

# MANAGEMENT OF THE PROFITABILITY OF MODERN PHARMACEUTICAL COMPANIES-MANUFACTURERS OF MEDICINES

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**Introduction.** The issues of valuing and managing the profitability of business entities are important in various economic development conditions. They are of particular importance in a financially unstable environment. Based on this, the chosen direction of research is relevant for domestic pharmaceutical companies-manufacturers of medicines.

**Aim.** Investigation of the existing system of estimation and management of profitability of the company and development of appropriate proposals for its improvement.

**Materials and methods.** Method of systematic analysis and synthesis, method of sample research, method of groupings, method of combination of theory and practice, methods of financial analysis (horizontal, vertical, calculation of financial ratios, taxonomy, correlation, trend analysis, etc.), economic and mathematical modeling.

**Results and discussion.** The results of theoretical studies have shown that profit is the simplest and most complex category of market economy. Its simplicity is determined by the fact that it is the core and the main driving force of economic development, the main motivating motive of entrepreneurs. At the same time, its complexity is determined by the variety of phenomena it displays, as well as the variety of forms in which it acts. It was concluded that the profit represents the end result of the company, characterizing its business activity of the enterprise.

Profitability is a relative indicator that characterizes a company's ability to carry out profitable activities, provide solvency, generate profit, on the basis of which to ensure sustainable growth and future innovation and investment development. It is established that in managing the profitability of a company it is necessary to pay attention both to the qualitative characteristics of its development and to the question of obtaining the profit of the required quality for a given volume. Profit quality is an indicator that shows how innovative an enterprise is and how much it ultimately leads to an improvement in an economy over a period of time. Assessing the level of profit quality of an enterprise is an independent task and its value is increasing at a progressive pace. And the ratio of profit from operating activities to the overall financial result of the enterprise from ordinary activities indicates the stability of work and quality of profit.

Analyzing the current profitability of FC «Zdoroviy» Ltd, it was concluded that, despite the annual growth of the company's revenues (by 902346 thousand UAH for 5 years), its expenses are growing at an accelerating rate. During the analysis period they increased by UAH 970238 thousand. The result of this situation was the reduction of the company's net profit by UAH 67892 thousand with annual negative dynamics.

An analysis of the relative profitability indicators of FC «Zdoroviy» Ltd, over the past 5 years has shown that, due to a significant reduction in pre-tax profit and net profit for the company, they all also have a negative trend. According to the profitability indicators of the company due to the increase in total costs and decrease in net sales revenues, the profitability of the products decreased by 16% over 5 years, and the total expenses by 8.6%. As a result, net profitability declined from 8% in 2014 to 0.5% in 2018.

At the same time, the value of cash flow profitability indicators has a positive trend. This indicates that a significant amount of positive net cash flow is generated at FC «Zdoroviy» Ltd, which ensures the effective (by this indicator) activity of the company.

The quality of profit during the analysis period was at an acceptable level.

In order to improve the profit management system of FC «Zdoroviy» Ltd, proposals have been made to implement profit control in the company. And in order to assess the profitability of the company, it was proposed to conduct its factor analysis and developed a multifactor mathematical model of multiple regression. As a result of the indicator was chosen the indicator of profitability of sales, and as factors that affect its size were determined by the financial status of the company, namely: the ratio of the provision of own working capital, the ratio of current and current assets and the ratio of working capital.

The Excel calculations used the regression parameters to be calculated and, because of their value, it was found that with the increase in the equity of the FC «Zdoroviy» Ltd by 1%, the profitability of sales would increase by an average of 0,095%; with the growth of the structural indicator of the ratio of current and current assets by 1 unit, the profitability of sales will increase on average by 0.204%; with the increase in the turnover of circulating assets by 1 turn, the profitability of sales of the company will increase by an average of 0.215%.

**Conclusions.** We believe that the introduction of controlling the profit of FC «Zdoroviy» Ltd in combination with the proposed multifactor mathematical model of multiple regression will allow it to effectively manage its profitability in the current and long-term periods.