# Swiss Capital

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# ANTIBIOTICE

## Recent reset leaves recovery significantly below Strategy 2030

* We update our view on ATB with a NEUTRAL recommendation and a target price of RON 2.14/share, implying 5% upside to the last close. Ex-dividend, our target price would adjust to RON 2.12/share. The valuation no longer supports the high-growth margin-expansion case embedded in our initiation report, but neither does it point to a structurally impaired business. ATB remains a strategically relevant pharmaceutical producer, with exposure to critical medicines, anti-infectives and new sterile capacity. The issue is timing and earnings quality: the investment case has shifted towards a slower, more back-end-loaded recovery, with higher execution risk and weaker near-term earnings conversion.

* **Reset driven mainly by revenue quality**. Recent results show that the reset is mainly about revenue quality rather than a simple demand contraction. In 2025, net turnover declined 4% Y/Y, but net profit almost halved, as lower domestic realised prices, higher discounts, weaker pharmacy/channel dynamics and a less favourable export mix compressed profitability. International growth was not enough to protect margins, as lower-priced European volumes partly replaced higher-priced North American sales. Q1 2026 confirmed that the pressure has not yet been fully absorbed, with turnover down 15% Y/Y, EBITDA down 43% Y/Y and net profit down 62% Y/Y.

* **Stabilisation, not a return to the previous trajectory**. The 2026-2028 budget points to stabilisation, not a return to the pre-2025 trajectory. Our model is anchored in the company's budget down to EBIT level, with net turnover of c.RON 680m in 2026 and EBITDA of RON 134.4m, followed by gradual improvement to RON 161.4m EBITDA in 2028. This remains materially below the trajectory used at initiation, when the 2024-2026 budget pointed to RON 900m net turnover and RON 230m EBITDA by 2026. The 2028 budget also remains far from Strategy 2030, with EBITDA of c.RON 161m versus the strategic target of RON 307m by 2030.

* **Investment pipeline still relevant, but delayed**. The investment pipeline remains relevant, but its contribution is later and smaller than previously assumed. The current CAPEX cycle is concentrated in sterile products, critical medicines and the INOVA R&D centre, with gross CAPEX remaining elevated through 2029. This supports ATB's long-term strategic positioning, but the near-term valuation impact is mixed: CAPEX, debt, D&A and FX sensitivity are front-loaded, while revenue and EBITDA contributions are delayed by regulatory authorisation, product validation, technology transfer and gradual commercial launch.

* **Recovery assumptions remain below Strategy 2030**. Our DCF captures a recovery, but not a full return to the Strategy 2030 trajectory. Post-2028, revenue growth accelerates only as new capacity starts contributing, with turnover reaching RON 1,028.6m by 2032. Adjusted EBITDA margin, excluding subsidy income, recovers to c.24.3% by 2032, approaching but not fully exceeding the strategic 25% margin profile. From 2033, the model normalises to 3% annual revenue growth and a 24% adjusted EBITDA margin. The terminal value is derived using a 12x forward exit EV/EBITDA multiple applied to 2036E adjusted EBITDA, excluding investment subsidy income.

* **Peer comparison also supports a NEUTRAL stance**. At our target price, ATB would trade broadly in line with the peer median on 2026E and 2027E EV/EBITDA, but this is not enough to argue for a stronger recommendation because ATB's EBITDA margin remains materially below peers. The stock also remains expensive on earnings, trading at a significant P/E premium, while the dividend yield is well below the peer median. The P/S discount is not a clear mispricing either, as it mainly reflects weaker margin quality, lower earnings conversion and a still delayed recovery profile. Overall, ATB offers some upside, but not enough to justify a stronger recommendation at this stage.

**Romania, Pharmaceuticals**

## NEUTRAL

| | | | | |
|---|---|---|---|---|
| **BQ: ATB RO** | | | | |
| **Last close** | | **RON 2.03** | | |
| **Target price, o/w** | | **RON 2.14** | | |
| DPS | | RON 0.020 | | |
| Upside/downside | | 5.3% | | |
| Trading range | | RON 1.75 \| RON 2.73 | | |
| Market cap (m) | | RON 1,363 | | EUR 260 |

| | **2024A** | **2025A** | **2026E** | **2027E** |
|---|---|---|---|---|
| **Trading multiples** | | | | |
| P/E | 13.3 | 26.3 | 24.3 | 22.7 |
| EV/Sales | 2.4 | 2.5 | 2.3 | 2.2 |
| EV/EBITDA | 10.4 | 12.8 | 11.8 | 10.5 |
| Dividend yield | 1.0% | 1.0% | 0.3% | 0.0% |
| **Per share data (RON)*** | | | | |
| EPS | 0.15 | 0.08 | 0.08 | 0.09 |
| BVPS | 1.33 | 1.39 | 1.45 | 1.54 |
| DPS | 0.021 | 0.020 | 0.006 | 0.000 |
| **P&L summary (RONm)*** | | | | |
| Net turnover | 675 | 645 | 680 | 712 |
| EBITDA | 152 | 124 | 134 | 151 |
| EBIT | 107 | 71 | 77 | 89 |
| Financial result, net | (4) | (11) | (15) | (12) |
| EBT | 103 | 60 | 63 | 78 |
| Net profit | 102 | 52 | 56 | 60 |
| **Balance Sheet summary (RONm)*** | | | | |
| Cash & equivalents | 3 | 10 | 1 | 1 |
| Total assets | 1,279 | 1,393 | 1,502 | 1,684 |
| Net debt (cash) | 138 | 224 | 296 | 417 |
| Shareholders' equity | 894 | 932 | 975 | 1,031 |

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


| **Price performance** | 1m | 3m | 12m | YTD |
|---|---|---|---|---|
| | 1.5% | 0.7% | -12.1% | -17.5% |

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## Investment case

**NEUTRAL after the profitability reset.** We update our view on ATB RO with a NEUTRAL recommendation and a target price of RON 2.14/share, implying 5% upside to the last close. Ex-dividend, our target price would adjust to RON 2.12/share. The valuation no longer supports the high-growth margin-expansion case embedded in our initiation report, but it also does not point to a structurally impaired business. ATB remains a strategically relevant pharmaceutical producer, with exposure to critical medicines, anti-infectives and new sterile capacity. The issue is timing and earnings quality: the investment case has shifted towards a slower, more back-end-loaded recovery, with higher execution risk and a weaker near-term earnings conversion profile.

**Reset driven mainly by revenue quality.** Recent results show that the reset is mainly about revenue quality rather than a simple demand contraction. In FY 2025, net turnover declined only 4% Y/Y, but net profit almost halved, as lower domestic realised prices, higher discounts, weaker pharmacy/channel dynamics and a less favourable export mix compressed profitability. International growth was not enough to protect margins, as lower-priced European volumes partly replaced higher-priced North American sales. Q1 2026 confirmed that the pressure has not yet been fully absorbed, with turnover down 15% Y/Y, EBITDA down 43% Y/Y and net profit down 62% Y/Y. ATB defended domestic volumes better than value, but this came at the cost of pricing, discounts and working-capital quality.

**Stabilisation, not a return to the previous trajectory.** The 2026-2028 budget points to stabilisation, not a return to the pre-2025 trajectory. Our model is anchored in the company's budget down to EBIT level, with net turnover of c.RON 680m in 2026 and EBITDA of RON 134.4m, followed by gradual improvement to RON 161.4m EBITDA in 2028. This remains materially below the trajectory used at initiation, when the 2024-2026 budget pointed to RON 900m net turnover and RON 230m EBITDA by 2026. The 2028 budget also remains far from the Strategy 2030 targets, with EBITDA of c.RON 161m versus the strategic target of RON 307m by 2030. We therefore assume slower revenue growth, more conservative margins and a higher debt base.

