

## 1.6. Approval of the objectives included in the Management Plan 2016 for the Management Board members

In order to achieve the strategic objectives, the priority actions were grouped into 5 strategic pillars:

- 1. Pillar 1: Internationalization of business**
- 2. Pillar 2: Adapting strategically the product portfolio (ensuring a sustainable and marketable portfolio; supporting the portfolio by modernizing manufacturing capabilities and developing new ones)**
- 3. Pillar 3: Management of operating costs and an increased yield of the operating, financing and investing activities;**
- 4. Pillar 4: Adapting human resources to the strategic orientation and focus of the organizational culture towards innovation and performance;**
- 5. Pillar 5: Quality management**

The objectives of the Management Board members for 2016 are subject to the approval of the General Meeting of Shareholders, as follows:

No.	2016 Financial Indicators according to IEB	Planned	Degree of weighting
1	SALES INCOME (thousand LEI)	339,085	25%
2	GROSS PROFIT (thousand LEI)	34,161	25%
3	TOTAL EXPENSES AT 1000 LEI TOTAL REVENUES	902	25%
4	ARREARS (thousand LEI)	0	25%

Vice-President of Management Board  
General Director  
Ioan NANI

Financial Director  
Paula Coman

## MANAGEMENT PLAN 2016 - 2020

### 1. Evolution of ANTIBIOTICE SA Iasi

#### 1.1. History

##### 1955

Antibiotice starts its activity, manufacturing *penicillin* for the first time in Romania and Eastern Europe.

Until 1990, our company produced mainly active ingredients and sterile products for parenteral use (injectables), ointments and suppositories.

##### 1990

Antibiotice becomes a joint-stock company and takes over the patrimony of the former enterprise Antibiotice Iași (according to GD no. 1200 of November 12, 1990).

##### 1992

Antibiotice manufactures the first medicinal products in the form of tablets.

##### 1993

Ampicillin 250 mg and Oxacillin 250 mg are the first medicinal products in the form of capsules manufactured by Antibiotice, on the penicillin manufacturing flow.

##### 1997

Starting with April 14, Antibiotice shares (ATB symbol) are traded at the first tier of the Bucharest Stock Exchange; Antibiotice becomes the joint-stock company SA. Antibiotice SA implements a performing quality assurance system which implies a rigorous control of the manufacturing processes.

##### 1999

Antibiotice SA becomes the first pharmaceutical producer in Romania which obtains the Good Manufacturing Practice (GMP) certificate for the manufacturing flow of powders for injectable medicines and finished products under the form of capsules.

##### 2000 - 2004

An ample investment process (over EUR 30 million) oriented towards refurbishment and purchases of modern and competitive equipment.

## **2002**

Nystatin (the active ingredient) obtains the Food and Drug Agency (FDA) approval which subsequently propels the company as a worldwide leader in the production of this active ingredient.

## **2005**

A new corporate brand identity is launched to mark, also at the image level, the development and positive changes within the company, its modern features, its mission and the brand values.

## **2006**

The company heavily invests in product research & development. The Center for Drug Evaluation starts its activity, conducting phase I clinical studies and bioequivalence studies, including for third parties.

## **2007**

Implementation of the Integrated Management System (quality, environment, health and safety at work) is certified in accordance with the requirements of EN ISO9001:2008, EN ISO 14001:2004 and OHSAS 18001: 2007 standards;  
Antibiotice enters the cardiovascular market.

## **2010**

Antibiotice delivers the first finished products in the US; until 2010, our company was present in this market only with active ingredients.

## **2011**

Our company obtains the FDA approval for another finished product for injection, in two doses, which allows expanding the export of penicillin products for injection in the US market.

Antibiotice SA launches the first products belonging to the central nervous system (CNS) class.

## **2012**

Antibiotice enters the oncology market, becoming the first European company prequalified by the World Health Organization (WHO) for the anti-tuberculosis drug range.

Antibiotice SA increases its capacity to produce oral solid forms up to 400 million tablets /year.

## 2013

Antibiotice is FDA and GMP recertified for the manufacturing flows of the sterile powders for injection and Nystatin.

Antibiotice ranks first worldwide in the production of Nystatin API.

The first export of Nafcillin in the American market is recorded.

Antibiotice opens its international representative branch in Chișinău, Republic of Moldova.

## 2014 - 2015

Antibiotice SA exports Ampicillin 250 mg, 500 mg, 1 g and 2 g, powder for solution for injection/infusion and Nafcillin 1 g and 2 g, powder for solution for injection/infusion in the US market. During 2015, our presence in the international market was consolidated through completing the authorization procedure in the US market for Ampicillin and sulbactam 1,5 g and 3 g, powder for solution for injection/infusion.

Antibiotice SA extends its businesses in the Republic of Serbia through the ATB Pharma partner which represents our company in the commercial relationships.

The authorization process on the foreign markets continued, our company obtaining 12 new marketing authorizations in 5 countries in Europe, Asia, Africa while consolidating its business through the reauthorization of 10 products.

The European decentralized procedure which allows simultaneous authorization in more EU countries was completed for Zatinex (duloxetine) capsules of 30 mg and 60 mg (medicine for the treatment of depression and neuropathic pain).

