin (%)



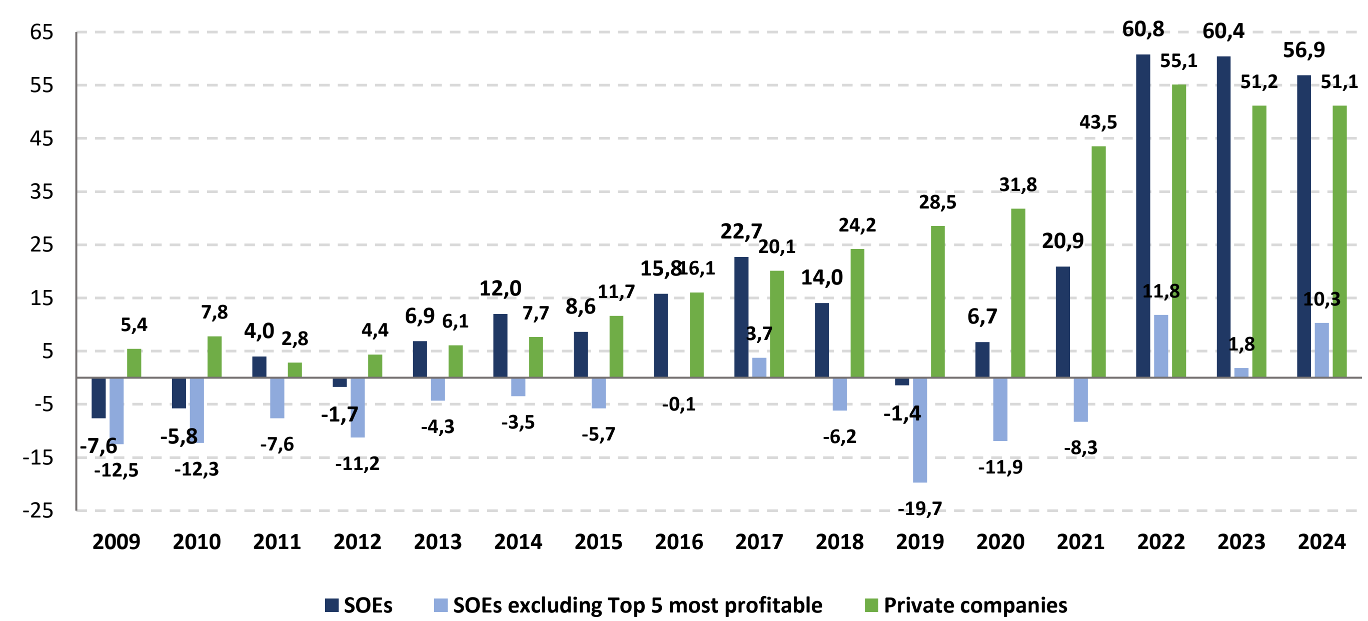
Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: Profit margin (%) = Net profit/Total revenues * 100*

The profit margin of state-owned enterprises declined marginally to 12.6% in 2024, from 12.7% in 2023. The aggregate profit margin of private-sector companies also decreased, from 6.9% in 2023 to 6.3% in 2024. Excluding the five most profitable state-owned enterprises, the indicator returned to positive territory, reaching 2.4%.

The unfavourable development in the operating position of state-owned enterprises, as reflected by the operating profit margin, was also partly visible in their profit margin, which declined from 12.7% in 2023 to 12.6% in 2024 (*Figure 5*). This development was driven by a 2.2% decrease in aggregate net profit, while total revenues declined by 0.9% compared with the previous year. Private-sector companies also recorded a decrease in their aggregate profit margin, from 6.9% in 2023 to 6.3% in 2024, as aggregate net profit fell by 5.7%, while total revenues increased by 3.6%. Excluding the top five companies, the indicator returned to positive territory, increasing by 2.7 pp to 2.4% in 2024.

The differences between the operating profit margin and the net profit margin arise because the latter includes, in addition to the operating result, the financial result, the impact of corporate income tax and other non-operating items. In 2024, the two margins were identical at the aggregate level for state-owned enterprises, standing at 12.6%. This suggests that the net impact of financial and tax-related items on aggregate profitability was marginal. For state-owned enterprises excluding the top five, the net profit margin exceeded the operating profit margin, indicating a positive contribution from components of the net result other than the operating result. By contrast, for private-sector companies, the net profit margin was below the operating profit margin, indicating that financial and tax-related items had a negative impact on the net result.

Figure 6: Gross profit per 1,000 employees (million lei)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