**Investment pipeline still relevant, but delayed.** The investment pipeline remains relevant, but its contribution is later and smaller than previously assumed. The current CAPEX cycle is concentrated in sterile products, critical medicines and the INOVA R&D centre, with gross CAPEX remaining elevated through 2029. This supports ATB's long-term strategic positioning, but the near-term valuation impact is mixed: CAPEX, debt, D&A and FX sensitivity are front-loaded, while revenue and EBITDA contributions are delayed by regulatory authorisation, product validation, technology transfer and gradual commercial launch. We also model grant receipts as delayed cash inflows rather than upfront CAPEX reductions, which makes the investment cycle more demanding from a cash-flow perspective.

**Recovery assumptions remain below Strategy 2030.** Our DCF captures a recovery, but not a full strategic re-rating. Post-2028, revenue growth accelerates only as new capacity starts contributing, with turnover reaching RON 1,028.6m by 2032. Adjusted EBITDA margin, excluding subsidy income, recovers to c.24.3% by 2032, approaching but not fully exceeding the strategic 25% margin profile. From 2033, the model

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normalises to 3% annual revenue growth and a 24% adjusted EBITDA margin. The terminal value is derived using a 12x forward exit EV/EBITDA multiple applied to 2036E adjusted EBITDA, excluding investment subsidy income, with the multiple anchored in peer valuation as a mid-cycle sector reference.

**Peer comparison supports NEUTRAL.** Peer comparison also supports a NEUTRAL stance. At our target price, ATB would trade broadly in line with the peer median on 2026E and 2027E EV/EBITDA, but this is not enough to argue for a re-rating because ATB's EBITDA margin remains materially below peers. The stock also remains expensive on earnings, trading at a significant P/E premium, while the dividend yield is well below the peer median. The P/S discount is not a clear mispricing either, as it mainly reflects weaker margin quality, lower earnings conversion and a still delayed recovery profile. Overall, ATB offers some upside, but not enough to justify a stronger recommendation at this stage.

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## Financial results: FY 2025 and Q1 2026

### Antibiotice: P&L (FY 2024 – Q1 2026)

| (RONm) | FY 2024 | FY 2025 | Y/Y | Q1 2025 | Q1 2026 | Y/Y |
|---|---|---|---|---|---|---|
| **Revenues from contracts with clients by manufacturing sites** | **675.0** | **645.3** | **-4%** | **161.1** | **136.5** | **-15%** |
| Revenues from the sale of finished products on own manufacturing | 619.2 | 609.3 | -2% | 151.0 | 140.1 | -7% |
| Trade discounts | (88.7) | (117.0) | 32% | (22.3) | (28.6) | 28% |
| Discount (%) | 14.3% | 19.2% | | 14.8% | 20.4% | |
| **Revenues from the sale of finished products, net** | **530.5** | **492.3** | **-7%** | **128.7** | **111.5** | **-13%** |
| Revenues from the sale of products made on other manufacturing sites | 169.3 | 185.4 | 10% | 38.3 | 34.0 | -11% |
| Trade discounts | (25.6) | (34.4) | 34% | (6.6) | (9.4) | 43% |
| Discount (%) | 15.1% | 18.6% | | 17.2% | 27.7% | |
| **Revenues from the sale of products made on other manufacturing sites, net** | **143.7** | **151.0** | **5%** | **31.7** | **24.6** | **-23%** |
| **Income from the provision of services** | **0.9** | **2.0** | **129%** | **0.8** | **0.4** | **-44%** |
| Other operating revenues | 2.3 | 1.8 | -24% | 0.2 | 2.1 | 912% |
| Revenues from subsidies | 0.4 | 0.5 | 4% | 0.1 | 0.1 | 24% |
| Changes in inventories of finished products and production in progress | -3.5 | 9.0 | -354% | 11.8 | 15.6 | 32% |
| Own work capitalised | 11.1 | 12.8 | 15% | 2.6 | 4.0 | 58% |
| **Total operating revenues** | **685.4** | **669.3** | **-2%** | **175.8** | **158.4** | **-10%** |
| **Raw materials, consumables and products made on other manufacturing sites** | **(230.6)** | **(244.2)** | **6%** | **(59.5)** | **(63.0)** | **6%** |
| % Revenues from the sale of products made on own and other manufacturing sites | 29.2% | 30.6% | | 31.3% | 36.1% | |
| Expenses on products made on own sites (raw materials and consumables) | (145.3) | (152.1) | 5% | (40.9) | (45.7) | 12% |
| % Revenues from the sale of finished products on own manufacturing | 23% | 25% | | 27% | 33% | |
| Expenses on products made on partner sites | (85.2) | (92.1) | 8% | (18.6) | (17.4) | -7% |
| % Revenues from the sale of products made on other manufacturing sites | 50% | 50% | | 49% | 51% | |
| **Employee benefit expenses** | **(165.4)** | **(176.2)** | **7%** | **(39.4)** | **(37.6)** | **-4%** |
| Transport-related expenditure | (4.5) | (4.4) | -3% | (1.1) | (1.2) | 4% |
| Utility expenses | (17.9) | (22.0) | 23% | (7.2) | (7.2) | 0% |
| Depreciation and adjustments for the depreciation of fixed assets, net | (45.1) | (53.0) | 18% | (12.8) | (14.3) | 12% |
| Adjustments for depreciation of current assets, net | 3.8 | 10.3 | 174% | 3.7 | 0.3 | -91% |
| Sponsorships, donations | (0.8) | (0.8) | -2% | (0.2) | (0.0) | -81% |
| **Other expenses, o/w** | **(116.5)** | **(107.7)** | **-8%** | **(22.9)** | **(21.6)** | **-6%** |
| % Revenues from contracts with clients | 17% | 17% | | 14% | 16% | |
| **Claw-back fee charges** | **(39.4)** | **(39.5)** | **0%** | **(9.5)** | **(7.5)** | **-21%** |
| % Sales on domestic market | 9.3% | 10.4% | | 11.0% | 11.0% | |
| Other taxes and fees | (12.7) | (14.3) | 12% | (3.2) | (3.9) | 22% |
| Expenses with services performed by third parties, protocol and promotion | (18.3) | (17.8) | -3% | (3.5) | (4.0) | 17% |
| % Revenues from contracts with clients | 3% | 3% | | 2% | 3% | |
| Insurance premium expenses | (3.7) | (3.4) | -7% | (0.8) | (0.9) | 12% |
| Repair expenses | (2.4) | (2.4) | -1% | (0.1) | (0.3) | 192% |
| Other | (40.0) | (30.3) | -24% | (5.8) | (4.9) | -15% |
| Reversed provisions, net | (0.9) | (0.3) | -68% | 0.0 | (0.0) | |
| **Total operating expenses** | **(578.0)** | **(598.2)** | **4%** | **(139.5)** | **(144.7)** | **4%** |
| **EBIT** | **107.4** | **71.0** | -34% | **36.3** | **13.8** | -62% |
| *EBIT margin* | *15.9%* | *11.0%* | | *22.5%* | *10.1%* | |
| **EBIT+ claw back tax** | **146.8** | **110.6** | **-25%** | **45.8** | **21.3** | **-54%** |
| *EBIT + claw back tax margin* | *21.7%* | *17.1%* | | *28.4%* | *15.6%* | |
| **EBITDA** | **152.4** | **124.0** | **-19%** | **49.1** | **28.1** | **-43%** |
| *EBITDA margin* | *22.6%* | *19.2%* | | *30.5%* | *20.6%* | |
| **EBITDA + claw back tax** | **191.9** | **163.6** | **-15%** | **58.6** | **35.6** | **-39%** |
| *EBITDA + claw back tax margin* | *28.4%* | *25.4%* | | *36.4%* | *26.1%* | |
| **Financial result, net** | **(4.3)** | **(10.9)** | **155%** | **(0.9)** | **(1.2)** | **25%** |
| Exchange rate differences, net | 0.3 | (6.4) | | 0.0 | (0.1) | |
| Interest expenses, net | (4.5) | (4.5) | -2% | (1.0) | (1.1) | 15% |
| Other financial expenses | 0.0 | 0.0 | | 0.0 | 0.0 | |
| **EBT** | **103.1** | **60.1** | **-42%** | **35.3** | **12.6** | **-64%** |
| Income tax | (0.9) | (8.4) | 821% | (2.7) | (0.0) | -100% |
| Effective income tax rate | 0.9% | 13.9% | | 7.6% | 0.0% | |
| **Net profit** | **102.2** | **51.8** | **-49%** | **32.6** | **12.6** | **-62%** |
| *Net profit margin* | 15.1% | 8.0% | | 20.3% | 9.2% | |

*Source: Antibiotice*

Antibiotice's recent performance reflects a profitability reset driven mainly by weaker revenue quality rather than a simple demand contraction. In 2025, the pressure came from lower domestic realised prices, higher discounts, weaker pharmacy/channel dynamics and product-specific issues, including lower oral-antibiotic consumption and weaker food-supplement sales. International growth also became less margin-supportive, as lower-priced European volumes partly replaced higher-priced North

American sales. Together with limited domestic pricing power and higher operating costs, this compressed EBITDA margin, while increased D&A, FX losses and income tax weakened earnings conversion below EBITDA.