## Antibiotice today

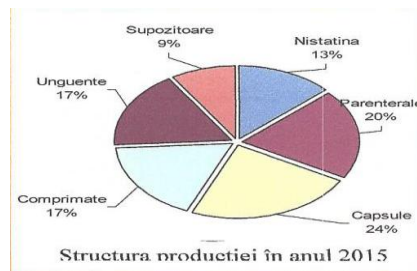
Our company is the main anti-infectives manufacturer in Romania.

Its portfolio comprises 164 medicinal products from 12 therapeutic classes, containing 101 active ingredients (INNs) - (MAs in force at 01.01.2016).

It has 8 manufacturing flows for: powders for injection, penicillin capsules, penicillin and non beta-lactam capsules, cephalosporin capsules, tablets, ointments, creams, gels, suppositories, pessaries, active ingredients obtained by biosynthesis.

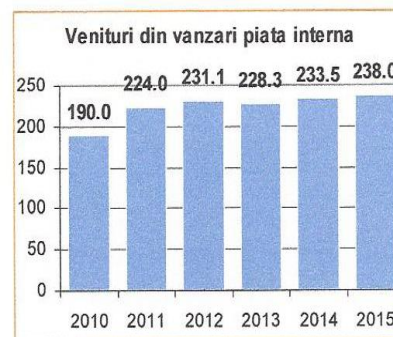
Antibiotice is an important producer of anti-inflammatory medicines, dermatologicals, cardiovasculars, oncologicals, medicines for digestive tract and for central nervous system. It has internationally recognized certifications and authorizations: USFDA authorizations for Nystatin and penicillin products for injection, Certificate of Suitability (COS) with the European Pharmacopoeia for Nystatin, GMP certificate for all the manufacturing flows, Integrated Management System.

It has a modern Research & Development Center.



It is the only Romanian company that manufactures active ingredients and biofertilizers by biosynthesis.

It is also a WHO prequalified and certified company for the essential antituberculous drug range.



Sales revenue on the domestic market

## 1.2. Mission and value system

### Mission

We make our valuable medicines more accessible and for this we always put our science and soul in the service of those who need our support.

We act with respect and honesty in dealing with our partners, building trust, stability and continuity. We believe that a valuable medicine is one that people can afford, and for this reason, we invest in people, technology and carefully selected partnerships.

### Vision

We consider that the main business engines are the research & development of valuable therapeutic drugs and consolidating position on international markets. We will act in this respect, continuing to invest in people, technology and partnership for satisfying our clients and increasing our company's market value.

### Values

We cherish efficiency, knowledge and cooperation spirit which allow us to be oriented towards the ever changing needs of our clients and consumers.

In our company we put the right man in the right place at the right time.

We acknowledge each other's sense and value, which binds each other and gives us the power to overcome the limits and obstacles.

As people, we care about those around us, we try to be close to them and we permanently think how to improve things that are important to them.

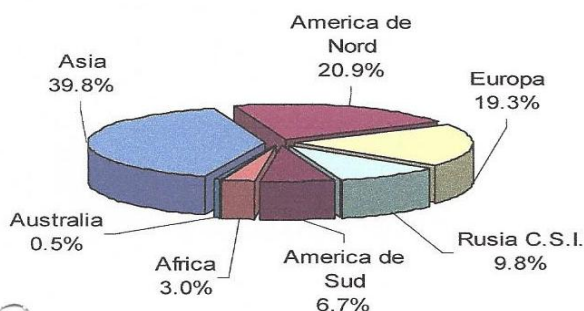
### 1.3. Performances in the domestic market

In 2015, Antibiotice had the following achievements:

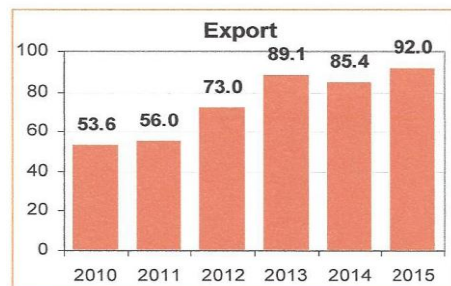
- It strengthened its leadership position in the generic medicine segment in the hospital from Romania (closed circuit pharmacies; source: Cegedin 2015), with a 18.73% market share (+1.7% compared to the market share in the same period of 2014);
- The sales on the retail segment increased by 10.81% (open-circuit pharmacies; source: Cegedin - August 2015) given that the overall retail market has dropped with 5.73%;
- The OTC portfolio was highly exploited, recording a 11.26% increase compared to the same period of 2014, given that the market grew by 14.01 in the same period;
- It strengthened its leading position in selling sterile powders for injection on the anti-infectives segment in hospitals (source: Cegedin 2015) - increase of the value market share from 56.06% in August 2014 to 68.5% in August 2015);
- It maintained its leading position in the suppository market, both in quantitative terms (42.44% market share in August 2015) and value terms (26.71 market share in 2015, higher by 1.45% compared to 2014 (Source: Cegedin 2015);
- It maintained its leading position in the ointment market, both in quantitative terms (27.70% market share in 2015, a higher value compared to 2014) and value terms (13.99% market share in 2015, higher by 0.52% compared to 2014); Source: Cegedin 2015.

### Active presence in the external market

- Leader in the world production of Nystatin
- 27.9% export turnover from the total turnover in 2015;
- 70 products exported;
- 120 partners in 60 countries worldwide;



Structura geografică a exporturilor SC Antibiotice în anul 2015



- 6 finished products for injection delivered in the US as a result of obtaining the FDA approval
- In 2015, our turnover achieved through the sale of Nystatin API and medicinal products in the external markets represented 27.9% of the total turnover.