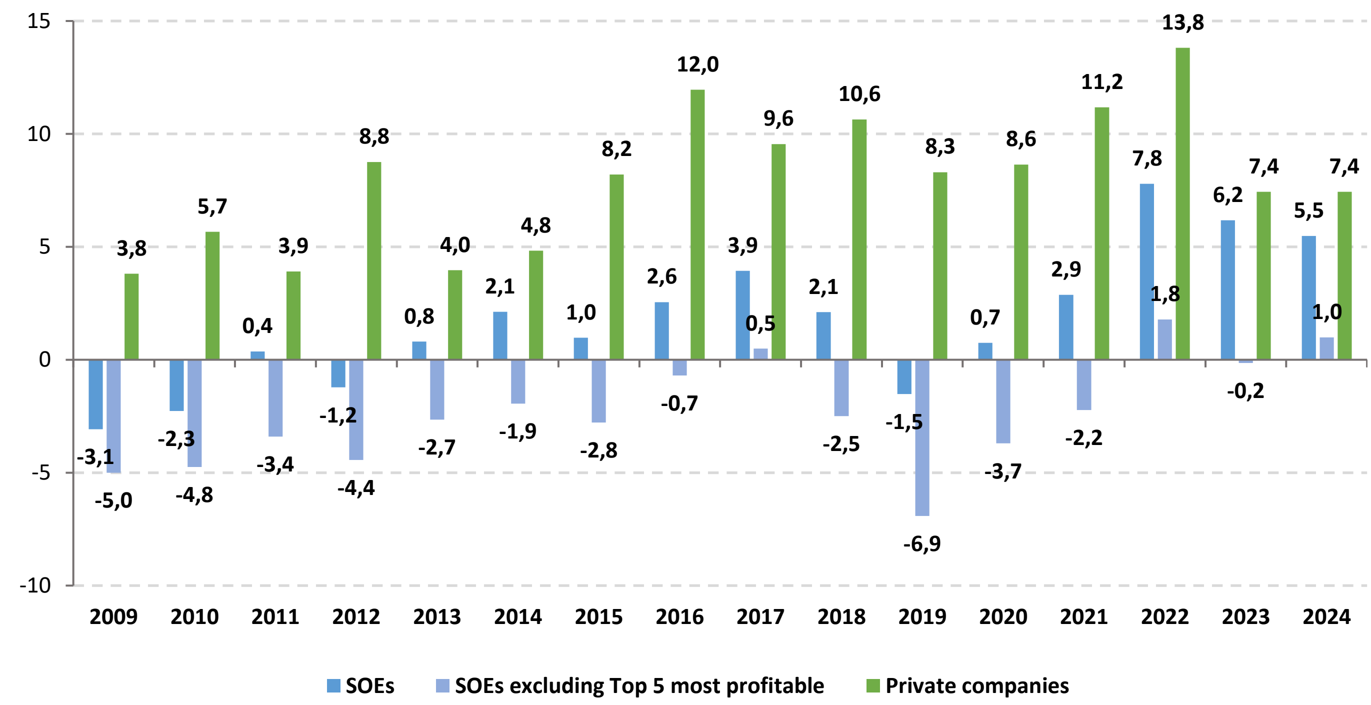
Gross profit per 1,000 employees declined among SOEs, from 60.4 million lei in 2023 to 56.9 million lei in 2024. Private-sector companies recorded a marginal decrease in this indicator, from 51.2 million lei in 2023 to 51.1 million lei in 2024.

This indicator measures the average gross profit generated per 1,000 employees and serves as a measure of companies' efficiency in using their workforce to maximise profits. For state-owned enterprises, the indicator declined from 60.4 million lei in 2023 to 56.9 million lei in 2024 (*Figure 6*). This development resulted from a 4.2% contraction in aggregate gross profit, while the number of employees increased by 1.8%, suggesting a deterioration in the efficiency of workforce utilisation in the state-owned enterprise sector. For private-sector companies, the indicator recorded only a marginal decrease, from 51.2 million lei in 2023 to 51.1 million lei in 2024. State-owned enterprises therefore continued to generate a higher level of gross profit per 1,000 employees than private-sector companies. However, the gap between the two categories narrowed significantly, from 9.2 million lei in 2023 to 5.8 million lei in 2024.

Excluding the five most profitable SOEs, the indicator improved significantly, rising from 1.8 million lei in 2023 to 10.3 million lei in 2024.

Excluding the five most profitable state-owned enterprises, the indicator improved in 2024, rising from 1.8 million lei in 2023 to 10.3 million lei in 2024. This increase indicates greater efficiency in workforce utilisation among state-owned enterprises outside the group of the five best-performing companies. Nevertheless, the indicator remained significantly below the level calculated for the sector as a whole, with a gap of 46.6 million lei in 2024. This highlights the substantial influence of the top five companies on the aggregate performance of state-owned enterprises.

Figure 7: ROE (%)



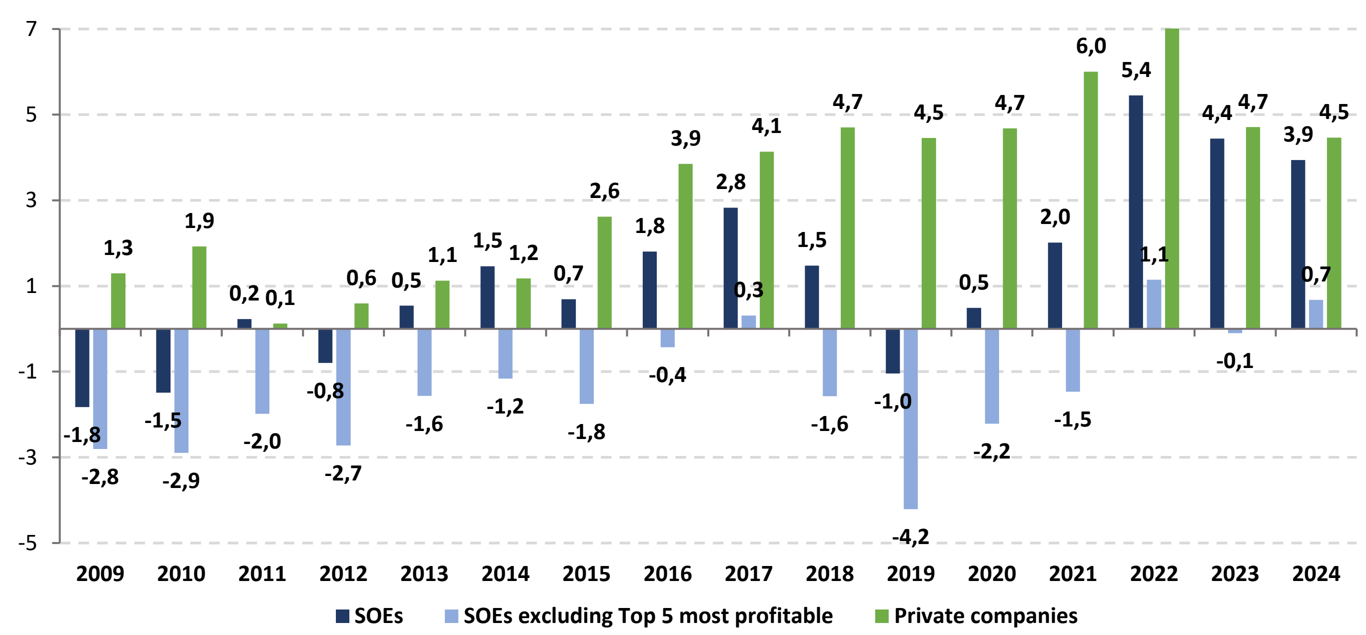
Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: ROE (%) = Net profit/Equity * 100*

Return on equity (ROE) and return on assets (ROA) are two of the most informative measures of a company's profitability.

