

Trading update: FY25 EBITDA marginally ahead

24 April 2025

In a Trading Update for the year to 31st March 2025, Eco Animal Health reports that, due to strong trading in the final quarter, (adj.) EBITDA for the year is expected to be marginally ahead of expectations. FY25 revenue is expected to be c.7.0% below market expectations (-5% on a currency-adjusted basis), indicating revenue of c.£79.4m; the Group references market consensus FY25 (adj.) EBITDA of £7.2m (ED Est: £7.2m) and revenue of £85.3m (ED Est £84.2m). The improvement in EBITDA is driven by gross profitability above 45.0% (FY24: 42.1%) and control of overhead costs. Overall, the Group envisages that this level of gross profitability is sustainable (on a constant currency basis) and has made no changes to its outlook for FY26 and FY27. This is a validation of Group efforts to address operational processes and control costs in the face of what is described as “currency headwinds and geopolitical and economic uncertainty”.

Eco reports that the operational challenges reported in the 1st October update ('Headwinds in China') persisted into H2, notably in SE Asia. However, revenue momentum in China in the second half improved, exceeding H2 24 (China & Japan registered £14.95m in revenue) although H1 performance continued to weigh on the full year (H1 25: registered £8.16m). **The Group reports a year-end cash position of £25.0m compared to a consensus estimate of £19.0m (ED Est: £18.4m).**

Assessment of the impact of US tariff policy

The Group continues to monitor and assess the impact of the US Administration's policy on tariffs and has taken the step to build inventory in relevant geographies. In addition, the nature of the Group's diversified production via partners should assist in mitigating the potential impact of tariffs. Operations and business in China in particular are considered largely insulated from trade tariff impact due to the nature of integrated domestic production and sales supply chains.

Commitment to R&D and product development maintained

Backed by the level of cash generation indicated, and as outlined in detail at the recent Group R&D Day (March 13th), Eco is committed to maintaining investment in the pipeline of major new products under development. We note the significance of the European Market Authorisation Application (MAA) for ECOVAXXIN[®]MS, Mycoplasma synoviae submitted on 3rd March (see Equity Development report 'Milestone poultry vaccine submission') as evidence of the defined pathway to commercialisation for the first of nine flagship products under development.

For reference, FY 25 company (adj.) EBITDA guidance is in line with ED Est; our prior estimates are shown below. Our Fair Value remains 97p – 102p pending further review of the product pipeline detailed in the recent R&D Day.

Company Data

| | |
|---------------------|-----------|
| EPIC | EAH.L |
| Price (last close) | 55p |
| 52 weeks Hi/Lo | 135p/50p |
| Market cap | £41m |
| ED Fair Value/share | 97 - 102p |
| Proforma net cash | £18.3m |

Share Price, p



Source: Investing.com

Description

Founded in 1995, ECO Animal Health specialises in the development, registration and distribution of pharmaceutical products for animal health markets worldwide, notably disease, bacterial infection and parasitic prevention for pigs, cattle, sheep and poultry. The Group addresses markets in China and the Far East, SE Asia, North America, Latin America and Europe, and derives c.90% of revenue from its enteric and respiratory antibiotic Aivlosin[®], for the treatment of enteric and respiratory diseases in pigs and poultry.

Next event:

Annual Report & Accounts, July

Earnings outlook

| Yr to 31 March (£m) | 2022 | 2023 | 2024 | 2025E | 2026E |
|-----------------------|--------|--------|--------|--------|--------|
| Revenue | 82.2 | 85.3 | 89.4 | 84.3 | 85.3 |
| EBITDA (adj.) | 5.4 | 7.2 | 8.0 | 7.2 | 7.5 |
| Pre-Tax Profit (adj.) | 3.8 | 4.8 | 4.0 | 4.0 | 4.3 |
| EPS (rptd. basic) | (1.01) | 1.49 | 1.55 | 2.47 | 1.27 |
| EPS (adj. dil. p) | 2.47 | 1.66 | 2.32 | 1.08 | 1.42 |
| Net debt / (cash) | (14.3) | (21.7) | (22.4) | (18.4) | (17.9) |
| EV/EBITDA | 4.1x | 3.1x | 2.8x | 3.1x | 3.0x |
| EV/Rev | 0.27x | 0.26x | 0.25x | 0.27x | 0.26x |

Source: Company data. Equity Development estimates.