## Geographic breakdown of Antibiotice exports in 2015

### 1.4 Antibiotice S.A. a highly-performing company, characterized by:

#### - A complex and diversified portfolio

Antibiotice portfolio includes common and niche medicines covering the majority of therapeutic areas.

The future portfolio will include the current basic portfolio - the anti-infectives for treating both serious hospital infections with resistant germs and community infections as well as a range of medicines for treating chronic non-communicable diseases (cardiovascular, neuro-vegetative, oncological and digestive diseases and psychic disorders). Antibiotice will also continue to develop topical pharmaceuticals (ointments, creams, gels) which represent recommendations in medical guidelines for some diseases with a high medical, social and economic impact (such as psoriasis, osteoarthritis/osteoarthrosis). For the topical corticosteroids and non-steroidal anti-inflammatory products, the cost-benefit ratio for the healthcare system is well recognized because it offers the possibility of home treatment (and, implicitly, the reduction of hospitalization days), recovery and early reintroduction of patients into society, with benefits for both public health and economic system.

In 2015, our portfolio comprises:

- 164 medicinal products of human use (with the MAs in force from 01.01. 2016), covering 12 therapeutic areas
- Foods supplements, cosmetics and medical devices
- Medicinal products for veterinary use
- Active ingredients (Nystatin)

The main quality certifications of the Antibiotice products:

- Good Manufacturing Practice certificate for all the 8 manufacturing flows
- Certificate of Suitability (COS) with the European Pharmacopoeia
- Food and Drug Administration approval for Nystatin and 8 penicillin products for injection

### *Internationally certified quality*

The Quality Management System within Antibiotice SA is compliant with the EU GMP, GMP-USA, ISO 9001/2008 requirements as well as with the requirements of the other guidelines applicable in the pharmaceutical industry for all the pharmaceutical forms from the portfolio.

All the 8 manufacturing flows are GMP certified, the National Agency for Medicines and Medical Devices inspecting them periodically for recertification.

The quality of Nystatin is proved by the Certificate of Suitability and FDA approval.

The Quality Management System (Quality, Environment, Health and Occupational Security) of Antibiotice SA is properly certified.



### ***Research, a continuous concern***

The Research & Development Center has an interdisciplinary team consisting of 70 specialists from all the fields involved in developing and testing the medicinal products: physicians, pharmacists, chemists and chemical engineers, biologists involved in Pharmaceutical Development, Clinical studies, Regulatory Affairs, Pharmacovigilance, Biotechnological Research. The Research & Development Center conducts bioequivalence and biowaiver studies, both for the Antibiotice products under research and for external collaborators.

Among the new projects started in 2014, we can enumerate the initiation of the clinical trials of pharmacodynamics compliant with the EMEA and FDA legislation necessary to demonstrate the efficacy of dermatological products containing corticosteroids as well as a phase I clinical study for an external partner.

During 2015, 6 research projects were submitted for authorization: 3 food supplements and 3 antiinfectives.

12 new research projects were also initiated to complete the OTC portfolio for the future domestic and international market, belonging to the following classes: digestive tract, cardiovascular, dermatological, genito-urinary tract.

The research& development activity within our company regarding the generics is focused towards valuable molecules for consolidating our core portfolio (antiinfectives and topicals) and for developing specialized therapeutic classes (medicines for the cardiovascular system and central nervous system). In 2014, Antibiotice started researching a range of products for the prophylaxis of some diseases and for increasing the life quality ( food supplements, dermatocosmetics and OTCs). In order to sustain the company's objective of business internationalization, our specialists continuously adapt the formulas of the medicines to the registration requirements from other countries.

In 2015, our company's portfolio was completed with 4 new products from the following therapeutic classes: genito-urinary tract, cardiovasculars, dermatologicals as well as two new food supplements: Fluxiv (cardiovascular system) and Soriso (nervous system).

### ***Innovative and competitive spirit***

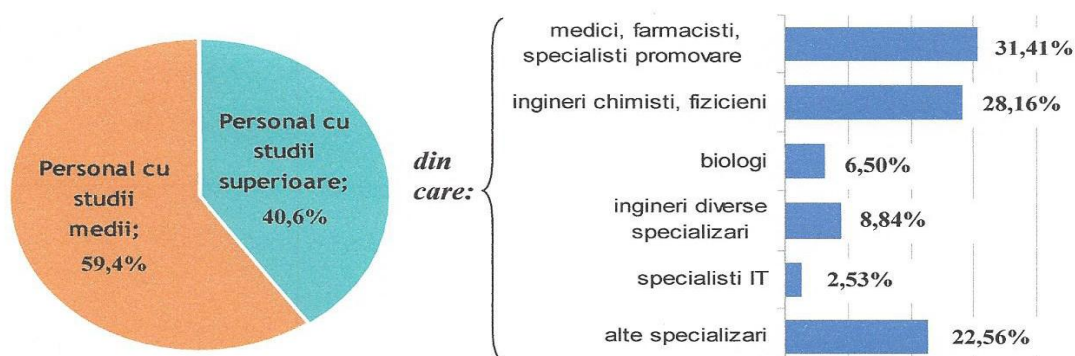
As regards the human resources, the company's vision is to motivate each employee to believe and act in the spirit of innovation and collective performance. Our organizational team encourages proactivity, idea & solution sharing, team spirit, desire for an individual and collective overachieving.