Return on equity (ROE) and return on assets (ROA) are two of the most informative measures of a company's profitability:

- ROE measures the efficiency with which shareholders’ equity is used – that is, how many lei of profit are generated by each leu invested by shareholders in the company’s equity.
- ROA measures the efficiency with which assets are used – that is, how many lei of profit are generated by each leu invested in the company’s assets.

Figure 8: ROA (%)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: ROA (%) = Net profit/Total assets * 100*

The return on equity of SOEs continued to decline in 2024, falling by 0.7 pp, from 6.2% in 2023 to 5.5%. Their return on assets also decreased, from 4.4% in 2023 to 3.9% in 2024. For private-sector companies, ROE remained unchanged at 7.4%, while ROA declined slightly from 4.7% to 4.5%. Excluding the five most profitable SOEs, both indicators returned to positive territory in 2024: ROE

In 2024, consistent with the developments in the other profitability indicators, both rates of return declined for state-owned enterprises as a whole, amid a decrease in aggregate net profit from 11.8 billion lei in 2023 to 11.5 billion lei in 2024. Accordingly, state-owned enterprises’ return on equity fell by 0.7 pp, from 6.2% in 2023 to 5.5% in 2024 (*Figure 7*). At the same time, ROA declined by 0.5 pp, from 4.4% in the previous year to 3.9%, reflecting a deterioration in the efficiency with which assets were used (*Figure 8*).

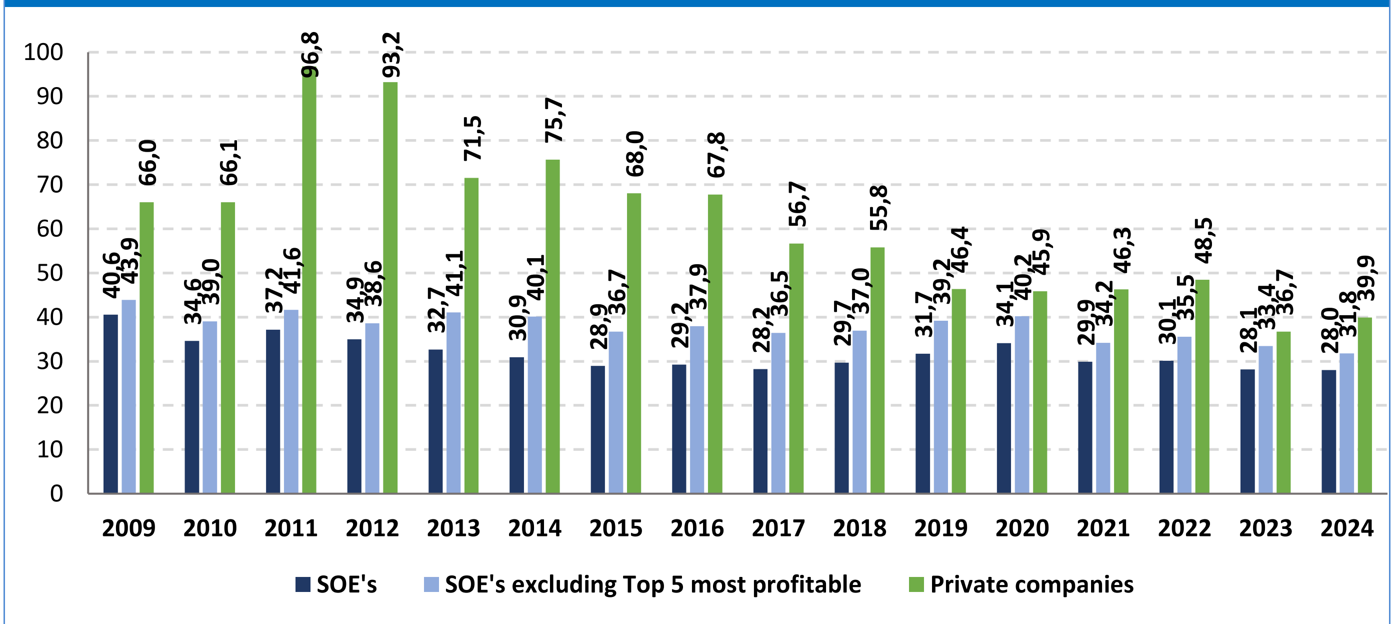
Excluding the five most profitable state-owned enterprises, both indicators returned to positive territory, reaching 1% for ROE and 0.7% for ROA. The substantial gap relative to the

increased to 1%, while ROA rose to 0.7%.

values calculated including the top five companies once again highlights their significant impact on the aggregate profitability of state-owned enterprises.

Private-sector companies recorded a more stable performance in 2024: ROE remained unchanged at 7.4%, while ROA declined slightly from 4.7% to 4.5%. Private-sector companies therefore continued to record higher levels of both profitability ratios than state-owned enterprises, with a gap of 1.9 pp for ROE and 0.6 pp for ROA. It should be noted, however, that the aggregate results of private-sector companies are influenced by the financial statements of a company that has reported current assets exceeding 1,000 billion lei in recent years. This considerable volume of current assets – reflected in total assets and shareholders' equity – has a significant downward effect on ROA and ROE by increasing the denominators of these ratios. The results for the private sector should therefore be interpreted with caution.

