

## Press release

Iasi, August 14, 2018

**Profit and sales revenue obtained by Antibiotice company (BVB index: ATB) in the first half of 2018 registered values higher than in the same period of 2017.**

Higher sales revenue by 7% and net profit higher by 5% in the first half of 2018 compared to the first half of 2017

The objectives of the company were to achieve the indicators approved by the Revenue and Expenditure Budget. Thus, according to the financial results communicated to the Bucharest Stock Exchange, the profit before tax for the reported period is of 20.8 million lei, increasing by 4% compared to the one registered in 2017 and by 23% higher compared to the profit estimated in BVC. Profit after tax is 20.1 million lei, up from 2017 with 5% and the budgeted with 41%. Also, the sales revenues of the period reached the amount of 157.7 million lei, up 7% compared to 2017, when they totaled 147.2 million lei, a result of the sustained effort of the whole company to consolidate the business.

From the income realized in the first semester of this year, Antibiotice SA returned to the public health system through the clawback tax 18 million lei, higher than planned in the BVC (12 million lei), as well as the value registered in the first semester 2017 (14 million lei) .

## Evolution in the internal market

The pharmaceutical market in Romania registered an increase of 16.8% in the first semester of 2018 compared to the same period of the previous year, reaching the value of 7.6 billion lei compared to the value of 6.51 billion lei reached in the first semester of 2017.

The positive evolution was also recorded at volume level, increasing by 377 million physical units, from 6.16 billion units in 2017 first semester to 6.54 billion units in 2018 first semester.

The market is still supported by the value of the national hepatitis programs and the products recently introduced in the cost-volume / cost-volume-result contracts. If we refer to the pharmaceutical market excluding their value, in the first semester of 2018 there was an increase of 8.9% in value, from 6.38 billion lei (first half of 2017) to 6.94 billion lei (first half of 2018) . In terms of drug use, it increased by 6%

to 6.54 million units compared to 6.16 million units registered in the same period of the previous year.

The Hospital Market (excluding the value of the cost-volume / cost-volume-result contracts) registered a slight increase of 2.72% in the first semester of 2018 compared to January-June 2017, while the Retail market (excluding the value of the cost contracts) -volume / cost-volume-result) registered a value increase of 9.8% compared to the same period of the previous year.

In this context, Antibiotice company registered a 7.5% increase in sales of pharmacies and hospitals compared to the first half of 2017, while sales in therapeutic units increased by 4.8%.

With a sales value of 165.8 million lei, Antibiotice SA remains on the 4th place among the manufacturers of generic medicines with prescription and non-prescription drugs (OTC) in Romania.

At the level of the first semester of 2018, Antibiotice company maintains its leading position in terms of the units used in the ointments segment - with a market share of 26.7%, suppositories - with a market share of 41.8% and Injectable powders - with a market share of 72.4%.

3 new products assimilated in the portfolio of the company destined to the internal market

- Tinero® cream - Acne-prone skin care cosmetic product;
- Fluxiv® tonic cream - A cosmetic product whose ingredients contribute to the comfort and relaxation of the feet. Fluxiv® tonic cream together with Fluxiv® tablets make up the Fluxiv® range offering a complete therapeutic option for vascular health;
- Perasin® range (piperacillinum + tazobactamum) - powder for solution for infusion - drug used to treat bacterial infections such as those affecting the lower respiratory tract (lungs), urinary tract (kidneys and bladder), abdomen, skin or blood.

Exports higher by 10%

Revenues from sales on foreign markets in the first half of 2018 were 9.8% higher compared to 2017, export in the reference period bringing the company \$ 17.65 million compared to \$ 16.08 million in 2017.

The main external destinations of Antibiotic products (finished products and the active substance Nistatin) were Asia, North America and Europe, with sales in these areas accounting for about 73% of total export turnover achieved in the first half of 2018.

Growth in strategic markets

- Nystatin exports have doubled in value, both in the United States of America and on the South American market, compared to the first half of 2017.
- On the U.S. market exports of Nistatin increased by 52% in value compared to the similar period of 2017. S.U.A.'s Market represents the largest and most valuable market for Nistatin, and increasing its presence on this market has been a strategic objective of the Antibiotic company. During this year, strategic partnerships with

the most important end-users of Nistatin on this market have been consolidated, in order to create the premises of the business stability developed for this product in the USA.

- At the same time, on the South American market there was a doubling of the value of the export of Nistatin, mainly due to the growth of the Brazilian market, the most important market in South America for this product and one of the largest in the world.
- In South-East Asia, Vietnam is the main market that will generate growth in the coming years. Sales of finished products in this area increased by 31% compared to the first semester of 2017. The opening of representation in Vietnam aims at strategic development through the registration of new products, the development of appropriate commercial policies and the approach of all sales channels. Other markets in the Southeast Asia area such as the Philippines, Thailand and Hong Kong are also targeted.
- There was a growth of 6.6% on the European market, mainly generated by the export of finished products which was 14% higher than the previous year. In this area, the development strategy targets both Central and Eastern European countries (Serbia, Albania, the Baltic States) and Western Europe.
- Exports from Russia & C.S.I. registered an increase of 9.4%, mainly due to the Ukrainian market. In the first semester of 2018, the procedures for registering an own Antibiotice SA representation were started, taking into account the market potential and the growth prospects. The opening of the representative office aims to register the product portfolio, promote the Antibiotice brand and develop its own sales team for the development of long-term exports.

#### New Marketing Authorizations for Antibiotic brand drugs

The research-development activity has as main objective the development, optimization and maintenance of the portfolio of over 150 products (injectable, topically applied forms, ovules, suppositories, tablets, capsules). Strategic therapeutic areas (anti-infectious, cardiovascular, dermatology, women's health products) are strengthened by national and international authorization of new prescription drugs, OTCs, cosmetics or food supplements.

Thus, in the first half of 2018, the international expansion was materialized by obtaining a number of 22 new Marketing Authorizations for Antibiotic brand drugs in 3 countries in Asia and Europe.

#### Sustained investment program

In the first half of 2018, the company's investment program was continued, the contracts made in this regard representing 83% of the budgeted value.

The main investment objective is the achievement of the new production capacity for Ointments and Suppositories, which aims to increase the turnover and the ability of the Antibiotic company to register, produce and market quality Romanian medicines, with GMP licenses on all regulated pharmaceutical markets (Europe, US and Canada).

Also, investments were made in equipment for the production units, intended for the modernization of the utilities infrastructure, in equipment for serialization, in research and in quality, as well as investments in ensuring the logistics.

Start the program to increase the attractiveness of the employer brand

In 2018, Antibiotice set out to launch a program to increase the attractiveness of the employer brand, with the aim of facilitating the attraction and retention of qualified human resources, with an emphasis on the roles of high specialization. In order to reach the objective, the necessary tools were established in the first semester, while for the second part of the year they are planned:

- Conducting the impact study on the perception and attractiveness of the employer brand among the target audiences for recruitment;
- Developing a plan to increase the brand awareness of the employer and compliance with the good human resources practices, based on the results of the impact analysis.

Individuals interested in finding out more information, can consult the Administrators' Report for the first semester of 2018 on the website of the Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro)), the Financial Supervisory Authority ([www.asfronia.ro](http://www.asfronia.ro)) or on the page web site of Antibiotice SA, "Investors" section ([www.antibiotice.ro](http://www.antibiotice.ro)).

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