

## CURRENT REPORT

As per:

- Law 297/2004 amended and completed by the provisions of L10/2015 and GEO 90/2014 and the regulations of the Romanian National Securities Commission (CNVM) issued in view of its application,
- GEO no. 109/2011 on the corporate governance of public enterprises,
- The Regulation of the Authority for Financial Supervision 6/2014 for amending and completing the regulations of the National Securities Commission no. 1/2006 regarding the issuants and the securities-related operations, as well as for completing the Regulation of CNVM no. 6/2009 on the exercise of certain rights of shareholders within the general meetings of trading companies,

Report date: 15.02.2017

Name of issuing company: Antibiotice SA

Headquarters: Iași, str. Valea Lupului nr. 1, zip code 707410, <http://www.antibiotice.ro>

E-mail: [relatiicuinvestitorii@antibiotice.ro](mailto:relatiicuinvestitorii@antibiotice.ro)

Telephone/fax no. : 0232 209000 / 0232 209633

Unique registration code in the Trade Register Office: R01973096

No. in the Trade Register: J22/285/1991

Subscribed and paid-up capital: 67,133,804.00 RON

The regulated market trading the securities issued: Bucharest Stock Exchange

## Important event to report:

### Annual Report 2016 - PRELIMINARY RESULTS

In 2016, the pharmaceutical market in Romania was influenced by frequent legislative changes and measures with an impact on the entire industry: the resultant decrease in prices of medicines from 2015 with a strong impact on the entire chain producer/distributor/pharmacy and hospital/patient, introducing new molecules in the list of compensated and free medicines, including the treatment of chronic hepatitis C and cirrhosis C without interferon, **claw-back tax increase from 12.6% in the fourth quarter of 2015 to 18.9% late last year.**

In this context, Antibiotice recorded a sales growth in pharmacies and hospitals of 4.4% compared to 2015, faster than the pace registered on the prescription generics market and OTCs in Romania.

The Retail pharmacy segment is growing 3.7% compared to 2015, from 215.5 million lei to 223.6 million lei, while the Hospitals segment recorded a growth of 6.5%, from 71.8 million lei 2015 to 76.5 million lei 2016.

The therapeutic classes that have significant value increases are: digestive tract (5.8 million lei) dermatologicals (+4.0 million), cardiovascular system (2.6 million lei), central nervous system (1.6 million), blood and hematopoietic organs (0.8 million lei), genitourinary apparatus (0.58 million lei), musculoskeletal system (0.56 million lei) and sensory organs (0.37 million), generated both by the contribution of new products and the positive evolution of the company's top products.

Continuing the strategy of recent years, focused on strengthening our position as the main producer of drugs for use in hospitals (generics and OTC) and market leader of

ointments and suppositories, the policies implemented in 2016 were aimed at a better utilization of the portfolio of traditional drugs and therapeutically valuable drugs, newly assimilated in the portfolio.

Thus, the company Antibiotice maintains its leading position in terms of units sold on the ointments segment with a market share of 28.5%, suppositories with a market share of 42.6% and powders for injection with a market share of 75.3%. (according to Cegecim)

The objectives of 2016 took into account the achievement of the budget approved by the Management Board and General Meeting of Shareholders and destocking pharmacies and sales channels (distributors, hospital, retail), therefore sales revenue is growing by 1% compared with the previous year and net profit levels are 2% higher than the value planned earlier in the income and expenditure budget and 11% higher compared to 2015.

Antibiotice policy on the foreign market was consolidating its position as a world leader in the production of Nystatin and international development of medicines in finished form.

Operating profit increased in 2016 from 36.9 million to the 39.5 million level planned, obtained as a result of good cost management starting from budgeting, monitoring and establishing corrective measures.