Figure 9: Indebtedness (%)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: Indebtedness (%) = Total debt/Total assets * 100*

The debt ratio of state-owned enterprises declined marginally from

The debt ratio of state-owned enterprises, measured as the share of total liabilities in total assets, declined marginally from 28.1% in

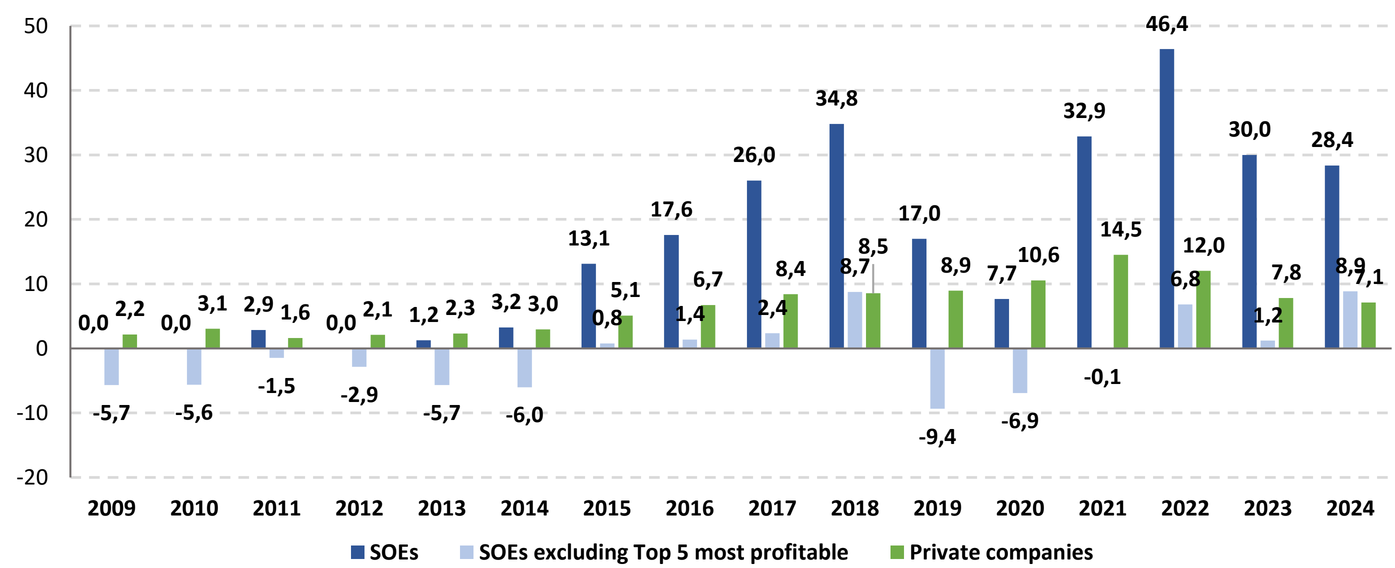
its 2023 level, reaching 28%. However, its distribution remained uneven, with some companies carrying very little debt while others were heavily indebted.

2023 to 28% in 2024 (*Figure 9*). This development reflects a 10.1% increase in state-owned enterprises' total assets, compared with a 9.7% rise in total liabilities. The result should also be assessed in light of the uneven distribution of debt across state-owned enterprises, some of which are very large companies with low debt ratios. Excluding the five best-performing state-owned enterprises, the debt ratio was higher, at 31.8%, although it declined from 33.4% in 2023.

In 2024, the share of liabilities in total assets remained lower for state-owned enterprises than for private-sector companies.

The debt ratio of private-sector companies was higher than that of state-owned enterprises, standing at 39.9%. It increased by 3.2 pp compared with the previous year, as total liabilities rose by 8%, while total assets declined by 0.6%. This result should also be interpreted with caution, as total assets are strongly influenced by the current assets reported by a single company, which exceeded 1,000 billion lei at the end of both 2023 and 2024.

Figure 10: Interest coverage ratio



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

Note: Interest coverage ratio = (Current profit or loss + Financial profit or loss + Adjustments for provisions - Other revenues + Other expenses + Interest expenses - Interest revenues)/Interest expenses

In 2024, the interest coverage ratio of state-owned enterprises declined to 28.4, from 30 in the

The interest coverage ratio is a solvency indicator that measures a company's ability to meet the interest payments on its outstanding debt. In essence, it shows how many times a company could cover its

previous year. This development was driven by a decrease in the numerator alongside an increase in interest expenses. The interest coverage ratio of private-sector companies also declined, from 7.8 in 2023 to 7.1 in 2024.

interest expenses using its available earnings. A value below 1 indicates that the company does not generate sufficient earnings to cover its interest expenses and must therefore draw on its reserves for this purpose.

Following the substantial increase recorded by state-owned enterprises between 2014 and 2018, from 3.2 to 34.8, and the subsequent sharp decline to 7.7 in 2020, the indicator resumed its rapid upward trend in 2021, reaching an all-time high of 46.4 in 2022 (*Figure 10*). In 2024, the interest coverage ratio continued the downward trend that began in 2023, falling to 28.4. This reflected a 4.6% decline in the numerator compared with the previous year, while interest expenses – the denominator – increased by 0.8%. The interest coverage ratio of private-sector companies also declined, from 7.8 in 2023 to 7.1 in 2024.

Excluding the top five companies, the interest coverage ratio was considerably lower, at 8.9, although it increased compared with the level recorded in 2023.

Excluding the top five, the interest coverage ratio of state-owned enterprises was considerably lower, at 8.9. Nevertheless, this represented a significant increase from only 1.2 in the previous year. Thus, against the backdrop of aggregate net profit returning to positive territory, the improvement in the interest coverage ratio indicates stronger solvency among these companies.

In 2024, the liquidity ratio of SOEs increased from 146.1% in the previous year to 156.8%, as current assets grew faster than short-term liabilities. As in recent years, the indicator remained below the level recorded by private-sector companies.