Q1 2026 confirmed that the reset has not yet been fully absorbed. ATB appears to have defended domestic volumes better than value, but weaker non-Rx demand, pharmacy channel pressure, co-insurance changes, hospital procurement constraints and an uneven international mix continued to weigh on sales and margins.

**2025 turnover decline points to adverse pricing, channel and product mix rather than a clean demand shock. Net turnover declined 4% Y/Y, but the underlying picture was weaker than the headline figure indicates as the net almost halved.**

**Profitability reset with weaker revenue quality.** Antibiotice's FY 2025 results marked a clear reset in profitability, despite only a moderate contraction in reported sales. Net turnover declined 4% Y/Y to RON 645.3m, but the underlying picture was weaker than the headline figure indicates as the net almost halved. Domestic sales fell 10% Y/Y to RON 379.0m, while international sales increased 5% Y/Y to RON 266.3m, lifting the export share to 41% of turnover from 38% in 2024. The decline was therefore less about a broad contraction in demand and more about revenue quality, with lower domestic pricing, higher discounts, weaker channel mix and export growth increasingly skewed towards lower-priced markets.

**Domestic sales impacted by regulation, channel pressure and limited pricing power. The domestic decline was partly product-specific.** Management pointed to lower consumption of oral antibiotics following the stricter prescription, dispensing and monitoring framework introduced in 2024, as well as weaker sales of food supplements. The latter falls under the food / agri-food commercial framework, where Law 81/2022 restricts certain trade practices between suppliers and buyers, limiting ATB's room to compete through aggressive trade terms, promotional support or other arrangements with pharmacies and retailers. Larger competitors may be better placed in this segment, as broader portfolios allow them to negotiate shelf positioning, visibility and volume commitments across several product categories. In addition, Rx medicine prices in Romania cannot be adjusted freely with inflation, as the relevant adjustment mechanism is linked to EUR/RON rather than cost inflation, limiting ATB's ability to offset cost pressure through price increases.

**Own-site sales and discounts show the pressure on realised prices.** The weakness was visible in the company's own manufacturing sites, where net sales declined 7% Y/Y to RON 492.3m. The main issue was not a collapse in own-site activity, as the gross sales decreased just 2% Y/Y, but a weaker realised price structure, as trade discounts increased materially and the discount rate rose to 19.2% from 14.3% in 2024.

**Sales from products manufactured on partner sites increased 5% Y/Y** to RON 151.0m, partly offsetting the weaker own-site performance, but this activity also carried higher discounts. This reinforces the view that 2025 was mainly a pricing, channel and mix issue, rather than a simple volume shock.

**The geographic split also explains part of the FY 2025 margin deterioration. The partial replacement of higher-priced US sales with lower-priced European volumes reduced the average**

**Exports grew, but the mix became less profitable.** The geographic split also explains part of the FY 2025 margin deterioration. International revenue growth (5% Y/Y to RON 266.3m) was supported by Europe, but this came at weaker pricing. Management clarified that North American sales declined by 33% in 2025, while EU sales increased by 40%, allowing ATB to offset part of the lost revenue in volume/value terms. However, this was not margin-neutral: US prices are close to double European prices

**international selling price and weighed on EBITDA.**

and materially above Asian prices. The partial replacement of higher-priced US sales with lower-priced European volumes therefore reduced the average international selling price and weighed on EBITDA.

**Cost pressure amplified the mix effect.**

**FY 2025 EBITDA margin compressed to 19.2% from 22.6% in FY 2024 as revenue quality weakened and costs rose.**

Raw materials, consumables and products made on other manufacturing sites increased 6% Y/Y despite lower turnover, while employee benefit expenses rose 7% Y/Y and utilities increased 23% Y/Y. The claw-back tax remained broadly flat at RON 39.5m, but represented a higher burden relative to domestic sales. EBITDA declined 19% Y/Y to RON 124.0m, with the margin narrowing to 19.2% from 22.6% in FY 2024. The margin reset therefore reflected lower domestic sales, weaker export mix, higher discounts, limited domestic pricing power and inflationary pressure on key operating lines.

**Earnings conversion weakened below EBITDA and FY 2025 net profit almost halved to RON 51.8m (-49% Y/Y).**

Below EBITDA, the reset was even more visible. D&A increased 18% Y/Y to RON 53.0m following the recent investments, pushing EBIT down 34% Y/Y to RON 71.0m and narrowing the EBIT margin to 11.0% from 15.9%.

**Overall, FY 2025 profitability reset was not only an EBITDA issue; it reflected weaker conversion all the way down the P&L.**

The financial result also weakened sharply, to a loss of RON 10.9m from a loss of RON 4.3m in 2024, mainly on higher FX losses. Management indicated that operating FX exposure is partly mitigated through natural hedging between foreign-currency sales and costs, but credit-related FX exposure remains a source of pressure. As a result, net profit almost halved to RON 51.8m, with the net margin falling to 8.0% from 15.1%. Overall, FY 2025 profitability reset was not only an EBITDA issue; it reflected weaker conversion all the way down the P&L.

**Q1 2026 showed that the reset had not yet been fully absorbed.**

Q1 2026 net turnover fell 15% Y/Y to RON 136.5m, with domestic sales down 21% Y/Y to RON 67.9m and international sales down 9% Y/Y to RON 68.6m. Sales from own manufacturing sites declined 13% Y/Y to RON 111.5m, while sales from partner sites dropped 23% Y/Y to RON 24.6m. This was a sharper contraction than in FY 2025.

**Domestic volumes held up better than value.** The domestic sales' decline in Q1 2026 was particularly important because it came despite higher volumes sold by ATB on the local market. The Romanian pharmaceutical market recorded a 10.4% Y/Y decline in volumes, while Rx volumes fell by c.6% and non-Rx volumes by c.17%. ATB maintained strong positions in hospitals and several product forms, but domestic revenues were impacted by weaker purchasing power, lower non-Rx demand, lower pharmacy traffic, co-insurance changes and the late approval of the state budget. Management also linked the pressure to recent fiscal measures, including the increase in VAT on food supplements and medicines, which affected pharmacy traffic and average ticket value. In hospitals, which account for c.30% of ATB's sales, procurement was constrained by the delayed state budget and the "one-twelfth" spending rule, with management pointing to a c.15% sell-out decline in Q1. The company also described higher domestic commercial discounts and longer payment terms as a deliberate trade-off to defend market share and shelf positioning ahead of a potential market recovery. In other words, ATB defended volume better than value, but at the cost of pricing and working-capital quality.

**International trends were commercially mixed.** International sales also remained uneven. The company reported stable sales of finished products and active substances in USD terms and stronger performance in EU markets, where exports increased 27% Y/Y, while Middle East sales doubled. However, RON-denominated international turnover still declined 9% Y/Y to RON 68.6m, indicating that the regional gains were offset by weaker performance or lower-priced mix in other export markets.

