Equity Research
daniela.mandru@swisscapital.ro
+40(21)4084-216

Equity Sales & Trading
office@swisscapital.ro
+40(21)4084-206

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H1 2026 First look

ANTIBIOTICE

Exports provide support, domestic sales lag | 2026 budget increasingly demanding, leverage in focus

*** H1 2026 operating profitability was broadly on budget despite the revenue miss, but a materially weaker financial result drove a sizeable shortfall at pre-tax and net-profit level.** Net turnover declined 10.4% Y/Y to RON 299.1m, c.3.3% below the H1 budget, broadly confirming the preliminary KPI indication. Domestic revenue fell 21% Y/Y to RON 154.2m, while international sales increased 5% to RON 144.9m, or 10% in USD terms. The weakness was concentrated in products manufactured at partner sites, where revenue declined 35.5% Y/Y to RON 49.4m, while revenue from products manufactured at ATB's own sites was more resilient, down 2.7% to RON 249.1m.

*** Cost discipline absorbed much of the revenue shortfall.** Operating revenue declined 10.8% Y/Y to RON 330.2m, coming c.7% below budget, mainly due to weaker net turnover and lower-than-budgeted inventory changes and capitalised own work. Inventory changes reached RON 18.9m versus RON 31.3m budgeted, while capitalised own work stood at RON 7.6m versus RON 10.8m planned. Operating expenses increased 1.5% Y/Y to RON 299.4m, ending c.7% below budget. EBIT fell 59% Y/Y to RON 30.8m, but was just c.2% below the RON 31.4m level implied by the H1 budget. Adding back D&A of RON 28.7m gives H1 EBITDA of c.RON 59.5m, down c.41% Y/Y but broadly in line with the c.RON 60.0m implied by the budget. The final numbers are therefore somewhat better than the preliminary KPI release suggested: the EBIT margin was 10.3%, versus the preliminary 9.9% indication and broadly in line with the c.10.2% H1 budget.

*** The larger disappointment versus budget sits below EBIT, largely on FX losses.** The financial loss widened to RON 10.45m from RON 6.85m in H1 2025 and was materially worse than the c.RON 1.88m loss implied by the H1 budget. FX was the main drag, with net exchange-rate losses of RON 7.65m, while net interest expense reached RON 2.80m. As a result, pre-tax profit fell 70% Y/Y to RON 20.35m, c.31% below the RON 29.55m H1 budget. Income-tax expense amounted to RON 4.86m, including RON 3.58m of deferred tax, leaving net profit at RON 15.49m, down 74% Y/Y from RON 59.12m. The BVC does not disclose a clean H1 net-profit target, so we would not manufacture a budget variance at this level; however, H1 net profit represents c.25% of the RON 61.3m FY 2026 budget, leaving RON 45.8m to be delivered in H2.

*** Cash conversion and leverage remain the more concerning elements of H1 2026 results**. Operating cash flow remained negative at RON 20.6m, although improving from negative RON 36.2m in H1 2025, as inventories and receivables absorbed more than RON 112m of working capital. The company attributes the resulting temporary liquidity gap to the build-up in current assets and says it was covered through higher credit-line utilisation, while new investment loans were drawn to support the ongoing investment programme. Investment cash outflows reached RON 94.0m. Total bank debt increased by c.50% from December to RON 349.9m, while cash declined to RON 3.1m, leaving net debt at c.RON 346.8m. More importantly, total bank debt/EBITDA reached 4.25x, above the 3.5x contractual threshold, resulting in the reclassification of RON 113.1m of long-term debt as current. Debt/equity remained within the contractual limit at 0.38x and the current ratio stood at 2.08x.