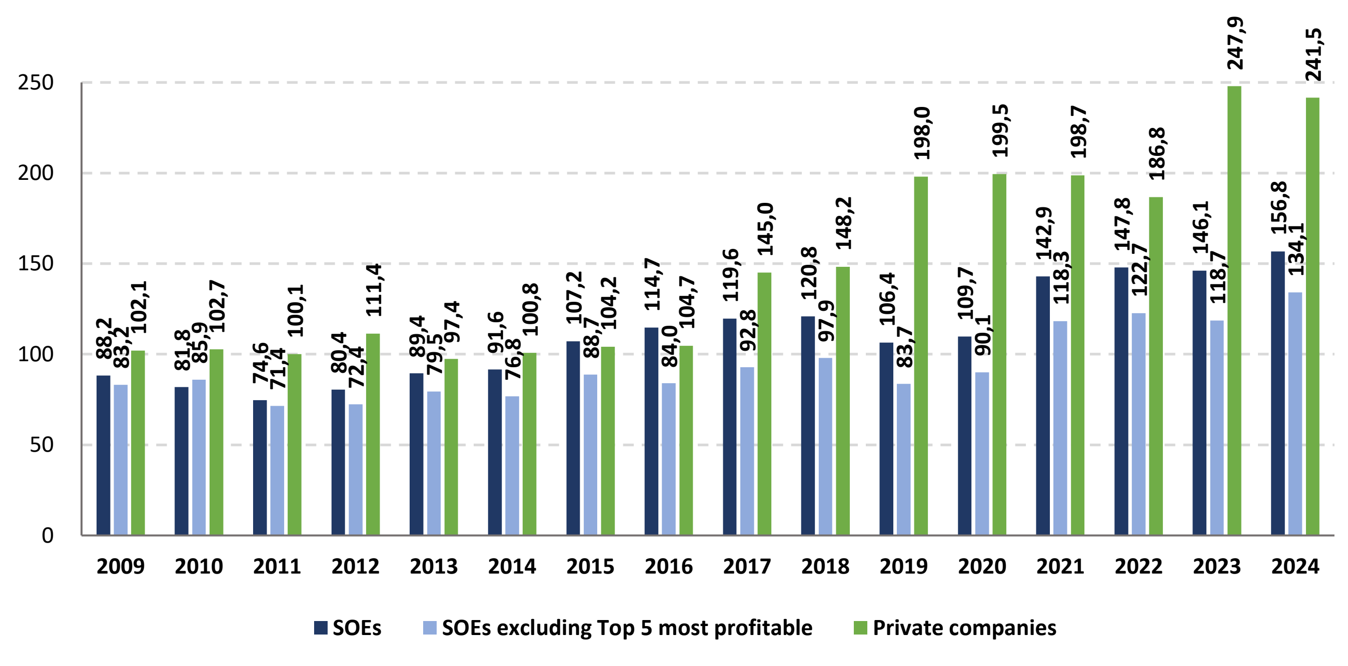
The current ratio measures a company's ability to meet its short-term obligations using its current assets. The higher the ratio, the greater the company's capacity to meet these obligations. A value below 1 may indicate that the company would be unable to repay its liabilities if they became due at that time. However, a very high ratio does not necessarily imply that the company is in an exceptionally strong liquidity position. Depending on the composition and allocation of its assets, such a value may suggest that the company is not using its assets efficiently or is not raising external financing.

In 2024, the liquidity ratio of state-owned enterprises increased from 146.1% in the previous year to 156.8% (*Figure 11*), as current assets grew at a faster pace (+14.1%) than short-term liabilities (+6.3%). As in recent years, the indicator remained below the level recorded by private-sector companies, whose liquidity ratio stood at 241.5% in 2024, compared with 247.9% in the previous year. However, the result for private-sector companies should be interpreted with caution, as their aggregate liquidity ratio is significantly inflated by a single company that has reported current assets exceeding 1,000 billion lei in recent years.

Even excluding the top five companies, the liquidity ratio improved significantly, rising from 118.7% to 134.1%. The ratio has remained above 100% since 2021.

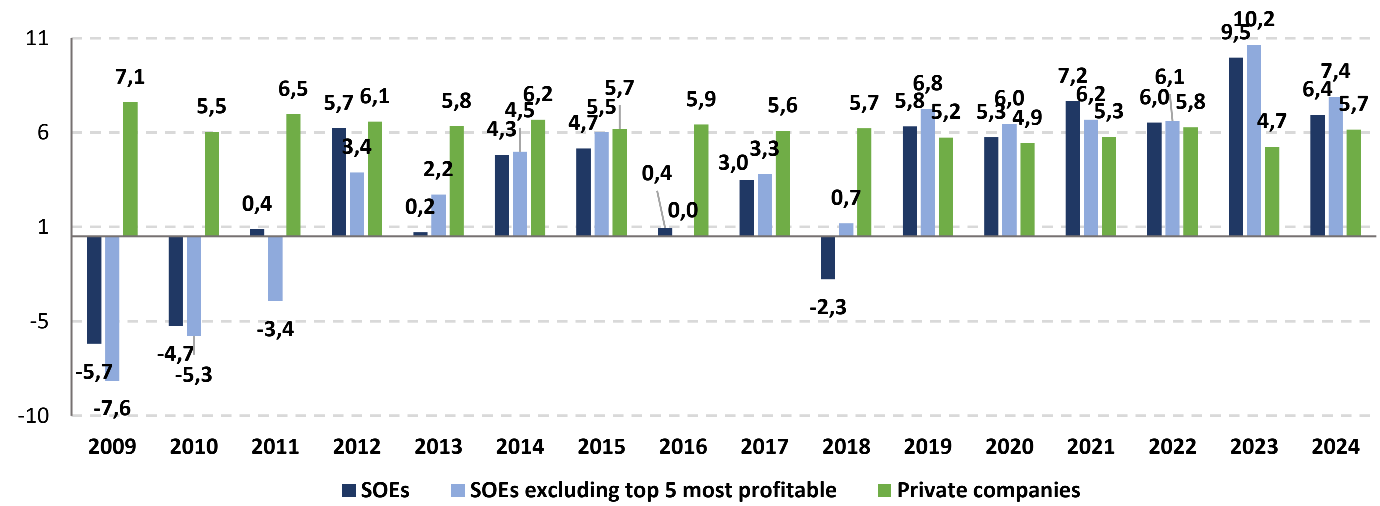
Excluding the five best-performing state-owned enterprises in terms of profitability, the liquidity ratio improved from 118.7% in 2023 to 134.1% in 2024, thereby strengthening its position above 100%.