**Gross-margin pressure remained the key issue in Q1 2026, but mainly because of production mix.**

**Cost pressure remained visible in Q1 2026**, **especially at gross-margin level**. Raw materials, consumables and products made on partner sites increased 6% Y/Y to RON 63.0m despite the 15% decline in turnover. Management clarified that this was driven mainly by the production mix, including active substances and injectable powders for export, rather than by broad-based raw-material inflation, with only two raw materials seeing price increases and a limited estimated impact. The company also produced at a faster pace than it sold in Q1, which generated the build-up in finished-goods inventories. Personnel expenses declined 4% Y/Y, but this was helped by the reversal of unused holiday provisions and should not be treated as a clean structural improvement. Utilities were broadly flat, supported by savings from the photovoltaic plants, while D&A increased 12% Y/Y to RON 14.3m.

**Q1 2026 EBITDA fell 43% Y/Y to RON 28.1m and EBIT dropped 62% Y/Y to RON 13.8m, as higher D&A added further pressure below EBITDA. Net profit dived 62% Y/Y to RON 12.6m, although the almost nil income tax charge supported the bottom line.**

**EBITDA declined 43% Y/Y from an unusually strong Q1 2025 base.** EBITDA fell 43% Y/Y to RON 28.1m in Q1 2026, with the margin narrowing to 20.6% from an unusually high 30.5% in Q1 2025 inflated by inventory changes, capitalised own work and positive asset adjustments that added around RON 18m to EBITDA, while raw materials and partner-site costs remained much better contained relative to sales.

Q1 2026 EBIT declined 62% Y/Y to RON 13.8m, as higher D&A added further pressure below EBITDA. Net profit also dropped 62% Y/Y to RON 12.6m, although the almost nil income tax charge supported the bottom line.

**Investment spending remained focused on strategic development.**

Antibiotice reported total investments of RON 81.07m in 2025. The allocation was tilted towards strategic development, which represented 57% of the total, mainly through digitalisation, new production sites and own R&D-based portfolio development. Business-consolidation investments accounted for the remaining 43%, with the largest items directed towards the modernisation of existing sites and equipment and the development of the industrial platform, utilities, storage and transport infrastructure. Q1 2026 confirmed the same direction: total investments reached RON 10.25m, with 83% allocated to strategic development. Own R&D-based portfolio development was the largest quarterly item, followed by new production sites and digitalisation.

**Antibiotice's bank debt increased materially in 2025 and Q1 2026, but net leverage remains contained at 1.8x FY 2025A EBITDA and c.2.2x FY 2026E EBITDA.**

**Antibiotice's bank debt increased materially in 2025**, rising to RON 233.5m from RON 140.7m at end-2024, driven by both short-term financing and new investment loans. The main additions were a RON 76.5m short-term facility for supplier payments and a RON 66.3m drawing from EIB investment loan, while existing investment loans continued to amortise. Net debt rose to RON 223.5m (+62% Y/Y).

**Q1 2026 confirmed further leverage build-up.** Total bank debt increased by a further 33% Q/Q to RON 310.7m, with short-term debt rising faster than long-term debt. The increase reflected higher use of working-capital lines, the continuation of supplier-payment financing and a new investment loan contracted in March 2026. However, this should not be overstated as a balance-sheet stress point for now. Although gross debt increased materially, net leverage remains relatively contained, with net debt/EBITDA at 1.8x on FY 2025A EBITDA and c.2.2x on FY 2026E EBITDA.

**Working-capital movements remained negative, but improved Y/Y.**

**Working-capital movements remained negative, but improved Y/Y.** Antibiotice continued to absorb cash through working capital, but the drag was lower than a year earlier. In FY 2025, working-capital movements absorbed RON 27.5m, compared with RON 48.4m in FY 2024, as the much smaller receivables outflow more than offset the weaker contribution from inventories and liabilities. Q1 2026 followed the same pattern: working capital absorbed RON 60.6m, compared with RON 78.1m in Q1 2025. The main pressure came from inventories, which absorbed RON 47.8m, consistent with the company’s safety-stock build-up, while receivables remained a sizeable outflow. However, this was partly offset by a positive movement in liabilities.

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## Valuation

We update our view on ATB RO with a NEUTRAL recommendation and a target price of RON 2.14 per share, implying an upside potential of 5% against last close.

Our valuation is based on a DCF model with a 10-year explicit forecast period and a terminal value derived using a 12x forward exit EV/EBITDA multiple to 2036E adjusted EBITDA which excludes investment subsidy income. The exit multiple is anchored in the peer-group valuation and represents a mid-cycle sector reference.

Ex-dividend, our target price would adjust to RON 2.12 per share.

**Antibiotice: DCF Valuation**

| (RONm) | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E |
|---|---|---|---|---|---|---|---|---|---|---|
| EBIT | 77 | 89 | 95 | 99 | 114 | 130 | 182 | 186 | 193 | 201 |
| Less: Tax on EBIT | (7) | (18) | (18) | (6) | (14) | (17) | (24) | (27) | (28) | (29) |
| Plus: D&A&Impairments | 57 | 62 | 66 | 79 | 86 | 84 | 86 | 86 | 87 | 87 |
| Less: Subvention income | (0) | (0) | (0) | (0) | (3) | (3) | (18) | (18) | (18) | (18) |
| CAPEX | (154) | (221) | (281) | (194) | (38) | (38) | (38) | (54) | (71) | (87) |
| Non-reimbursable funds | - | - | - | - | 42.5 | - | 223.8 | - | - | - |
| (Increase)/decrease in working capital | (18) | (18) | (20) | (24) | (38) | (25) | (22) | (20) | (18) | (16) |
| **Free cash flow** | **(45)** | **(105)** | **(159)** | **(47)** | **149** | **130** | **390** | **153** | **145** | **137** |
| **WACC** | **11.4%** | **10.9%** | **10.3%** | **9.8%** | **9.4%** | **9.1%** | **7.7%** | **7.7%** | **7.7%** | **7.6%** |
| Present value of FCF | (42) | (89) | (123) | (33) | 96 | 77 | 213 | 78 | 68 | 60 |
| Cumulative PV of FCF | (42) | (131) | (254) | (287) | (191) | (114) | 98 | 176 | 245 | 305 |
| Terminal value | 3,334 | =12.0 x FY 2036E EBITDA adj.* | | | | | | | | |
| PV of Terminal value | 1,354 | | | | | | | | | |
| Enterprise value | 1,658 | | | | | | | | | |
| Less: FY 2025A Net debt (Net cash) | 224 | | | | | | | | | |
| **Value of equity** | **1,435** | | | | | | | | | |
| **Target price (RON) o/w** | **2.14** | | | | | | | | | |
| DPS | 0.0199 | | | Payment date: 21/10/2026 | | | | | | |
| Upside / (Downside) | 5% | | | | | | | | | |
| **Last close (RON)** | **2.03** | | | | | | | | | |
| **WACC assumptions** | | | | | | | | | | |
| Risk free rate | 6.97% | 6.48% | 5.99% | 5.49% | 5.00% | 4.95% | 4.90% | 4.85% | 4.80% | 4.75% |
| Market risk premium | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Beta levered | 0.95 | 1.01 | 1.09 | 1.12 | 1.06 | 1.03 | 0.88 | 0.88 | 0.88 | 0.88 |
| Cost of debt | 7.0% | 6.5% | 6.0% | 5.5% | 5.0% | 5.0% | 4.9% | 4.9% | 4.8% | 4.8% |
| Cost of equity | 12.7% | 12.5% | 12.5% | 12.2% | 11.4% | 11.1% | 10.2% | 10.2% | 10.1% | 10.1% |
| Debt/(Debt+Equity) | 18% | 23% | 30% | 33% | 28% | 25% | 9% | 9% | 9% | 9% |

*Source: Antibiotice, Swiss Capital estimates; 2036E EBITDA adjusted for subvention revenues*

**For the 2025 profit distribution, ATB's shareholders approved the distribution framework, while the final payout ratio remains conditional on the response to the memorandum initiated by the Ministry of Health**. The proposal includes two scenarios: a 50% payout of distributable profit if the exemption is approved, or a 90% payout if the exemption is rejected. In our valuation, we assume the 50% scenario, consistent with the company's request to avoid distributing more than 50% of profit as dividends. Under this scenario, the dividend payable from 2025 profit stands at RON 13.34m, equivalent to a gross DPS of RON 0.019877174/share, with payment starting on 21 October 2026. This represents 50% of the distributable profit after the allocation of RON 19.44m to other reserves related to tax facilities and RON 5.64m to the company's own financing sources for projects co-financed from external loans.