To this purpose, Antibiotice implements a series of projects such as “Ideas Are Free of Charge” - an idea management system, the Process Improvement System, the Organizational Culture Orientation System etc.

### *Expert team focused towards knowledge*

Our staff is permanently motivated and encouraged to apply a career plan and attend professional training programs for improving their skills and abilities. This approach resulted in an increase in labor productivity.



Structura personalului în anul 2015

### **Total staff breakdown in 2015**

The Antibiotice's employees have a responsible behaviour, being dedicated to the community by developing social programs such as: “Power of Deed”, “Science and Soul” scholarships, “Be Pro-Nature! Put soul!”, “Donate blood! Save a life”.

At the end of 2010, Antibiotice founded “Antibiotice - Science and Soul” Foundation through which it carries out charitable, humanitarian, educational and cultural projects.

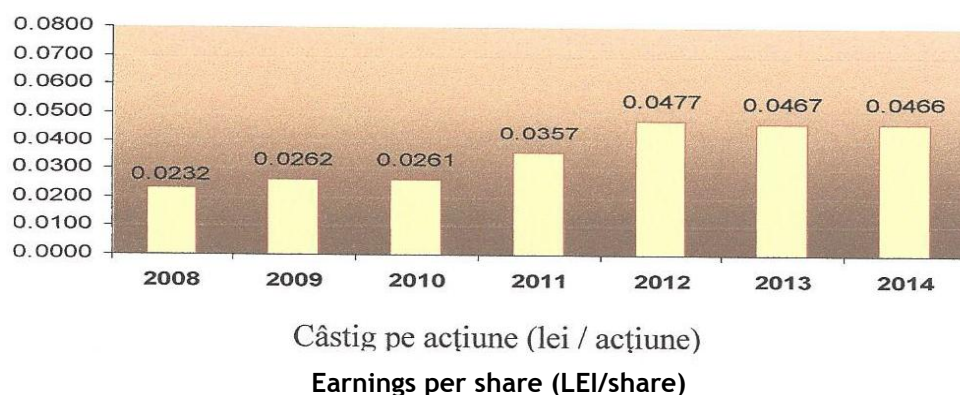


**Labor productivity**  
(thousand LEI/ employee)

### ***Antibiotice SA, a profitable company***

Investments in research and quality as well as in modernizing the manufacturing technologies has changed Antibiotice into a highly profitable, dynamic and attractive company for investors. For three consecutive years (2006, 2007, 2008), Antibiotice SA was included in the Top 100 of the most valuable companies in Romania, made by the Ziarul financiar, based on the stock market capitalization

Antibiotice shares are listed on the Bucharest Stock Exchange, the first tier, since April 1997. In the same year, our company's shares were included in the BET (Bucharest Exchange Trading) Index. Since 2005, ATB shares were included in the Romanian Traded Index (ROTX) of the Vienna Stock Exchange and starting with 2007 in the Dow Jones Wilshire Global Total Market Index of the New York Stock Exchange.



In the BVB market, the Antibiotice shares are currently included in the BET-XT Index (which reflects the price evolution of the 25 most liquid companies) and in the BET-C (the composite index, which records the evolution of prices for all listed companies, except the SIFs).

Traded under the ATB symbol, the Antibiotice shares are issued in a dematerialized form and are freely transferable. The Shareholder Register is kept by the Central Depository Bucharest.

## Economic & Financial Indicators 2009 - 2015

The main economic & financial indicators in the period 2009 -2015 are presented in the following table:

No.	Indicator	MU	2009	2010	2011	2012	2013	2014	2015
1	<b>Total sales revenues</b>	Million LEI	219.8	243.6	280.0	304.1	317.4	318.9	330.0
1.1	<i>Domestic market</i>	Million LEI	180.2	190.0	224.0	231.1	228.3	233.5	238
1.2	<i>Export</i>	Million LEI	39.6	53.6	56.0	73.0	89.1	85.4	92
1.3	<b>Share of export in turnover</b>	%	18.0	22.0	20.0	24.0	28.1	26.8	27.9
2	<b>Gross profit</b>	Million LEI	15.6	18.5	26.3	32.5	34.7	37.4	32.0
3	<b>Equity</b>	Million LEI	242.0	309.1	326.7	328.1	348.7	364.3	392.6
4	<b>Total debts</b>	Million LEI	114.6	129.9	160.3	186.2	162.9	139.3	152.0
5	<b>Total assets</b>	Million LEI	376.7	442.5	487.0	514.3	511.6	503.6	544.7
6	<b>Degree of indebtedness /Total Assets / Total Debt</b>	%	30.4	29.4	32.9	36.2	31.8	27.7	27.9
7	<b>Liquidity (Total assets/Total debts</b>		3.3	3.4	3.0	2.8	3.1	3.6	3.6
8	<b>Total expenses per 1000 lei revenues</b>		929.5	929.6	913.1	899.6	899.1	889.7	908.0
9	<b>Labor productivity</b>	Thousand LEI/employee	154.0	169.0	191.0	208.0	217.0	218.0	235.0
10	<b>Taxes, of which:</b>	Million LEI	34.0	35.0	37.0	44.0	60.6	80.2	61.3
10.1	<b>- Clawback tax</b>	Million LEI		0.6	3.1	15.6	15.1	25.4	26.3
11	<b>Added value</b>	Million LEI	109.8	128.7	128.1	145.5	158.5	173.2	173.4
12	<b>Gross profit profitability (Gross profit/ Turnover)</b>	%	7.1	7.6	9.4	10.7	10.9	11.7	9.7