Figure 11: Liquidity ratio (%)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector
*Note: Liquidity ratio (%) = Current assets/Short term debt * 100*

Figure 12: New investments (% of total assets)



Source: MF, based on annual financial reports submitted by economic agents from the non-financial sector

Note: New investments are calculated as the change in non-financial assets + amortization and depreciation expenses

The new investment rate of SOEs fluctuated throughout the period under review. In 2024, it declined by more than 3 pp compared with the previous year, reaching 6.4%. Excluding the top five companies, the indicator was slightly higher, at 7.4%. For private-sector companies, the new investment rate increased from 4.7% in 2023 to 5.7% in 2024.

The new investment rate of state-owned enterprises fluctuated over the period under review. In 2024, it declined by more than 3 pp to 6.4%, after reaching its highest level of the period in the previous year (*Figure 12*). The indicator was supported by investments undertaken by C.F.R. S.A., which totalled 4.8 billion lei in 2024 and accounted for more than 25% of total investment by state-owned enterprises. Excluding the five most profitable state-owned enterprises, the indicator was slightly higher, at 7.4%, although it declined from 10.2% in 2023.

For private-sector companies, the new investment rate increased from 4.7% in 2023 to 5.7% in 2024. Nevertheless, it should be noted that this indicator has remained relatively stable since 2010.

The performance of SOEs is also influenced by the legislative framework governing the corporate governance of public enterprises.

The economic and financial performance of state-owned enterprises is also influenced by the quality and implementation of the legislative framework governing the corporate governance of public enterprises, as well as by the institutions responsible for ensuring compliance with it. Legislative developments in recent years confirm this relationship.

The adoption of GEO 109/2011 on the corporate governance of public enterprises marked visible progress in the transparency and monitoring of SOEs' activities.

The adoption of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises initiated the implementation of good corporate governance practices. It sought to depoliticise and professionalise the management of state-owned enterprises through the selection and appointment of board members and managers, while also enhancing transparency.

However, this progress was largely reversed by the entry into force of Law No. 111/2016, which exempted numerous SOEs from the application of corporate governance principles. In practice, the provisions of GEO 109/2011 ceased to apply to most SOEs from 2018 onwards.

From 2016 onwards, new regulations were introduced to promote corporate governance. These included Law No. 111/2016 approving Government Emergency Ordinance No. 109/2011, the establishment of a specialised directorate within the Ministry of Finance to oversee the implementation of the ordinance, and the monitoring of state-owned enterprises using performance indicators, on the basis of which the Ministry of Finance was required to prepare an annual report on the activities of public enterprises. Law No. 13/2019 also provided for the appointment of a Ministry of Finance representative to the boards of directors of autonomous administrations.

However, the implementation of Law No. 111/2016[9] exempted dozens of companies operating in defence, energy, the chemical industry, road infrastructure and other sectors from the corporate governance provisions. This represented a weakening of the commitment to corporate governance principles based on professionalism, integrity, transparency and accountability. Furthermore, the requirement to distribute at least 90% of net profit to the state as dividends in order to meet budget deficit targets significantly impaired the investment capacity and long-term development of the most profitable state-owned enterprises.

To improve the performance of SOEs, a series of measures were adopted through Law No. 187/2023, amending and supplementing GEO 109/2011 on the corporate governance of public enterprises. However, the

Against this background, Law No. 187/2023 was adopted to amend and supplement Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, with the aim of improving the performance of state-owned enterprises through:

- separating the regulatory and ownership functions performed by public authorities;

[9] The corporate governance framework was amended several times between 2016 and 2018 through a series of orders issued by the Minister of Finance.

OECD's 2024 report on Romania noted that appropriate legislation alone was insufficient and that only its effective implementation could bring corporate governance into line with OECD standards.

- prohibiting the adoption of regulations that favour public enterprises over private companies or distort free competition between public and private enterprises;
- imposing profitability requirements similar to those applicable to privately owned companies;
- prohibiting certain public officials – including senators, members of the Chamber of Deputies, members of the Government, prefects and sub-prefects, mayors and deputy mayors – from serving as directors or board members of a state-owned enterprise;
- establishing the Agency for Monitoring and Evaluation of the Performance of Public Enterprises (AMEPIP), tasked with setting the corporate governance policy, coordinating the implementation of the relevant rules, monitoring and evaluating compliance, and imposing sanctions for identified breaches[10].

According to AMEPIP's 2024 Activity Report[11], the Agency monitored 1,319 public enterprises, comprising 144 central-level public enterprises and 1,175 local-level public enterprises. As in previous years, no major privatisations took place in 2024, with state-owned enterprises opting instead to sell minority shareholdings through the stock exchange or to undergo restructuring aimed at improving their efficiency.

The adoption of Law No. 187/2023 represented an important step towards improving the corporate governance of public enterprises. However, AMEPIP's operation did not meet the requirements of milestone 440 under Romania's National Recovery and Resilience Plan, which called for the Agency to become operational. In May 2025, Romania received part of the funds requested under its third payment request, while the disbursement of the remaining amounts was suspended. One of the reasons was the failure to meet the aforementioned milestone. The deadline for addressing the deficiencies was set for November 2025. In its April 2026 assessment, the European Commission noted that AMEPIP had appointed a permanent management team. However, despite the increase in the staff occupancy rate to 76%, the Agency's overall staffing level remained low. Based on this progress, the European Commission applied a correction

[10] https://amepip.gov.ro/prezentare/
[11] https://amepip.gov.ro/wp-content/uploads/2025/02/AMEPIP-Raport-activitate-2024-1.pdf

factor of 0.3 in its assessment of the milestone – equivalent to a reduction of approximately 198.2 million euro – and concluded that AMEPIP was partially operational.

Similarly, the OECD's 2024 report on Romania[12] concluded that having an appropriate legislative framework was not sufficient in itself and that only its proper implementation could bring corporate governance into line with OECD standards.