**Beyond the 2025 profit distribution, our model assumes no dividend payments in 2027-2029.** The 2026 dividend payment assumption reflects the 50% payout scenario, in line with the company's budget. For 2027-2028, the absence of dividend payments is consistent with the company's 2026-2028 budget, which prioritises earnings retention during the peak investment phase. For 2029, we keep the same conservative treatment, as the investment cycle is still being completed and grant receipts are assumed to materialise only later. From 2030 onwards, once CAPEX normalises and cash generation improves, we assume a 100% payout of distributable profit.

**The target price is materially below the RON 3.27-4.01/share valuation range in our initiation report, as the investment case has shifted from a high-growth margin-expansion story to a more back-end-loaded recovery case.** The main change is not in the strategic relevance of ATB's portfolio or investment pipeline, but in the timing, scale and quality of earnings delivery. FY 2025 and Q1 2026 showed weaker revenue quality, higher discounts, lower domestic pricing flexibility, a less favourable export mix and weaker earnings conversion below EBITDA. In addition, Antibiotice's 2026-2028 budget sits materially below the Strategy 2030 trajectory underpinning our initiation report. For example, the 2026 budget now points to a net turnover of c.RON 680m and EBITDA of c.RON 134m, well below the RON 900m net turnover and RON 230m EBITDA embedded in the 2024-2026 budget discussed at initiation in 2024. The 2028 budget also remains far from the 2030 strategic targets, with operating income of RON 770m, EBITDA of c.RON 161m and net profit of c.RON 67m, versus Strategy 2030 targets of RON 1,258m in net sales, RON 307m in EBITDA and RON 207m in net profit. We therefore assumed slower revenue growth, more conservative margin assumptions and a higher debt base, while also reducing the expected contribution from new capacity. **Based on management's updated indications, the incremental revenue opportunity from the key investment projects is now materially lower than our previous working assumption, at roughly half of the level embedded in our initiation valuation, with the related EBITDA contribution also pushed further into the forecast period.**

**Antibiotice: Peers comparison**

| Company | Ticker | Country | EV/EBITDA | | | P/E | | | P/S | | | DIVY | | | EBITDA margin % | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E | 2025A | 2026E | 2027E |
| Krka Novo Mesto | KRKG.LJ | SI | 13.8x | 13.3x | 12.4x | 15.4x | 19.4x | 18.4x | 3.0x | 3.9x | 3.7x | 3.1% | 3.4% | 3.6% | 27% | 27% | 27% |
| Richter Gedeon | GDRB.BU | HU | 5.7x | 5.5x | 5.1x | 7.8x | 8.6x | 7.7x | 1.9x | 2.4x | 2.2x | 4.4% | 5.1% | 5.6% | 38% | 38% | 39% |
| Cipla Limited | CIPL.NS | IN | 15.1x | 16.8x | 13.8x | 25.5x | 26.9x | 21.8x | 3.5x | 3.6x | 3.3x | 1.1% | 1.0% | 1.1% | 21% | 20% | 21% |
| Teva Pharmaceuticals | TEVA.TA | IL | 9.6x | 11.1x | 9.4x | 16.2% | 15.7x | 11.3x | 2.1x | 2.4x | 2.3x | - | - | - | 31% | 28% | 32% |
| **Median of peers** | | | **11.7x** | **12.2x** | **10.9x** | **11.6x** | **17.5x** | **14.8x** | **2.6x** | **3.0x** | **2.8x** | **3.1%** | **3.4%** | **3.6%** | **29.1%** | **27.6%** | **29.7%** |
| **Antibiotice (@ market price)** | **ROATB.BX** | **RO** | **12.8x** | **11.8x** | **10.5x** | **26.3x** | **24.3x** | **22.7x** | **2.1x** | **2.0x** | **1.9x** | **1.0%** | **0.3%** | **0.0%** | **19.2%** | **19.8%** | **21.3%** |
| *Premium (Discount)* | | | 9% | -3% | -4% | 128% | 38% | 53% | -18% | -34% | -32% | -68% | -91% | -100% | | | |
| **Antibiotice (@ target price)** | **ROATB.BX** | **RO** | **13.4x** | **12.3x** | **10.9x** | **27.7x** | **25.5x** | **23.9x** | **2.2x** | **2.1x** | **2.0x** | **0.9%** | **0.3%** | **0.0%** | | | |
| *Premium (Discount)* | | | 14% | 1% | 0% | 140% | 46% | 61% | -14% | -31% | -28% | -70% | -91% | -100% | | | |

*Source: Refinitiv; Swiss Capital estimates*

At our target price, ATB would trade at 12.3x 2026E EV/EBITDA and at 10.9x 2027E EV/EBITDA, broadly in line with the peer median. On this metric, the stock does not screen expensive, but the comparison needs to be read together with ATB's weaker profitability profile, as the peer group shows a median 2026E EBITDA margin of 27.6%, materially above ATB's c.19-20% margin level.

The stock remains expensive on earnings, trading at 25.5x 2026E P/E versus a peer median of 17.5x, implying a c.46% premium.

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ATB is valued at a wider discount on sales, with a 2026E P/S of 2.1x at our target price versus the peer median of 3.0x. We do not see this as a mispricing, as the P/S discount mainly reflects weaker margins, lower earnings conversion and a still back-end-loaded recovery profile. The dividend comparison is also weak, with ATB's 2026E dividend yield at only 0.3% versus a peer median of 3.4%.

Overall, the peer comparison does not support a re-rating case at this stage: ATB is broadly fairly valued on EV/EBITDA, expensive on P/E and offers limited dividend income support, while the P/S discount mainly reflects weaker margin quality rather than a mispricing.

## Key DCF assumptions

**CAPEX step-up driven by new production capacity.** The company budgeted total investments of RON 172.7m in 2026, RON 252.2m in 2027 and RON 309.6m in 2028. However, these figures include repayments of investment loans. On this basis, our DCF uses gross CAPEX of RON 154.4m in 2026, RON 220.6m in 2027 and RON 281.5m in 2028, in line with the company's budgeted investment programme excluding debt repayments. The heavier investment phase in 2026-2028 is driven mainly by new production capacity, namely sterile products and critical-medicines projects, while maintenance, portfolio development, digitalisation and other modernisation projects represent a much smaller part of the programme.

**The expansion CAPEX is concentrated in two investment pillars. The InvestEU project targets production, packaging and storage capacity for sterile products, solutions and topicals.** At initiation, we included this project at RON 200.1m, supported by RON 85m of state aid, with the remainder funded from own resources and the EIB loan. Based on the updated 2026 project disclosure, the total investment value now stands at RON 265m, or c.EUR 54m, of which RON 85m represents state aid. The project runs over 2023-2029 and includes three components, each with a different implementation timeline: sterile injectable solutions, sterile topical products and storage/logistics capacity. The finished-goods warehouse was completed and subsequently authorised in Q1 2025, while the sterile topical-products flow is expected to be completed in 2027. The sterile injectable-solutions component carries the longest implementation timeline, running through 2029.

