

## PRELIMINARY REPORT 2017

In 2017, the pharmaceutical market in Romania was influenced by frequent legislative changes and measures with a strong impact on the entire industry: the lists of compensated drugs have been updated by introducing new molecules so that patients in Romania have access to last generation therapies; centralized auctions for medicines, antibiotics and oncological purchases, which will result in 2018 into rationalizing the consumption of resources from the health budget; the gradual increase in the clawback tax, which reached 23.45% in the fourth quarter of 2017, from 18.89% in the similar period of 2016 and 12.36% in the fourth quarter of 2015.

Against this background, **Antibiotice has reported a sales increase in pharmacies and hospitals of 5.3%** compared to 2016.

The retail pharmacy segment is up 5.7% compared to 2016, from 223.6 million lei to 236.3 million lei, while the Hospitals segment is growing by 4% from 76.5 million lei in 2016 to 79.5 million lei in 2017. The main therapeutic classes that registered significant increases in value compared to 2016 are: digestive tract (+4.3 million lei), cardiovascular system (+14.4 million lei) and Central Nervous System (+2.2 million lei) generated both by the contribution of new products and the positive evolution of the company's top products.

Among these are the products reporting over 1 million lei: Indapamida Atb® tablets (+5 million lei), Silithor® (+4.9 million lei), Fluxiv® (+4 million lei), Rosuvastatina Atb® tablets cpr (+ 2.8 million lei), Meropenem® injectables range (+1.7 million lei), Equilibra® (+1.6 million lei), Nolet® tablets (+1.4 million lei), Memantina Atb® range (+1.4 million lei), Imipenem / Cilastatin Atb® (+1.3 million lei) and Bisotens® tablet range (+1.2 million lei).

In 2017, societatea Antibiotice continued to be a leader in the segment of generics and OTCs sold in hospitals, with a market share of 17.4%.

On the generic and OTC segment, the company occupies the 4th position, with a market share of 5.2%, while the total pharmaceutical market is ranked 17th with a market share of 2.24%.

Through its capitalized portfolio, in 2017, Antibiotice maintains its leading position in terms of ointment units sales with a market share of 27%, suppositories with a 40.3% market share and powders for injection with a market share of 74.7%.

Non-prescription drugs (OTC) have seen a steady increase in sales over the past few years, accounting for 22% of the total market share in 2017, with an average annual growth rate of 17.5% (2014-2017).

Through the non-prescription medicine portfolio and food supplements, Antibiotice is ranked 14th among the top OTC companies in Romania (out of a total of 213 companies), up 4 positions versus 2015 (18th place). The average annual growth rate recorded in 2014-2017 is 25.2%, above the overall market share rate (17.5%).

The share of OTC drugs in the company's turnover increased in 2017 to 19.1% (16% in 2016, 13% in 2015), the products which were the most successful being the food supplements Fluxiv®, Silithor®, Equilibra®, Soriso®, Cutaden Bebe® as well as the OTCs Clafen® topical range, Saliform® Forte and Cicatrol®.

Through promotional and commercial policies carried out in the first part of this year, food supplements held in the portfolio managed to perform in relevant markets: Fluxiv®, ranked third in terms of consumption, out of a total of 25 products, with a market share of 6.9% in the second year of sale; Equilibra®, ranked third in terms of consumption, in a relevant market

where 40 products are present, with a market share of 11.7%; Silithor® - ranked sixth in consumption, out of more than 65 products, with a market share of 4.7%; Soriso® ranks first in consumption with a 37.3% market share in the second year of sale on a market where 21 competing products operate.

*(Data source: Cegedim 2017)*

The objectives of 2017 focused on achieving the budget approved by the Board and the General Meeting of Shareholders, as well as destocking the pharmacies and sales channels (distribution, hospital, retail), thus sales revenues registered an increase of 1.3% with the previous year and net profit 10% higher by 10% compared to 2016.

Antibiotic policy on the foreign market has been strengthening the world's leading position on the Nystatin market and developing the international presence for finished products.

Operating profit decreased in 2017 from 39.5 million lei estimated in 2016, to 37.3 million at the end of the year as a result of the increase in the value of the clawback tax from 22.3 million lei in 2016, to 29, 2 million lei at the end of the period.