In 2024, the OECD revised its Guidelines on Corporate Governance of State-Owned Enterprises. In October 2025, Law No. 158 amending and supplementing GEO 109/2011 on the corporate governance of public enterprises was enacted, with the aim of improving economic efficiency and reducing administrative expenditure. In light of these measures, the OECD's 2026 report on Romania notes improvements in the governance of SOEs.

In 2024, the OECD revised its Guidelines on Corporate Governance of State-Owned Enterprises[13], emphasising the need for the state to act professionally and clearly define its public policy objectives, as well as for board members to possess the skills, integrity and objectivity required to perform their duties. In 2025, a Romanian-language version of these Guidelines[14] was published with the aim of ensuring that "state-owned enterprises contribute to sustainability, economic security and resilience by maintaining a level playing field and high global standards of integrity and professional conduct".

In October 2025, Law No. 158 amending and supplementing Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises was enacted. The law seeks to reduce the number of members serving on boards of directors and supervisory boards, cap board members' remuneration, introduce stricter performance criteria, strengthen managerial accountability, improve economic efficiency and reduce administrative expenditure. In light of these measures, the OECD's 2026 report on Romania notes improvements in the governance of state-owned enterprises[15].

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[12] *OECD Economic Surveys: Romania 2024*, March 2024, available at: https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-romania-2024_106b32c4-en#page57.

[13] https://www.oecd.org/en/publications/oecd-guidelines-on-corporate-governance-of-state-owned-enterprises-2024_18a24f43-en.html

[14] https://www.oecd.org/ro/publications/ghidul-ocde-privind-guvernanta-corporativa-a-intreprinderilor-de-stat-2024_ec0549ef-ro/full-report.html#preface-d1e21-2947ea2f98

[15] https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/03/oecd-economic-surveys-romania-2026_be38cf27/4844067e-en.pdf

Table 4: Contribution of the main state-owned companies included in the public administration sector to the general consolidated budget balance in 2023 (million lei, ESA10 standards)	
1. Main companies at central level	-37
COMPANIA NATIONALA DE INVESTITII SA (National Company of Investments)	519
COMPANIA NATIONALA DE TRANSPORTURI AERIENE ROMANE TAROM SA[16]	395
CN de Căi Ferate CFR SA	309
COMPANIA NAŢIONALĂ "ADMINISTRAŢIA PORTURILOR MARITIME" - S.A. CONSTANŢA	123
ELECTROCENTRALE BUCURESTI SA	121
R.A. Imprimeria Băncii Naționale a României	49
SNTFC CFR Calatori SA	46
IAR SA	45
Other companies	45
S.N. RADIOCOMUNICATII S.A.	37
SC SOROCAM SRL	25
REGIA Autonoma Monetăria Statului	24
COMPANIA NATIONALA ROMARM SA - FILIALA S.C. UZINA MECANICA MIJA SA	21
Administrația Fluviala a Dunării de Jos Galați	-9
Institutul National de Cercetare-Dezvoltare pentru Chimie si Petrochimie-ICECHIM	-10
ELECTROCENTRALE CONSTANTA S.A.	-11
SOCIETATEA ROMANA DE RADIODIFUZIUNE	-14
SOCIETATEA COMERCIALA ROMAERO SA	-18
INCD pentru Microtehnologie-IMT București	-20
COMPANIA NATIONALA A URANIULUI SA	-20
REGIA AUTONOMA TEHNOLOGII PENTRU ENERGIA NUCLEARA	-20
INSTITUTUL NATIONAL DE CERCETARE-DEZVOLTARE PENTRU FIZICA SI INGINERIE NUCLEARA "HORIA HULUBEI"IFIN-HH	-25
CN ROMTEHNICA S.A.	-57
SOCIETATEA ROMANA DE TELEVIZIUNE	-69
AVIOANE CRAIOVA SA	-69
COMPANIA NAŢIONALĂ ROMARM S.A. BUCUREŞTI FILIALA SOCIETATEA UZINA MECANICĂ CUGIR S.A.	-78
SCTMB Metrorex SA (Metrorex)	-81
UNIFARM	-364
Compania Națională de Administrare a Infrastructurii Rutiere	-906
Units under liquidation	-24
2. Companies at local level	-284.9
Local airports	-275.5
Heating stations with local subordination	-68.5
Other local units	59.1
3. Total main SOEs	**-321.9**
% of GDP	**-0.02**

Source: NIS, Eurostat

[16] The positive impact of TAROM S.A. on the general consolidated government budget balance in 2024 was mainly due to the sale of some of the company's assets.

In 2024, the aggregate contribution of the main companies controlled by central and local government to the budget balance amounted to only -0.02% of GDP. Over the 2019-2024 period, state-owned enterprises had only a marginal impact on the consolidated general government budget and exerted no additional pressure on the budget deficit.

The impact of state-owned enterprises on the budget balance may place additional pressure on the Government's deficit targets. Under ESA standards, their impact on the general consolidated government budget may arise through: (i) the issuance of government guarantees, which are also subject to EU State aid rules; and (ii) the reclassification of certain state-owned enterprises within the general government sector and the inclusion of their financial results in the budget balance.

Over the 2019-2022 period, the aggregate contribution of the main companies controlled by central[17] and local government was positive but limited in size. In 2023 and 2024, this contribution remained low but turned negative. *Table 4* ranks, in descending order, the central-government companies with the largest contributions in 2024. Together with the state-owned enterprises classified within local government, these companies had an impact on the budget balance of only -0.02% of GDP. In previous years, the overall contribution of state-owned enterprises to the budget balance amounted to 0.05% of GDP in 2019, 0.01% in 2020, 0.001% in 2021, 0.13% in 2022 and -0.14% in 2023[18]. Thus, throughout the period under review, state-owned enterprises had only a marginal impact on the general consolidated government budget and exerted no additional pressure on the budget deficit.