**A separate STEP-backed investment programme covers the INOVA R&D centre and a new critical-medicines capacity.** This is now the larger disclosed investment, with a VAT-free total project value of RON 374.5m and eligible non-refundable funding of RON 181.3m, equivalent to a 52% funding rate. The implementation period runs for 48 months, from November 2025 to November 2029. The programme covers both the INOVA R&D centre and a new production site for critical medicines, namely sterile injectable anti-infectives from the beta-lactam penicillin class and combinations with beta-lactamase inhibitors. At Q1 2026, the project remained in the pre-construction phase, with the design and technical documentations required for the building permit and the technical execution already completed.

**Post-2029, CAPEX is expected to normalise gradually.** After the budgeted investment peak in 2027-2028, our DCF keeps CAPEX elevated in 2029 at RON 193.8m, reflecting the final phase of the current strategic investment cycle. CAPEX then normalises to RON 37.5m per year in 2030-2032, as the major production-capacity projects move beyond the heavy execution phase.

**From 2033, we bridge the model towards a steady-state reinvestment level, with CAPEX** rising to RON 54.0m in 2033 and RON 70.6m in 2034, before **converging to D&A** at RON 87.1m **in 2035**.

**2026-2028 debt assumptions follow the budgeted investment-funding mix.** For the period, we build the debt schedule from the company's budgeted investment-financing plan, which assumes external bank loan financing of RON 73.0m in 2026, RON 133.4m in 2027 and RON 181.6m in 2028. In our model, total bank debt therefore increases from RON 233.5m at end-2025 to RON 297.7m in 2026, RON 418.4m in 2027 and RON 592.5m in 2028. The increase is mainly long term, reflecting the financing of the strategic investment programme: long-term debt rises from RON 135.7m at end-2025 to RON 177.0m in 2026, RON 282.3m in 2027 and RON 463.9m in 2028, while short-term debt, including the current portion of long-term loans and working-capital facilities, stands at RON 120.7m, RON 136.1m and RON 128.6m over the same period.

**Leverage rises before the new capacity contributes meaningfully.** Cash is kept close to an operational minimum in the forecast, so net debt follows gross debt closely. This lifts net debt/EBITDA from 1.8x in 2025 to 2.2x in 2026, 2.8x in 2027 and 3.7x in 2028.

**Post-2028, our model allows total debt to rise further to RON 656.6m in 2029, as the final phase of the current investment cycle is executed. From 2030, debt starts to decline as CAPEX normalises**, **FCFF turns positive and grant receipts start to be collected**. We model non-reimbursable funds as separate cash inflows when received, rather than as upfront reductions to CAPEX, with RON 42.5m assumed in 2030 and RON 223.8m in 2032. Importantly, we do not assume that grants are collected immediately upon physical completion of the investment projects. Instead, we apply a conservative timing assumption, with receipts delayed until the commercial phase is sufficiently advanced, reflecting the authorisation, technology-transfer and product-launch stages required before the new capacities can be fully validated commercially. This creates a c.three-year lag between the heavy CAPEX phase and the assumed grant cash inflows. The related accounting recognition is captured through subsidy income over time, but this income is excluded from adjusted EBITDA and from the terminal EBITDA base, so the valuation does not double count the grants.

**2026-2028 P&L estimates are anchored in Antibiotice's budget down to EBIT level, using the company's budgeted turnover, operating-cost structure, D&A and operating-result trajectory as the main reference points. Below EBIT, we model the financial result and income tax separately, based on our own FX and tax assumptions**.

The budget points to a materially more moderate growth profile than the Strategy 2030 trajectory used in our initiation report, with total operating income of RON 692.2m in 2026 (+3.4% Y/Y), RON 732.3m in 2027 (+5.8% Y/Y) and RON 770.0m in 2028 (+5.1% Y/Y), while total operating expenses are budgeted at RON 614.9m, RON 642.8m and RON 674.6m, respectively. This translates into EBIT of RON 77.4m in 2026 (+8.4% Y/Y), RON 89.5m in 2027 (+15.7% Y/Y) and RON 95.4m in 2028 (+6.7% Y/Y), indicating a gradual operating recovery rather than a return to the pre-2025 profitability trajectory.

**Revenue growth is now more cautious.** For 2026, our DCF assumes net turnover of c.RON 680m, broadly in line with the company's budget, followed by mid-single-digit growth in 2027-2028. This is a significant moderation versus the assumptions used at initiation, when the 2024-2026 budget pointed to RON 900m net turnover by 2026. The recovery is also uneven by geography. In our model, domestic turnover grows by only c.2.4% in 2026, 3.0% in 2027 and 3.8% in 2028, reflecting weaker pricing power, pressure in pharmacy sales and a gradual recovery in non-Rx categories. **International turnover is the main growth driver**, increasing by c.9.7% in 2026 and 7.0% per year in 2027-2028, lifting the export share of turnover from 41% in 2025 to c.43% in 2026 and c.45% by 2028. The company's recent export updates are consistent with this profile. The Spanish cardiovascular contract supports the 2026 export recovery, but management had already indicated that the expected EUR 1.3m contribution in H2 2026 was embedded in the budget, while the recently announced Spanish agreement implies total deliveries of c.EUR 5m over the initial three-year period. In the US, ATB expects sales to increase by c.25% in 2026, but this follows the temporary adjustment recorded in 2025 and should be read mainly as recovery from a weaker base. Overall, the export pipeline supports the budgeted recovery, but does not change the conclusion that the revenue growth path is materially slower than assumed at initiation.

**EBITDA recovery remains gradual.** In line with the budget, we assume EBITDA of RON 134.4m in 2026, RON 151.5m in 2027 and RON 161.4m in 2028, implying a progressive margin recovery from the depressed 2025 base of 19.2% to 21.5%, but still below the level previously embedded in our initiation case. The EBITDA margin improves as revenue quality stabilises and cost absorption normalises, but the budget does not support a rapid return to the 25% margin profile implied by the earlier Strategy 2030. EBIT follows the same path, but the recovery is partly absorbed by higher D&A, which rises from RON 53.0m in 2025 to RON 57.1m in 2026, RON 62.0m in 2027 and RON 66.0m in 2028.

**Below EBIT, we adjust for a more conservative FX path.** While we use the company's budget as the operating anchor, we adjusted the bottom-line for a more conservative FX path. The 2026 budget was prepared using exchange-rate assumptions of 5.11 lei/EUR and 4.36 lei/USD. Our model uses a more conservative EUR/RON path, with average rates of 5.19 in 2026, 5.32 in 2027 and 5.40 in 2028, and end-period rates of 5.28, 5.36 and 5.44, respectively. This matters because ATB's debt base is materially EUR-linked. As a result, our net financial result is weaker than the budget, at RON -14.6m in 2026, RON -11.6m in 2027 and RON -14.8m in 2028, versus budgeted net financial losses of RON -8.4m, RON -10.0m and RON -9.0m.

**Income tax assumptions reflect the budgeted fiscal adjustments.** Another issue is the effective income tax implied by the 2026-2028 budget. The budget points to a relatively normal effective tax burden in 2026, but the 2027-2028 figures look anomalous, with current profit tax jumping to RON 19.5m in 2027 and RON 21.0m in 2028, despite the presence of tax-facility-related reserves. This implies an effective tax rate of around 23% in both years, above the statutory 16% rate. We therefore reconstructed the income tax charge by starting from our estimated EBT, adjusting for the budgeted non-taxable income and non-deductible tax expenses where disclosed, and applying the

16% statutory tax rate to the resulting taxable profit base. This leads to effective tax rates of c.10.6% in 2026 and c.22.9% in 2027-2028. For this reason, we treat the budget as more reliable down to EBIT than at net profit level, and we explicitly model the below-EBIT items based on our own FX and tax assumptions.

**Our estimated net profit is therefore slightly below the company's 2026-2028 budget.** Based on these assumptions, our net profit estimates stand at RON 56.2m in 2026, RON 60.0m in 2027 and RON 62.2m in 2028, below the company's budgeted RON 61.3m, RON 61.3m and RON 67.0m, respectively. The difference is mainly driven by our more conservative FX treatment and the resulting weaker financial result, while the operating assumptions remain broadly aligned with the official budget through EBIT.