Statement of the global result (LEI)	31.12.2015	BVC 2016	31.12.2016	2016/ 2015	2016/ BVC
<b>Income generated by sales</b>	<b>330,087,508</b>	<b>339,085,000</b>	<b>333,072,499</b>	<b>1.01</b>	<b>0.98</b>
Other operating revenue	14,631,018	7,970,000	20,240,633	1.38	2.54
Income relative to product stocks	6,546,669	932,000	-900,215	-0.14	-0.97
Income generated by the capitalized activity	2,505,214	2,020,000	2,177,574	0.87	1.08
Expenses with raw materials and consumables	118,818,573	129,322,000	126,867,849	1.07	0.98
Payroll expenses	70,868,387	72,117,000	71,316,549	1.01	0.99
Expenses on amortization and depreciation	15,099,989	16,930,000	17,667,194	1.17	1.04
Other operating expenses	112,046,621	94,767,000	99,236,954	0.89	1.05
<b>Operating profit</b>	<b>36,936,839</b>	<b>36,871,000</b>	<b>39,501,945</b>	<b>1.07</b>	<b>1.07</b>
Net financial income	-4,889,304	-2,710,000	-4,648,023	0.95	1.72
<b>Profit before tax</b>	<b>32,047,535</b>	<b>34,161,000</b>	<b>34,853,922</b>	<b>1.09</b>	<b>1.02</b>
Expenses with profit tax	4,868,712	6,300,000	4,784,764	0.96	0.76
<b>Profit</b>	<b>27,178,823</b>	<b>27,861,000</b>	<b>30,069,158</b>	<b>1.11</b>	<b>1.08</b>

During 2016 an important strategy was to reduce debt and simultaneously there was a reduction of indebtedness which reached 23% compared to 28% the previous year, keeping the trend of previous years. The same trend was recorded by the level of liquidity which reported 4.3 in 2016 over 3.5 in 2015. The debt structure at the end of 2016 was different from the previous year, the company reducing credit and bank loans.

FINANCIAL STATEMENT (LEI)	31.12.2015	31.12.2016	2016/2015
<b>FIXED ASSETS</b>			
Tangible assets	205,945,190	206,839,608	1.00
Intangible assets	9,730,186	11,421,176	1.17
<b>TOTAL FIXED ASSETS</b>	<b>215,675,376</b>	<b>218,260,784</b>	<b>1.01</b>
<b>CURRENT ASSETS</b>			
Stocks	60,290,277	65,207,666	1.08
Commercial and similar payables	231,314,744	233,881,313	1.01

Financial assets held for sale	220	0	0.00
Cash and cash equivalents	37,381,974	13,902,686	0.37
<b>TOTAL CURRENT ASSETS</b>	<b>328,987,215</b>	<b>312,991,665</b>	<b>0.95</b>
<b>TOTAL ASSETS</b>	<b>544,662,591</b>	<b>531,252,449</b>	<b>0.98</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Commercial and similar debt	71,391,757	39,110,840	0.55
Amounts owed to banks	41,778,509	40,705,967	0.97
Liabilities from current taxes	8,989,373	16,194,858	1.80
Short-term provisions	7,179,938	4,803,314	0.67
<b>TOTAL CURRENT LIABILITIES</b>	<b>129,339,577</b>	<b>100,814,979</b>	<b>0.78</b>
<b>LONG-TERM LIABILITIES</b>			
Investment subsidies	3,193,972	2,914,396	0.91
Deferred tax	19,479,158	18,758,368	0.96
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>22,673,130</b>	<b>21,672,764</b>	<b>0.96</b>
<b>TOTAL LIABILITIES</b>	<b>152,012,707</b>	<b>122,487,743</b>	<b>0.81</b>
<b>Share capital</b>	<b>264,835,156</b>	<b>264,835,156</b>	<b>1.00</b>
Revaluation reserves	19,909,157	16,925,870	0.85
Legal reserves	13,426,761	13,426,761	1.00
Other reserves	133,303,701	146,528,189	1.10
Reported result	-66,003,714	-63,020,428	0.95
Current result	27,178,823	30,069,158	1.11
<b>TOTAL EQUITY</b>	<b>392,649,884</b>	<b>408,764,706</b>	<b>1.04</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>544,662,591</b>	<b>531,252,449</b>	<b>0.98</b>

General Director,  
ec. Ioan NANI