## 2.Principles of Management Plan for 2016 -2020 and the SWAT analysis

Being consistent in implementing the sustainable development strategy, Antibiotice SA intends to base its activities for the period 2016 - 2020 on the following principles:

- increasing the productivity by intensifying the research-development-innovation activities;
- creating a portfolio to support the sustained growth rhythm of sales (in the domestic and international market), generating profit and maximizing the use of manufacturing capacities;
- consolidating the current therapeutic classes (antiinfectives, cardiovasculars, dermatologicals, medicines for central nervous system) to offer options and alternatives in the treatment of patients;
- increasing the economic impact of the portfolio through the internationalization of the business in strategic markets;
- concluding partnerships through investments and cooperations for ensuring the premises for the medium and long-term development;
- adapting the production to the current technical and technological trends by investing in new manufacturing capabilities and modernizing the existing manufacturing flows;
- correlating the number of employees having the necessary skills and abilities in the pharmaceutical industry with the directions of the company's strategic development;
- continuous updating and maintaining under control the Quality Management System in accordance with the legal requirements specific for the pharmaceutical industry;
- optimizing the processes in order to reduce the operating costs;
- continuous concern for improving the process conditions for minimizing the impact on the environment and for protecting the staff;
- proactive monitoring of the risks with a high impact on the activities developed and achievement of objectives;

In order to develop the management system of Antibiotice SA, Iasi, we take into consideration the following principles:

- increasing the reactivity degree towards the natural and regulated evolutions of the world pharmaceutical market, including by increasing the computerization of activities;
- developing the current management systems which lead to a greater focus towards learning, improvement and innovation.

- a balanced focus of the quality management system towards improving the quality and complying with the pharmaceutical industry regulations;
- optimizing continuously the management systems imposed by the regulations in the pharmaceutical field to control the costs generated by them;
- developing the system components needed for a better integration with the management systems of our partners.

In elaborating the Management Plan for 2016 - 2020, Antibiotice SA started from the SWOT analysis which took into consideration the current situation of the company (strong and weak points) as well as the economic environment and pharmaceutical market in Romania and abroad (opportunities and threats).

The measures envisaged took into account:

- to valorize the company's strong points and opportunities offered by the internal and international business environment;
- to eliminate/ diminish the weak points and negative impact of the threats through an efficient risk management system.

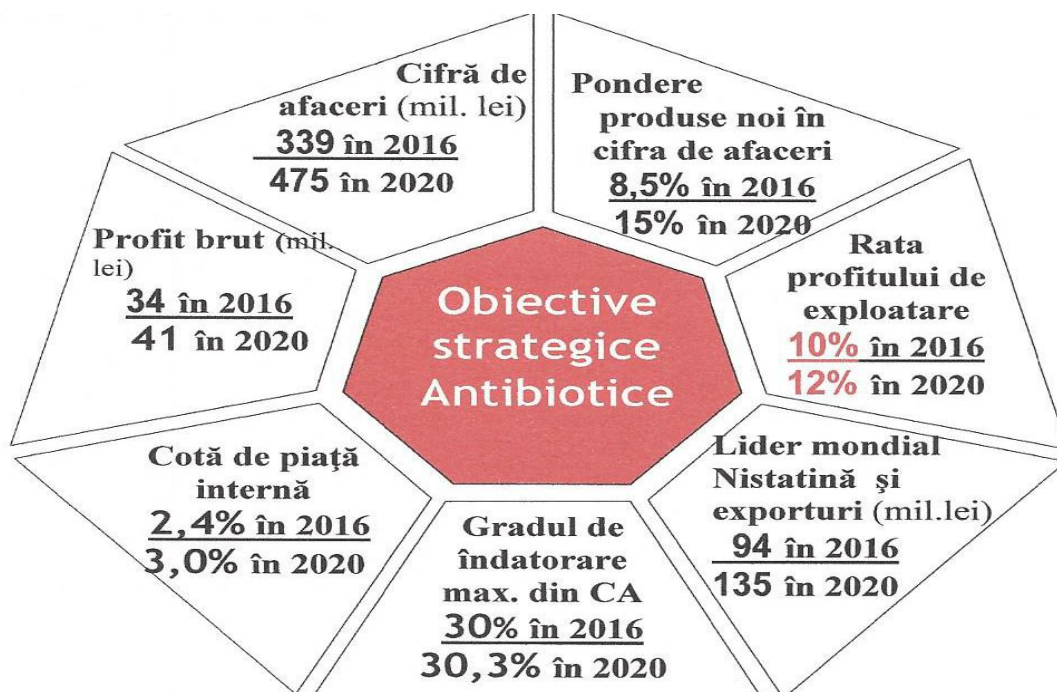
Strong points	Weak points
<ul style="list-style-type: none"> <li>❖ A valuable, well-trained human capital</li> <li>❖ A well-known company with tradition and reputation, listed on the Bucharest Stock Exchange since 1997 in a proportion of 46.98% ;</li> <li>❖ A complex manufacturing structure - 8 manufacturing flows for various pharmaceutical forms;</li> <li>❖ European and international certifications: <ul style="list-style-type: none"> <li>- EU GMP certificate for all the manufacturing flows;</li> <li>- Certificate of Suitability with the European Pharmacopoeia for Nystatin;</li> <li>- GCP, GLP certificates for the Center for Drug Evaluation; US-FDA approval for Nystatin API and for 8 finished products for injection;</li> <li>- WHO approval for the range of essential antituberculous drugs;</li> <li>- Certification of the Integrated Management System</li> </ul> </li> <li>❖ Center for Drug Evaluation for phase I</li> </ul>	<ul style="list-style-type: none"> <li>❖ The portfolio contains valuable therapeutic products with declining profit margins;</li> <li>❖ The portfolio is mainly focused towards prescription medicines subject to continual price erosion;</li> <li>❖ The speed of product assimilation is lower than that of competition;</li> <li>❖ High degree of dependence on the domestic market;</li> <li>❖ The controlling system is not supported by an integrated computer system;</li> <li>❖ Infrastructure oversized for the company's practical needs;</li> <li>❖ There is older generation equipment on some upgraded manufacturing flows</li> <li>❖ long-term for collecting receivables.</li> </ul>