**Post-2028, P&L assumptions reflect a delayed ramp-up from the investment pipeline.** Our model assumes that revenue growth remains moderate in 2029, with turnover increasing by 5.9% Y/Y to RON 793.5m, followed by 8.8% growth to RON 863.1m in 2030. Management estimates that the InvestEU project could add c.EUR 8m of annual revenue once fully operational, while the STEP-backed INOVA R&D centre and critical medicines programme could add a further c.EUR 11m per year. Consistent with management guidance, we assume a c.three-year lag between implementation and full revenue contribution, reflecting product validation, regulatory authorisations, technology transfer and gradual market launch. The 2030 acceleration therefore partly reflects the first contribution from the sterile topicals facility, which we estimate at c.EUR 4m, as the facility is expected to be completed in 2027 but to contribute only after the authorisation and launch process. The explicit forecast then assumes net turnover of RON 909.6m in 2031, before a larger step-up to RON 1,028.6m in 2032, up 13.1% Y/Y. The 2032 acceleration reflects the delayed contribution from sterile solutions and critical medicines, which we estimate at c.EUR 15m.

**Post-2028, margins are estimated to recover gradually.** Our estimated EBITDA increases from RON 161.4m in 2028 to RON 177.6m in 2029, RON 199.8m in 2030, RON 213.6m in 2031 and RON 268.2m in 2032. The EBITDA margin rises from 21.5% in 2028 to 22.4% in 2029, 23.2% in 2030, 23.5% in 2031 and 26.1% in 2032, with the strongest improvement occurring only when the investment projects begin to generate a more visible revenue contribution. Excluding subsidy income, the adjusted EBITDA margin is estimated to recover gradually to 24.3% by 2032, approaching the strategic 25% margin profile as the new revenue base starts absorbing fixed costs more efficiently. From 2032, subsidy income is estimated at c.RON 18m per year, based on a 15-year amortisation period for the funded capacities.

**Post-ramp normalisation in the terminal bridge to 2035.** From 2033, the model moves away from detailed project-by-project P&L assumptions and applies a more normalised revenue growth path of 3% per year, with the operating cash-flow calculation based on a 24% adjusted EBITDA margin (subvention income excluded).

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## Financial summary

### Antibiotice: P&L (IFRS)

| (RONm) | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues from contracts with clients** | **601** | **675** | **645** | **680** | **712** | **749** | **793** | **863** | **910** | **1,029** |
| Other operating revenues | 28 | 10 | 24 | 12 | 20 | 21 | 21 | 25 | 26 | 41 |
| **Total operating revenues** | **629** | **685** | **669** | **692** | **732** | **770** | **815** | **888** | **935** | **1,070** |
| Raw materials and consumables | (157) | (145) | (152) | (148) | (157) | (164) | (174) | (195) | (205) | (241) |
| Expenses on products made on partner sites | (61) | (85) | (92) | (90) | (92) | (94) | (95) | (101) | (108) | (117) |
| Employees benefit expenses | (156) | (165) | (176) | (188) | (196) | (204) | (211) | (219) | (227) | (235) |
| Transport-related expenses | (4) | (5) | (4) | (5) | (5) | (5) | (6) | (6) | (6) | (7) |
| Utility expenses | (25) | (18) | (22) | (23) | (24) | (25) | (27) | (29) | (31) | (35) |
| D&A | (28) | (45) | (53) | (57) | (62) | (66) | (79) | (86) | (84) | (86) |
| Adjustments for depreciation of current assets, net | (0) | 4 | 10 | 5 | 4 | 4 | 4 | 4 | 3 | 3 |
| Sponsorships, donations | (1) | (1) | (1) | (1) | (1) | (0) | (1) | (1) | (1) | (1) |
| Claw back tax | (37) | (39) | (40) | (38) | (39) | (41) | (43) | (48) | (51) | (61) |
| Other operating expenses | (63) | (78) | (68) | (70) | (71) | (79) | (85) | (92) | (97) | (108) |
| **Total operating expenses** | **(533)** | **(578)** | **(598)** | **(615)** | **(643)** | **(675)** | **(716)** | **(774)** | **(805)** | **(887)** |
| **EBITDA** | **124** | **152** | **124** | **134** | **151** | **161** | **178** | **200** | **214** | **268** |
| **EBITDA adj. for subvention revenues** | **124** | **152** | **124** | **134** | **151** | **161** | **177** | **197** | **210** | **250** |
| **EBIT** | **97** | **107** | **71** | **77** | **89** | **95** | **99** | **114** | **130** | **182** |
| Net financial result | (5) | (4) | (11) | (15) | (12) | (15) | (17) | (17) | (14) | (10) |
| EBT | 92 | 103 | 60 | 63 | 78 | 81 | 81 | 97 | 115 | 172 |
| **Net profit** | **81** | **102** | **52** | **56** | **60** | **62** | **75** | **83** | **98** | **148** |

*Source: Antibiotice; Swiss Capital estimates*

### Antibiotice: Balance Sheet (IFRS)

| (RONm) | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|
| Long term assets | 738 | 805 | 887 | 984 | 1,143 | 1,358 | 1,473 | 1,425 | 1,378 | 1,330 |
| Inventories | 160 | 170 | 182 | 186 | 194 | 203 | 213 | 230 | 241 | 268 |
| Trade and similar receivables | 239 | 302 | 313 | 330 | 346 | 364 | 385 | 419 | 442 | 457 |
| Cash & equivalents | 2 | 3 | 10 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| **Total assets** | **1,139** | **1,279** | **1,393** | **1,502** | **1,684** | **1,927** | **2,073** | **2,075** | **2,063** | **2,057** |
| Debt | 66 | 141 | 233 | 298 | 418 | 592 | 657 | 524 | 454 | 135 |
| Trade and other payable | 151 | 169 | 137 | 140 | 146 | 153 | 160 | 173 | 181 | 201 |
| Other current liabilities | 10 | 11 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Long term liabilities | 102 | 150 | 210 | 251 | 356 | 537 | 536 | 576 | 502 | 387 |
| Shareholders' equity | 847 | 894 | 932 | 975 | 1,031 | 1,093 | 1,168 | 1,251 | 1,304 | 1,391 |
| **Equity & liabilities** | **1,139** | **1,279** | **1,393** | **1,502** | **1,684** | **1,927** | **2,073** | **2,075** | **2,063** | **2,057** |

*Source: Antibiotice; Swiss Capital estimates*

### Antibiotice: Cash Flow (IFRS)

| (RONm) | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|
| Profit before taxes | 63 | 78 | 81 | 81 | 97 | 115 | 172 |
| (-) Income tax | (7) | (18) | (18) | (6) | (14) | (17) | (24) |
| (+) Depreciation & Impairments | 57 | 62 | 66 | 79 | 86 | 84 | 86 |
| (-) Subvention income | (0) | (0) | (0) | (0) | (3) | (3) | (18) |
| (-) (Increase) / Decrease in working capital | (18) | (18) | (20) | (24) | (38) | (25) | (22) |
| **Cash flow from operations** | **95** | **104** | **107** | **130** | **128** | **153** | **194** |
| **Cash flow from investing** | **(154)** | **(221)** | **(281)** | **(194)** | **(38)** | **(38)** | **(38)** |
| **Cash flow from financing** | **51** | **117** | **174** | **64** | **(90)** | **(115)** | **(156)** |
| Dividends paid | (13) | (4) | 0 | 0 | 0 | (45) | (61) |
| Debt withdrawal (payments),net | 64 | 121 | 174 | 64 | (132) | (70) | (319) |
| Subsidies | 0 | 0 | 0 | 0 | 43 | 0 | 224 |
| **Total change in cash** | **(9)** | **0** | **0** | **(0)** | **0** | **1** | **0** |
| Cash Balance - Beginning of Period | 10 | 1 | 1 | 1 | 1 | 1 | 2 |
| **Cash Balance - End of Period** | **1** | **1** | **1** | **1** | **1** | **2** | **2** |