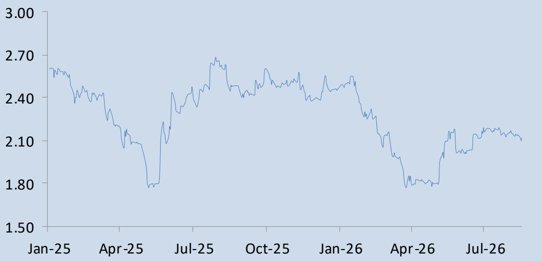
*** FY 2026 OUTLOOK.** On shareholder distributions, ATB has proposed two alternatives for the allocation of its 2025 profit, implying a gross DPS of RON 0.01988 under the 50% distribution option or RON 0.03578 under the 90% option, with payment scheduled from October 28, 2026.The **FY 2026 budget has become increasingly difficult to achieve as the domestic market has remained weaker than initially assumed.** The budget was built on expectations of modest growth in the Romanian pharmaceutical market, but H1 showed that the relevant generics market remained in contraction, while weaker purchasing power, lower pharmacy traffic and subdued non-Rx demand continued to weigh on domestic sales. Although international sales provided some offset, rising 5% Y/Y in H1, export growth has not been sufficient to compensate for the domestic shortfall. Against this operating environment, we now see the FY 2026 budget as increasingly ambitious, particularly as achieving it would require a material acceleration in domestic sales in H2.On leverage, management indicated that lenders have only recently been notified of the covenant breach and that a concrete remediation plan is still to be developed. At the same time, the ongoing investment programme will require further borrowing during the remainder of the year, limiting the scope for near-term deleveraging. The company is therefore focusing on tighter working-capital management, particularly inventories and receivables, to improve operating cash generation and contain incremental funding needs. We consequently **cut our FY 2026 estimates below the company budget. We now forecast net turnover of RON 613m, down 5% Y/Y and 9.9% below the RON 680.2m budget. We estimate EBITDA at RON 123m, broadly flat Y/Y and 8.5% below the RON 134.4m budget, implying a margin of c.20.0% versus c.19.8% budgeted. Our FY 2026 net profit estimate stands at RON 45.6m, down 12% Y/Y and 25.6% below the RON 61.3m budget, reflecting the weaker revenue base and, below EBIT, continued pressure from FX losses and higher financing costs | NEGATIVE**.

Romania, Pharmaceuticals

BQ: ATB RO				
Last close	**RON 2.120**			
52 weeks range	RON 1.75	RON 2.64		
Market cap (m)	RON 1,423		EUR 271	
EV/FY 2026E EBITDA	**14.4x**	**P/FY 2026E EPS**		**31.2x**

(RONm)*	Q2'25	Q2'26	H1'25	H1'26
Net turnover	**172.6**	**162.6**	**333.7**	**299.1**
Sale - own sites	127.3	137.6	256.0	249.1
Sale - partner sites	44.8	24.8	76.5	49.4
Service income	0.5	0.2	1.3	0.6
Domestic net turnover	109.6	86.3	195.7	154.2
Intl. net turnover	63.1	76.3	138.1	144.9
Other revenues	0.2	2.1	0.4	4.3
Subsidy income	0.1	0.1	0.2	0.3
Inventory changes	18.6	3.4	30.4	18.9
Capitalised own work	2.9	3.5	5.4	7.6
Operating income	**194.4**	**171.8**	**370.2**	**330.2**
Raw mat. & cons.	-73.3	-62.5	-132.9	-125.5
Employee benefits	-40.5	-44.4	-79.9	-82.0
Transport	-1.0	-1.6	-2.1	-2.7
Utilities	-5.3	-4.5	-12.5	-11.7
D&A	-13.1	-14.4	-26.0	-28.7
Fixed assets adj., net	3.3	1.6	7.0	1.9
Sponsorships	-0.2	-0.1	-0.4	-0.1
Other, o/w	-25.4	-28.9	-48.3	-50.6
Claw-back tax	-10.1	-13.1	-19.6	-20.6
EBITDA	**52.0**	**31.4**	**101.1**	**59.5**
EBITDA margin	*30.1%*	*19.3%*	*30.3%*	*19.9%*
Operating expenses	**-155.6**	**-154.7**	**-295.1**	**-299.4**
EBIT	**38.9**	**17.0**	**75.1**	**30.8**
Financial result, net	-5.9	-9.3	-6.8	-10.4
EBT	**33.0**	**7.8**	**68.3**	**20.3**
Income tax	-6.5	-4.9	-9.2	-4.9
Net profit	**26.5**	**2.9**	**59.1**	**15.5**

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



	1m	3m	12m	YTD
Price performance	-2.8%	-1.9%	-14.7%	-13.5%

Daniela Mandru
+40(21)4084-216
daniela.mandru@swisscapital.ro

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Mentioned companies

Company	BSE	Rating	Price	Price date	Disclosure
Antibiotice	ATB	-	2.12	19/08/2026	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	2.03	2.14*

**Cum-dividend*

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