<p>clinical studies and bioequivalence studies;</p> <ul style="list-style-type: none"> <li>❖ Leader in the domestic market: <ul style="list-style-type: none"> <li>- antiinfective powders for injection;</li> <li>- ointments, creams, gels;</li> <li>- suppositories.</li> </ul> </li> <li>❖ The second producer of oral medicines <ul style="list-style-type: none"> <li>- capsules in the domestic market;</li> </ul> </li> <li>❖ Partner of the Ministry of Health in the National Tuberculosis Program;</li> <li>❖ World leader in the production of Nystatin</li> </ul>	
Opportunities	Threats
<ul style="list-style-type: none"> <li>❖ Health expenditure per capita in Romania will continue to increase;</li> <li>❖ The pressure exerted on the health budgets may favor the consumption of generic medicines;</li> <li>❖ There is a growth trend in the consumption of OTCs and food supplements (prophylaxis, life-style products and medications to increase performance);</li> <li>❖ Increase in consumption of cardiovascular, CNS, digestive tract and metabolism medicines as a result of the increase in life expectancy;</li> <li>❖ Possibility to attract European funds for research-development-innovation, modernization / refurbishment of the manufacturing flows, control laboratories and related utilities, modernization of infrastructure and information system.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Investment resources limited by the national legislation, compared to other pharmaceutical companies;</li> <li>❖ Excessive increase in clawback tax and lack of transparency regarding the level of this tax;</li> <li>❖ Authorization procedure at national level for the medicinal products in Romania is very slow;</li> <li>❖ Strategic alliances among the manufacturers of APIs and/or medicines (mergers and acquisitions);</li> <li>❖ Increase in the cost of raw materials;</li> <li>❖ Accelerated price erosion at the prescription generic medicines;</li> <li>❖ Unstable and hardly predictable fiscal and legislative environment;</li> <li>❖ Orientation of therapy to biologicals and vaccines;</li> <li>❖ Some suppliers lose their quality as authorized sources;</li> <li>❖ The insolvency risk of some partners;</li> <li>❖ Political and/or economical instability in the external markets;</li> <li>❖ Legislative protectionist barriers in some countries.</li> </ul>



### 3.Strategic objectives for 2016 -2010 and strategic positioning in the market

In order to meet the expectations of its shareholders, to increase the trust in Antibiotice SA and its stock market capitalization - our executive management established the following strategic objectives for the period 2016 - 2020:



Turnover (million LEI): 339 in 2016  
475 in 2020

Share of new products in turnover: 8.5 % in 2016  
15 % in 2020

Operating profit rate: 10% in 2016  
12% in 2020

World leader in the production of Nystatin, other exports (million LEI): 94 in 2016  
135 in 2020

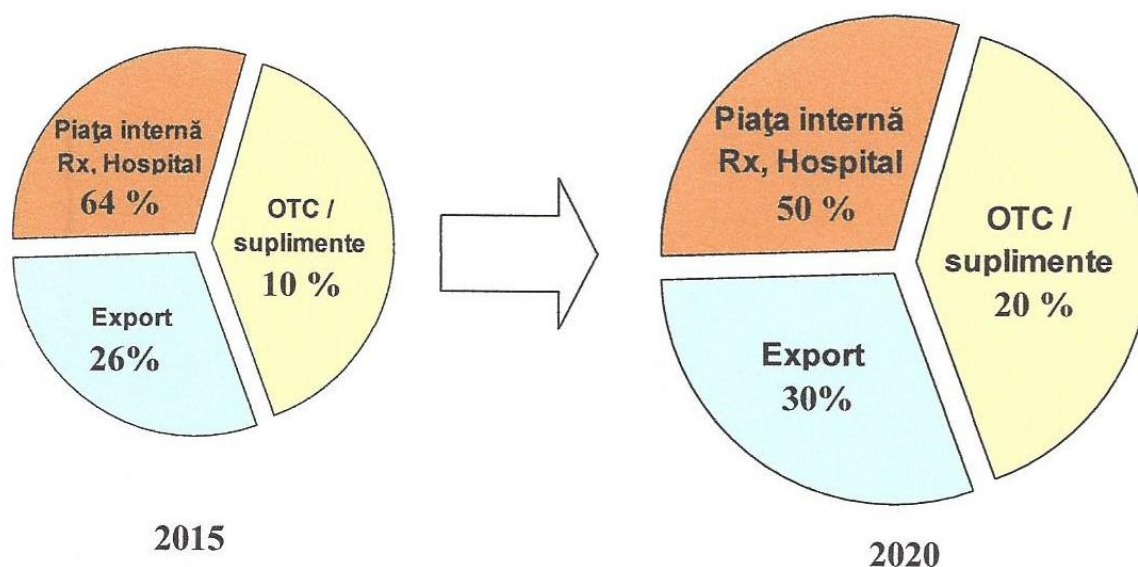
Maximum degree of indebtedness out of turnover: 30 % in 2016  
30.3% in 2020