Conclusions

The accumulation of losses and arrears by companies in which the state is the majority shareholder poses a risk to fiscal and budgetary sustainability, as it may prompt the Government to intervene using public funds, potentially leading to an increase in the budget deficit. Conversely, profitable state-owned enterprises may provide a source of additional budget revenue. Therefore, the economic and financial performance of public-sector companies needs to be continuously monitored.

In this context, the present analysis examines the economic and financial performance of Romania's state-owned enterprises in 2024, while also comparing them with private-sector companies. The analysis was conducted using a sample of 746 state-owned enterprises, divided into the top five companies by net profit

[17] The companies with the largest contributions, both positive and negative, were taken into account.

[18] According to the Fiscal Council's analyses of the economic and financial performance of Romanian state-owned enterprises over the 2019-2023 period.

and the remaining state-owned enterprises, as a small number of companies generating substantial profits significantly influence the aggregate results of the public-sector companies.

The year 2024 was marked by moderate economic growth of 0.9%, representing a slowdown of 1.4 pp compared with the previous year. Household consumption, supported by rising real wages, was the main driver of economic activity. External geopolitical tensions remained elevated, while the latter part of the year saw a significant increase in domestic uncertainty. Against this backdrop, the performance of both state-owned and private companies deteriorated compared with 2023. These results should be interpreted in light of the substantial influence exerted by energy-sector companies on the overall performance of state-owned enterprises. Companies operating in the hydropower, nuclear energy and natural gas sectors remained the main contributors to the aggregate profit generated by state-owned enterprises, even though their profits declined compared with 2023 amid falling energy prices and slowing economic activity. Across the sector as a whole, approximately 28.7% of state-owned enterprises were not profitable in 2024, compared with 34.5% in the previous year. Some of these companies provide goods and services of public interest at both central and local government levels.

Romania's state-owned enterprises recorded declines in total revenues (-0.9%) and turnover (-3.1%), as well as a decrease in gross value added in nominal terms (-8.7%) in 2024. They generated a total net profit of 11.5 billion lei, approximately 0.3 billion lei (-2.2%) below the level recorded in 2023. The five most profitable state-owned enterprises recorded a decline in net profit, from almost 12 billion lei to approximately 10.1 billion lei. By contrast, the remaining state-owned enterprises moved from a combined loss of approximately 0.2 billion lei in 2023 to an aggregate profit of around 1.4 billion lei in 2024. It should be noted that, over the period under review, state-owned enterprises excluding the top five recorded a positive aggregate net result only in 2017, 2022 and 2024. The decline in the net result generated by state-owned enterprises led to a deterioration in their profitability indicators: ROA and ROE fell to 3.9% and 5.5%, respectively, in 2024, from 4.4% and 6.2%, respectively, in 2023. The contribution of state-owned enterprises to economic activity in Romania remained limited in 2024. They accounted for 3.4% of economy-wide revenues, 3.3% of turnover and 7.4% of gross value added, although they represented only 0.08% of all non-financial companies included in the sample under review. Moreover, 2024 saw an improvement in the liquidity ratio to 156.8%, from 146.1% in 2023; a broadly unchanged debt ratio of 28%, compared with 28.1% in 2023; a decline in new investment to 6.4%, from 9.5% in 2023; and a reduction in labour productivity to 103.9 million lei per 1,000 employees, from 126.9 million lei per 1,000 employees in 2023.

By contrast, private-sector companies recorded increases in total revenues (+3.6%) and turnover (+3.4%), as well as growth in gross value added in nominal terms (+9%) in 2024. They generated a total net profit of 163.7 billion lei, approximately 9.9 billion lei (-5.7%) below the level recorded in 2023. The decline in the net result generated by private companies was also reflected in their profitability indicators: ROA decreased to 4.5% in 2024, from 4.7% in 2023, while ROE remained unchanged at 7.4%. Moreover, 2024 saw a decline in the liquidity ratio to 241.5%, from 247.9% in 2023; an increase in the debt ratio to 39.9%, from 36.7% in

2023; an increase in new investment to 5.7%, from 4.7% in 2023; and a marginal rise in labour productivity to 81.9 million lei per 1,000 employees, from 81 million lei per 1,000 employees in 2023.

Arrears accumulated by state-owned enterprises declined by 5.4% in nominal terms in 2024 compared with the previous year, reaching 20.3 billion lei. They accounted for 23.9% of total overdue payments across the economy, down from 24.5% in 2023. State-owned enterprises' arrears as a share of GDP decreased to 1.2%, from 1.4% in 2023, reaching the lowest level over the entire period under review. Nevertheless, arrears remain a structural and deeply entrenched problem, with the ten companies reporting the largest arrears accounting for 75.2% of total overdue payments. The evolution of this ranking over time shows that arrears are concentrated primarily in the transport, mining, energy and chemical sectors, with some state-owned enterprises continuing to appear in the ranking year after year. Private-sector companies' arrears also declined in nominal terms in 2024, falling by 2.4% compared with the previous year to 64.7 billion lei.

The economic and financial performance of state-owned enterprises is also influenced by the quality of the corporate governance framework and its implementation. The adoption of Law No. 187/2023, which introduced a series of measures aimed at improving the performance of state-owned enterprises, and the establishment of the Agency for Monitoring and Evaluation of the Performance of Public Enterprises (AMEPIP) represented important steps towards alignment with OECD corporate governance standards. The European Commission's assessment of AMEPIP's functioning, conducted in accordance with the requirements of milestone 440 under Romania's National Recovery and Resilience Plan (NRRP), found that the agency was only partially operational. Together with the OECD's 2024 report, this confirmed that appropriate legislation alone is insufficient without effective implementation. The legislative framework was subsequently strengthened through the adoption of Law No. 158/2025, which aims to increase economic efficiency and reduce administrative expenditure. The OECD's 2026 report on Romania noted improvements in the governance of state-owned enterprises.

As in previous years, the impact of the main state-owned enterprises at central and local government levels on the general government budget balance (under ESA standards) was marginal, amounting to only -0.02% of GDP in 2024 and placing no additional pressure on the budget deficit.