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P&L

| Year to 31 March (£m) | H1 23 | H2 23 | H1 24 | H2 24 | H1 25 | FY23 | FY24 | FY25E | FY26E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| China & Japan | 8.5 | 17.9 | 9.7 | 15.0 | 8.2 | 26.4 | 24.7 | 21.0 | 21.2 |
| N America | 6.5 | 8.7 | 8.2 | 10.3 | 8.6 | 15.2 | 18.5 | 18.7 | 18.9 |
| S & SE Asia | 7.4 | 9.4 | 7.7 | 9.7 | 5.1 | 16.8 | 17.4 | 15.7 | 15.9 |
| LatAm | 7.9 | 10.2 | 7.7 | 12.2 | 8.3 | 18.1 | 19.9 | 20.1 | 20.3 |
| Europe | 2.9 | 3.2 | 3.5 | 3.0 | 2.1 | 6.1 | 6.5 | 6.5 | 6.6 |
| RoW/UK | 1.7 | 1.1 | 1.2 | 1.3 | 0.9 | 2.8 | 2.5 | 2.4 | 2.4 |
| Revenue | 34.9 | 50.5 | 38.0 | 51.4 | 33.2 | 85.3 | 89.4 | 84.3 | 85.3 |
| Gross | 15.8 | 22.6 | 15.5 | 22.2 | 13.4 | 38.4 | 37.7 | 33.7 | 38.0 |
| <i>Margin</i> | <i>45.3%</i> | <i>44.8%</i> | <i>40.8%</i> | <i>43.1%</i> | <i>40.3%</i> | <i>45.0%</i> | <i>42.1%</i> | <i>40.0%</i> | <i>44.5%</i> |
| COGS | (19.1) | (27.9) | (22.5) | (29.2) | (19.8) | (46.9) | (51.7) | (50.6) | (47.3) |
| Other income | 0.2 | 0.1 | 0.0 | 0.0 | 0.1 | 0.4 | 0.1 | 0.1 | 0.0 |
| R&D | (2.9) | (3.0) | (2.1) | (2.1) | (2.4) | (5.9) | (4.2) | (5.2) | (5.0) |
| Admin | (10.0) | (17.8) | (14.0) | (15.4) | (13.4) | (27.9) | (29.4) | (24.4) | (28.0) |
| Impairment/Other | 0.0 | 0.0 | 0.0 | (0.7) | 1.0 | 0.0 | (0.7) | 1.0 | 0.0 |
| Sum Op-ex | (12.7) | (20.7) | (16.1) | (18.1) | (14.5) | (33.4) | (34.1) | (28.4) | (33.4) |
| Sh-based payments | (0.2) | (0.2) | (0.3) | (0.1) | (0.2) | (0.4) | (0.4) | (0.4) | (0.4) |
| Forex | (2.6) | 2.1 | (0.2) | 0.8 | 1.2 | (0.5) | 0.6 | 0.0 | 0.0 |
| EBIT (rptd.) | 3.1 | 1.9 | (0.6) | 4.1 | (1.2) | 4.9 | 3.5 | 5.3 | 4.6 |
| EBIT (adj.) | 3.3 | 2.1 | (0.3) | 4.9 | (2.0) | 5.4 | 4.6 | 4.7 | 5.0 |
| <i>Margin</i> | <i>9.3%</i> | <i>4.2%</i> | <i>N.M.</i> | <i>9.5%</i> | <i>N.M.</i> | <i>6.3%</i> | <i>5.1%</i> | <i>5.6%</i> | <i>5.8%</i> |
| Amortisation | (0.5) | (0.5) | (0.5) | (0.6) | (0.6) | (1.1) | (1.2) | (1.2) | (1.1) |
| Amortisation RoU | (0.2) | (0.3) | (0.2) | (0.5) | (0.3) | (0.5) | (0.7) | (0.7) | (0.7) |
| Depreciation | (0.2) | (0.6) | (0.5) | (0.5) | (0.5) | (0.8) | (1.0) | (0.7) | (0.8) |
| EBITDA (rptd.) | 1.5 | 5.3 | 0.4 | 6.5 | 1.3 | 6.8 | 6.9 | 7.9 | 7.2 |
| EBITDA (adj.) | 1.7 | 5.6 | 0.7 | 7.3 | 0.4 | 7.2 | 8.0 | 7.2 | 7.5 |
| <i>Margin</i> | <i>4.8%</i> | <i>11.0%</i> | <i>1.9%</i> | <i>14.1%</i> | <i>1.3%</i> | <i>8.5%</i> | <i>9.0%</i> | <i>8.6%</i> | <i>8.8%</i> |
| Financial income | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| Financial expense | (0.1) | (0.5) | (0.2) | (0.6) | (0.3) | (0.7) | (0.8) | (0.8) | (0.8) |
| Associate | 0.1 | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| PBT (rptd.) | 3.0 | 1.4 | (0.6) | 3.6 | (1.4) | 4.4 | 3.0 | 4.7 | 4.0 |
| PBT (adj.) | 3.2 | 1.6 | (0.3) | 4.3 | (2.3) | 4.8 | 4.0 | 4.0 | 4.3 |
| Tax | (0.9) | (0.4) | (0.6) | (0.4) | (0.3) | (1.3) | (1.0) | (1.0) | (1.1) |
| PAT (rptd.) | 2.1 | 1.0 | (1.2) | 3.2 | (1.8) | 3.1 | 2.0 | 3.7 | 2.9 |
| PAT (adj.) | 2.3 | 1.2 | (0.9) | 4.0 | (2.6) | 3.5 | 3.1 | 3.0 | 3.2 |
| Basic wtd. Av. shares (m) | | | | | | 67.7 | 67.7 | 67.7 | 67.7 |
| Diluted wtd. av. shares (m) | | | | | | 68.6 | 69.1 | 67.7 | 67.7 |
| EPS rptd. basic (p) | | | | | | 1.49 | 1.55 | 2.47 | 1.27 |
| EPS rptd. dil. (p) | | | | | | 1.47 | 1.52 | 2.47 | 1.27 |
| EPS adj. basic (p) | | | | | | 1.68 | 2.37 | 1.08 | 1.42 |
| EPS adj. dil. (p) | | | | | | 1.66 | 2.32 | 1.08 | 1.42 |