Domestic market share: 2.4% in 2016  
3,0 % in 2020

Gross profit (million LEI): 34 in 2016  
41 in 2020



In order to achieve these objectives, as a result of updating the product portfolio and streamlining the entire activity, Antibiotice intends to have the following strategic market position in 2020.



Domestic market, Rx. Hospital: 64 %  
OTCs/ food supplements: 10%  
Export: 26%

Domestic market, Rx. Hospital: 50 %  
OTCs/ food supplements: 20%  
Export: 30%

#### 4. Strategic pillars for the period 2016 - 2020

In order to achieve the strategic objectives, the priority actions were grouped into the next five pillars of the strategy:

***Pillar 1: Internationalization of business***

***Pillar 2: Strategic adaption of the product portfolio (ensuring a sustainable and marketable portfolio; supporting the portfolio by modernizing manufacturing capacities and developing new ones)***

***Pillar 3: Management of operating costs and increase of the yield of the operating, financing and investing activities***

**Pillar 4: Adapting human resources to the strategic orientation and focus of the organizational culture towards innovation and performance;**  
**Pillar 5: Quality management**

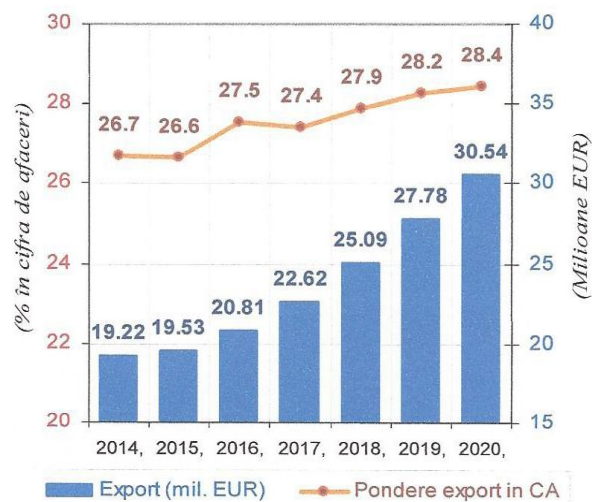
## Pillar 1: Internationalization of business

Taking into account the general principles included in the Business Plan, the following criteria for selecting the markets and products were identified:

- size of the destination market;
- legislative requirements on the commercial policy and registration policy in the pharmaceutical field;
- existence of partnerships with local distribution and marketing companies;
- marketing authorizations existent in the targeted markets;
- potential new partners,
- consolidating our own brands to be internationally recognized.

### Contribution of Pillar 1 to achieving the strategic objectives by 2020:

- Turnover: EUR 30.5 million
- Export in total turnover: 28.42 %
- Gross profit: EUR 7.63 million
- World leader in the production of Nystatin



Exports (million EUR)  
and their share in the turnover

These objectives will be achieved through the following strategies:

Strategy 1: Defining the international areas as well as the product portfolio adapted to these areas

Strategy 2: Maximizing the presence of Antibiotice in these markets

Strategy 3: Penetrating new target markets

#### Strategy 4: Developing partnerships in order to attract new products in the portfolio for the domestic and international markets

During applying the management plan, half-yearly analyzes will be drafted for evaluating the risks which could affect the implementation of the above-mentioned strategies. A series of monitoring, prevention and correction measures are established to minimize the impact of these risks.

#### *Pillar 2: Strategic adaption of the product portfolio*

Forecasts regarding the global and national market show that the percent of the generic medicines in the total expenses for the healthcare will increase in the following years, the focus being on certain therapeutic classes differentiated from one region to another depending on specific health needs.

##### **A. Ensuring a sustainable and marketable portfolio**

In order to harmonize with these trends, Antibiotice SA Iasi continuously adapts its portfolio to the health profile of the Romanian population which is considered to be specific for a developed country, meaning a great burden of chronic illnesses, mainly cardiovascular ones as well as a high prevalence of infectious diseases.

In the recent years, the changes in the lifestyle influence the epidemiology of some diseases and raises awareness among the population regarding the needs related to the prophylaxis and control of some risk factors, increasing the need for products to improve the quality of life.

