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ANTIBIOTICE

Profitability reset in 2025; growth outlook moderates

* For FY 2025, Antibiotice delivered a clear profitability reset versus 2024 despite broadly stable activity. Operating income declined 2% Y/Y, with turnover down 4% Y/Y to RON 645.3m, while total operating expenses increased 4% Y/Y to RON 599.7m. This compressed EBIT by 34% Y/Y to RON 71.0m and EBT by 42% Y/Y to RON 60.1m. EBITDA declined 19% Y/Y to RON 124.0m, reflecting higher operating costs, including utilities and staff expenses, as well as a weaker sales mix. Below EBITDA, higher depreciation following recent investments further weighed on EBIT, while the financial result deteriorated materially on higher FX losses, reflecting the company's structural exposure to foreign currencies in a year marked by increased exchange-rate volatility and a larger share of export transactions. Compared with our estimate, EBT came in RON 14.9m higher, driven by stronger-than-expected domestic sales realised in Q4 2025 | NEGATIVE.

* Net turnover split highlights the core issue: a less favourable geographic and product mix rather than a contraction in demand. The domestic sales decline (-11.4% Y/Y) appears primarily driven by pricing and channel dynamics rather than a collapse in demand. The Romanian pharmaceutical market grew 10% in value in 2025 while volumes fell 1.5%; the generic Rx + non-Rx market (40.4% of total) advanced 4.5% in value but volumes declined 3.3%. Against this backdrop, ATB increased volumes sold to 24.2m boxes (+2.2%), suggesting adverse price and mix effects in retail-exposed categories such as non-Rx medicines and oral anti-infectives. Internationally, revenues increased 7.6% Y/Y as the company expanded in Western Europe and other markets, partly offsetting the decline in US sales (-33% Y/Y). However, the replacement of higher-priced US volumes with Western European sales at prices 40–50% lower created margin pressure despite top-line increase.

* Cost inflation was visible in utilities (electricity +16% Y/Y; gas +35%) and staff costs (+7%), while depreciation increased 18% Y/Y to RON 53.0m following recent investments. In FY 2025, the company invested RON 81.1m. Raw materials and consumables expenses rose 7% Y/Y broadly reflecting the production mix.

* Below EBIT, the financial line deteriorated materially, with net FX losses of RON 6.4m (vs net financial gains of RON 0.3m in FY 2024). Despite a slight decline in net interest expenses (-2% Y/Y), the net financial cost increased 2.6x Y/Y to RON 10.9m compared with RON 4.3m in FY 2024.

* **Outlook.** For FY 2026, management expects to counterbalance the weaker domestic dynamics through several commercial initiatives, including expanding sales of veterinary products and developing online distribution channels for dietary supplements. On external markets, the company indicated that export revenues are expected to remain at least flat Y/Y in 2026, while management also hopes to gradually recover part of the volumes lost in the US market. Overall, we do not expect major fluctuations in financial performance in 2026. Given the stabilisation of exports and the initiatives aimed at supporting domestic sales, we see turnover, EBITDA and EBT advancing only modestly, likely in the low single-digit range. EBITDA margin declined to 19.2% in 2025 from 22.6% a year earlier. While the margin may recover slightly in 2026 as the sales mix gradually stabilises and cost pressures ease, the modest revenue growth and the ongoing shift towards lower-priced export markets (outside US) suggest it is likely to remain below 20% in 2026. **See in the body of this mail our 2026 and post-2030 outlook | NEGATIVE.**

Romania, Pharmaceuticals

FY 2025 First look

BQ: ATB RO				
Last close	**RON 2.135**			
52 weeks range	RON 1.75 | RON 2.73			
Market cap (m)	RON 1,433		EUR 281	
P/FY 2026E EBITDA	**12.8x**	**P/FY 2026E EPS**		**24.8x**

(RONm)*	**Q4'24**	**Q4'25**	**FY'24**	**FY'25**
Net turnover	**169.0**	**176.9**	**675.0**	**645.3**
Sale - own sites	127.3	124.6	530.5	492.3
Sale - partner sites	41.9	51.9	143.7	151.0
Service income	-0.2	0.4	0.9	2.0
Domestic net turnover	123.8	113.2	427.6	379.0
Intl. net turnover	45.2	63.7	247.5	266.3
Other revenues	0.2	1.3	2.3	1.8
Subsidy income	0.1	0.1	0.4	0.5
Inventory changes	6.6	3.0	-3.5	10.4
Capitalised own work	2.9	5.0	11.1	12.8
Operating income	**178.8**	**186.3**	**685.4**	**670.7**
Raw mat. & cons.	-62.9	-73.0	-230.6	-245.6
Employee benefits	-51.1	-51.1	-165.4	-176.9
Transport	-1.2	-1.3	-4.5	-4.4
Utilities	-6.4	-7.0	-17.9	-22.0
D&A	-12.0	-13.6	-45.1	-53.0
Fixed assets adj., net	0.9	-10.5	3.8	0.0
Sponsorships	-0.2	-0.2	-0.8	-0.8
Other, o/w	-33.8	-19.3	-116.5	-97.1
Claw-back tax	-10.1	-10.2	-39.4	-39.9
EBITDA	-47.8	**23.9**	**152.4**	**124.0**
EBITDA margin	*-28.3%*	*13.5%*	*22.6%*	*19.2%*
Operating expenses	-167.5	**-176.0**	**-578.0**	**-599.7**
EBIT	**11.2**	**10.3**	**107.4**	**71.0**
Financial result, net	-0.3	-2.0	-4.3	-10.9
EBT	**10.9**	**8.3**	**103.1**	**60.1**
Income tax	3.3	N/A	-0.9	N/A
Net profit	**14.3**	**N/A**	**102.2**	**N/A**

*Source: Antibiotice; Swiss Capital estimates; * IFRS individual*

Price performance	1m	3m	12m	YTD
	-7.2%	-10.9%	-11.0%	-12.9%

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Mentioned companies

Company	BSE	Rating	Price	Price date	Disclosure
Antibiotice	ATB	UNDER REVIEW	2.135	03/03/2026	NONE

Rating history for Antibiotice

Date	Rating	Share Price (RON)	Target Price (RON)
24/09/2024	Initiation of coverage	3.13	3.27 - 4.01

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