*Source: Antibiotice; Swiss Capital estimates*

## Antibiotice: Key Ratios

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | | | | |
| Net profit margin | 13.5% | 15.1% | 8.0% | 8.3% | 8.4% | 8.3% | 9.5% | 9.6% | 10.8% | 14.4% |
| EBITDA margin | 20.7% | 22.6% | 19.2% | 19.8% | 21.3% | 21.5% | 22.4% | 23.2% | 23.5% | 26.1% |
| EBITDA adjusted* margin | 20.7% | 22.5% | 19.2% | 19.7% | 21.2% | 21.5% | 22.3% | 22.8% | 23.1% | 24.3% |
| EBIT margin | 16.1% | 15.9% | 11.0% | 11.4% | 12.6% | 12.7% | 12.5% | 13.2% | 14.3% | 17.7% |
| EBITDA+ Claw-back margin | 26.9% | 28.4% | 25.4% | 25.4% | 26.8% | 27.0% | 27.8% | 28.7% | 29.1% | 32.0% |
| RoavgA | | 8.5% | 3.9% | 3.9% | 3.8% | 3.4% | 3.8% | 4.0% | 4.7% | 7.2% |
| RoavgE | | 11.7% | 5.7% | 5.9% | 6.0% | 5.9% | 6.6% | 6.9% | 7.7% | 11.0% |
| **Asset management** | | | | | | | | | | |
| Inventory turnover (Days) | 116 | 116 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 |
| Days sales outstanding | 143 | 161 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 160 |
| Payables days | 109 | 116 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 |
| **Leverage and liquidity** | | | | | | | | | | |
| Leverage (total liab/equity) | 0.35 | 0.43 | 0.49 | 0.54 | 0.63 | 0.76 | 0.77 | 0.66 | 0.58 | 0.48 |
| Gearing (Net debt/equity) | 0.08 | 0.15 | 0.24 | 0.30 | 0.40 | 0.54 | 0.56 | 0.42 | 0.35 | 0.10 |
| Net debt/EBITDA | 0.5 | 0.9 | 1.8 | 2.2 | 2.8 | 3.7 | 3.7 | 2.6 | 2.1 | 0.5 |
| Debt/Assets | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.2 | 0.1 |
| Current ratio | 2.7 | 2.8 | 3.7 | 3.7 | 3.7 | 3.7 | 3.7 | 3.8 | 3.8 | 3.6 |
| Quick ratio | 1.6 | 1.8 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 | 2.3 |
| Distributable profit payout ratio | 100% | 100% | 50% | 50% | 0% | 0% | 0% | 100% | 100% | 100% |
| Effective payout ratio | 69% | 14% | 26% | 7% | 0% | 0% | 0% | 55% | 62% | 75% |

*Source: Antibiotice; Swiss Capital estimates; * Adjusted for subvention revenues*

## Antibiotice: Per Share Data and Trading Multiples

| | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E |
|---|---|---|---|---|---|---|---|---|---|---|
| EPS | 0.12 | 0.15 | 0.08 | 0.08 | 0.09 | 0.09 | 0.11 | 0.12 | 0.15 | 0.22 |
| EPS growth | | 26% | -49% | 8% | 7% | 4% | 21% | 10% | 19% | 51% |
| BVPS | 1.3 | 1.3 | 1.4 | 1.5 | 1.5 | 1.6 | 1.7 | 1.9 | 1.9 | 2.1 |
| DPS | 0.083 | 0.021 | 0.020 | 0.006 | 0.000 | 0.000 | 0.000 | 0.068 | 0.091 | 0.165 |
| **Valuation multiples at market price** | | | | | | | | | | |
| **P/E** | **16.8** | **13.3** | **26.3** | **24.3** | **22.7** | **21.9** | **18.1** | **16.4** | **13.9** | **9.2** |
| P/CF | 11.1 | 14.3 | 18.8 | 14.4 | 13.1 | 12.7 | 10.5 | 10.7 | 8.9 | 7.0 |
| P/B | 1.6 | 1.5 | 1.5 | 1.4 | 1.3 | 1.2 | 1.2 | 1.1 | 1.0 | 1.0 |
| P/Sales | 2.3 | 2.0 | 2.1 | 2.0 | 1.9 | 1.8 | 1.7 | 1.6 | 1.5 | 1.3 |
| EV/Sales | 2.6 | 2.4 | 2.5 | 2.3 | 2.2 | 2.1 | 2.0 | 1.8 | 1.7 | 1.5 |
| **EV/EBITDA** | **12.8** | **10.4** | **12.8** | **11.8** | **10.5** | **9.8** | **8.9** | **7.9** | **7.4** | **5.9** |
| Dividend yield | 4.1% | 1.0% | 1.0% | 0.3% | 0.0% | 0.0% | 0.0% | 3.3% | 4.5% | 8.1% |
| **Valuation multiples at target price** | | | | | | | | | | |
| **P/E** | **17.7** | **14.0** | **27.7** | **25.6** | **23.9** | **23.1** | **19.1** | **17.3** | **14.6** | **9.7** |
| P/CF | 11.7 | 15.1 | 19.8 | 15.1 | 13.8 | 13.4 | 11.1 | 11.2 | 9.4 | 7.4 |
| P/B | 1.7 | 1.6 | 1.5 | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.1 | 1.0 |
| P/Sales | 2.4 | 2.1 | 2.2 | 2.1 | 2.0 | 1.9 | 1.8 | 1.7 | 1.6 | 1.4 |
| EV/Sales | 2.8 | 2.5 | 2.6 | 2.4 | 2.3 | 2.2 | 2.1 | 1.9 | 1.8 | 1.6 |
| **EV/EBITDA** | **13.3** | **10.9** | **13.4** | **12.3** | **10.9** | **10.3** | **9.3** | **8.3** | **7.8** | **6.2** |
| Dividend yield | 3.9% | 1.0% | 0.9% | 0.3% | 0.0% | 0.0% | 0.0% | 3.2% | 4.2% | 7.7% |

*Source: Antibiotice; Swiss Capital estimates; * Adjusted for subvention revenues*

## DISCLOSURE SECTION

### Analysts Certification

The research analyst(s) undersigned and responsible for the preparation of this report hereby certify (-ies) that i) the views expressed in this research report accurately reflect their personal views about any and all of the securities or issuers referred to in this research report, ii) no part of the analyst's compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this research report and iii) no part of their compensation is tied to any specific investment banking transactions performed by Swiss Capital SA.

### Stocks Ratings

Stock recommendations are based on absolute valuation upside (downside), which is defined as (Fair Value - Current Price)/Current Price, subject to limited management discretion. In most cases, the Fair Value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as Discounted Cash Flow etc. However, if the analyst doesn't think the market will revalue the stock over the specified time horizon due to a lack of events or catalysts, then the fair value may differ from the intrinsic fair value. In most cases, therefore, our recommendation is an assessment of the difference between current market price and our estimate of current intrinsic fair value. Recommendations are set with a 6-12 month horizon unless specified otherwise. Accordingly, within this horizon, price volatility may cause the actual upside or downside based on the prevailing market price to differ from the upside or downside implied by the recommendation.

A "**STRONG BUY**" recommendation indicates that upside is more than 30%.

A "**BUY**" recommendation indicates that upside is between 15% and 30%.

A "**NEUTRAL**" recommendation indicates that upside or downside is less than 15%.

A "**SELL**" recommendation indicates that downside is more than 15%.

### Company Specific Regulatory Disclosures

The following disclosures relate to relationships between Swiss Capital SA and companies covered by the Research Division of Swiss Capital and mentioned in this research.

**Mentioned companies**

| Company | BSE | Rating | Price | Price date | Disclosure |
|---|---|---|---|---|---|
| Antibiotice | ATB | NEUTRAL | 2.030 | 11/06/2026 | 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 |
| 12/06/2026 | Update | 2.030 | 2.14* |

**Ex-dividend, our target price would adjust to RON 2.12 per share.*

**General disclaimer**