Antibiotice SA Iasi will develop until 2020 a mixt portfolio, comprising:

**a) Generic medicines for infectious diseases and chronic non-communicable diseases, including niches:**

- Antiinfectives Portfolio
- Pain Management Portfolio
- Cardiovascular Portfolio
- Psychiatric and Neurodegenerative Diseases Portfolio
- Oncology Portfolio
- Dermatology Portfolio
- Digestive Tract Portfolio
- Portfolio for raising the quality of life and women's health

**b) Products for prophylaxis and life quality (prescription medicines, OTCs and food supplements)**

**c) Biotechnologies - international manufacturer of Nystatin**

**Strategy 1: Strengthening the company's core portfolio: antiinfective medicines**

**Strategy 2: Exploiting and developing the portfolio for chronic non-communicable diseases**

**Strategy 3: Exploiting and developing the dermatology portfolio**

**Strategy 4: Developing the pain management portfolio**

**Strategy 5: Developing the portfolio for prophylaxis and life quality (prescription medicines, OTCs and food supplements)**

During applying the Management Plan, we will elaborate half-yearly analyzes for evaluating the risks affecting the implementation of strategies and, implicitly, objectives established through the above-mentioned pillars.

To minimize the impact of these risks, a series of monitoring, prevention and correction measures are established.

## **B. Sustaining the portfolio through modernizing and developing production capabilities**

### **Strategy 1: Making new production capabilities**

#### ***Making a new production capability for ointments and suppositories***

A modern manufacturing plant for topical medicines (ointments, creams, gels), suppositories and pessaries, an investment started in 2015, represents for Antibiotice SA a guarantee for the long-term business development.

**The purpose of this project** is a new production facility for semisolid pharmaceuticals filled in tubes and suppositories for increasing the Antibiotice's turnover and capacity to register, manufacture and sell Romanian quality medicines. This new manufacturing plant will be GMP authorized (in other words it will ensure the production of high quality medicines on performing equipment based on state-of art-technologies and utilities compliant with the requirements) for all the regulated pharmaceutical markets (Europe, America, Asia and Africa).

#### ***Designing a new production capability for parenteral products - cephalosporins***

**The purpose of this project** is a facility for aseptic processing of sterile beta-lactam powders-cephalosporins for increasing the Antibiotice's turnover and capacity to register, manufacture and sell Romanian quality medicines.

#### ***Upgrading, diversifying the assortment range and increasing the manufacturing capacity of Nystatin API***

**The purpose of this project** is to increase the company's turnover.

Value of these investments will be supported by own resources and medium to long-term bank loans.

### **Strategy 2: Medium and long-term development through investments in new facilities**

Antibiotice SA Iasi is a well-known manufacturer of anti-infectives. For completing the range of this therapeutic class, new investments in manufacturing facilities are envisaged.

Development directions for:

- manufacturing sterile active ingredients - penicillins;
- manufacturing penicillin oral forms;
- manufacturing sterile powders - carbapenems

### **Pillar 3: Management of operating costs and increase in the yield of the operating, financing and investing activities**

**Strategy 1: Managing activities based on revenue and expense budgets (cost centers, profit centers)**

**Strategy 2: Ensuring financial balance**

### **Pillar 4: Adapting human resources to the strategic orientation and focus of the organizational culture towards innovation and performance;**

Contribution of the Pillar 4 at reaching the strategic objectives in 2020 will be materialized by adapting the human resources to the orientation of strategy and organizational culture towards innovation and performance. This will contribute to the achievement of all the strategic objectives, including the increase of the labour productivity.

**Strategy 1: Providing qualified staff, building the skills needed to reach the goals and increasing engagement**

**Strategy 2: Increasing motivation of employees**

**Strategy 3: Improving the organizational climate and focusing the organizational culture towards innovation and performance**

### **Pillar 5: Quality Management**

Contribution of the Pillar 5 at reaching the strategic objectives in 2020 will be materialized by ensuring a legal framework for maintaining the Manufacturing and Import Authorization which allows the company to operate, continuous updating and

monitoring the Quality Management System in accordance with the legal requirements in the pharmaceutical industry.

**Strategy 1: Obtaining and maintaining the Manufacturing & Import Authorization through the EU GMP recertification of all the company's manufacturing flows**

**Strategy 2: Supporting the business partnerships**

**Strategy 3: Maintaining the compliance of the Integrated Management system**

The current Management Plan derived from the strategic vision of the Management Board reveals the following objectives of Antibiotice SA for the period 2016 - 2020:

		2015E	2016	2017	2018	2019	2020
<b>Sales income</b>	Million LEI	330	339	365	398	434,8	475
- Domestic market	Million LEI	238.5	245	265	287	312	340
- Export	Million LEI	91.5	94	100	111	122,8	135
Share of export in turnover	%	28%	28%	27%	28%	28%	28%
<b>Gross profit</b>	Million LEI	32	34	34	34	35	41
Equity	Million LEI	393	380	388	395	400	405
Total debts	Million LEI	152	163	170	172	175	180
Total assets	Million LEI	545	550	568	577	585	595
Degree of indebtedness (Total Debt/ Total Assets)	%	28%	29%	30%	30%	30%	30%
Liquidity (Total Assets/Total Debts)		3,59	3,37	3,34	3,35	3,34	3,31
Total expenses per 1000 lei revenues		908	902	912	917	922	915
Labour productivity	Thousand LEI/ employee	226,4	235,2	252	278	306	337
Taxes, of which:	Million LEI	61,3	63,7	67,07	71,9	77,7	81,94
- Clawback tax	Million LEI	26,3	32,0	34,2	37,0	41,0	42,5
Added value	Million LEI	173,4	161,8	174,3	193,2	210,1	231,3

## MANAGEMENT BOARD