Statement of the global result (LEI)	31.12.2016	31.12.2017	2017/ 2016
<b>Sales revenue</b>	<b>332,435,059</b>	<b>336,904,666</b>	<b>1.013</b>
Other operating profit	20,262,937	37,796,667	1.87
Income relative to costs of product stocks	-900,215	4,235,363	-4.70
Income from the company's capitalized activity	2,177,574	1,850,831	0.85
Expenses with raw materials and consumables	126,867,849	127,072,000	1.00
Payroll expenses	76,846,812	85,897,194	1.12
Expenses on amortization and depreciation	18,948,912	17,098,098	0.90
Other operating expenses	91,782,114	113,395,172	1.24
<b>Operating profit</b>	<b>39,529,669</b>	<b>37,325,063</b>	<b>0.94</b>
Financing costs	-4,648,023	-1,963,633	0.42
<b>Profit before tax</b>	<b>34,881,646</b>	<b>35,361,430</b>	<b>1.01</b>
Expenses on income tax	4,510,835	1,803,076	0.40
<b>Profit</b>	<b>30,370,811</b>	<b>33,558,354</b>	<b>1.10</b>

During 2017, an important strategy was to maintain the rate of indebtedness similar to past years' trends so that at the end of the year a 28% level was recorded compared to the previous year when it recorded 23%, the same evolution being registered by the liquidity at the level of 3.6 in 2017 compared to 4,3 in 2016.

01.01.2017	31.12.2017
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**ASSETS**

**FIXED ASSETS**

Tangible assets	206,702,347	223,242,890	1.08
Intangible assets	10,139,458	13,107,622	1.29
<b>TOTAL FIXED ASSETS</b>	<b>216,841,805</b>	<b>236,350,512</b>	<b>1.09</b>

**CURRENT ASSETS**

Stocks	60,195,101	67,264,546	1.12
Commercial and similar payables	242,456,065	264,212,743	1.09
Financial assets held for sale	0	0	
Cash and cash equivalents	13,902,686	5,107,743	0.37
<b>TOTAL CURRENT ASSETS</b>	<b>316,553,852</b>	<b>336,585,032</b>	<b>1.06</b>
<b>TOTAL ASSETS</b>	<b>533,395,657</b>	<b>572,935,544</b>	<b>1.07</b>

**DEBT**

**CURRENT DEBT**

Commercial and similar debt	49,045,370	55,535,975	1.13
Amounts owed to banks	40,705,967	69,731,310	1.71
Debt generated by current fees and taxes	11,486,302	9,792,885	0.85
Short-term provisions	1,418,895		0.00
Subsidies for investments	275,047	326,246	1.19
<b>TOTAL CURRENT DEBT</b>	<b>102,931,581</b>	<b>135,386,416</b>	<b>1.32</b>

**LONG-TERM DEBT**

Subsidies for investment	2,639,349	2,498,889	0.95
Deferred tax	18,758,368	18,172,398	0.97
Long-term provisions	0	0	
<b>TOTAL LONG-TERM DEBT</b>	<b>21,397,717</b>	<b>20,671,287</b>	<b>0.97</b>
<b>TOTAL DEBT</b>	<b>124,329,298</b>	<b>156,057,703</b>	<b>1.26</b>

**Share capital and reserve**

<b>Share capital</b>	<b>264,835,156</b>	<b>264,835,156</b>	<b>1.00</b>
Revaluation reserves	16,925,870	14,556,141	0.86
Legal reserves	13,426,761	13,426,761	1.00
Other reserves	146,528,189	151,152,127	1.03
Reported result	-63,020,428	-60,650,699	0.96
Current result	30,370,811	33,558,354	1.10
<b>TOTAL EQUITY</b>	<b>409,066,359</b>	<b>416,877,840</b>	<b>1.02</b>
<b>TOTAL DEBT AND EQUITY</b>	<b>533,395,657</b>	<b>572,935,544</b>	<b>1.07</b>

CEO  
Ec. Ioan NANI

Financial Director  
Ec. Paula COMAN