Source: Company data. Equity Development estimates.

Cashflow

| Year to 31 March (£m) | H1 23 | H2 23 | H1 24 | H2 24 | H1 25 | FY23 | FY24 | FY25E | FY26E |
|-----------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|
| PBT (rptd.) | 3.0 | 1.4 | (0.6) | 3.6 | (1.4) | 4.4 | 3.0 | 4.7 | 4.0 |
| Finance (net) | 0.1 | 0.5 | 0.1 | 0.5 | 0.3 | 0.6 | 0.6 | 0.7 | 0.7 |
| Forex | (2.6) | 2.1 | (0.2) | 0.8 | 1.2 | (0.5) | 0.6 | 0.0 | 0.0 |
| Amortisation | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 1.1 | 1.2 | 1.2 | 1.1 |
| Amortisation RoU | 0.2 | 0.3 | 0.2 | 0.5 | 0.3 | 0.5 | 0.7 | 0.7 | 0.7 |
| Depreciation | 0.2 | 0.7 | 0.5 | 0.5 | 0.5 | 0.8 | 1.0 | 0.7 | 0.8 |
| Impairment/Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | (1.0) | 0.0 |
| Associate | (0.1) | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) | (0.1) | (0.1) | (0.1) |
| Sh-based payments | 0.2 | 0.2 | 0.3 | 0.1 | 0.2 | 0.4 | 0.4 | 0.4 | 0.4 |
| Other | (0.0) | 0.0 | 0.0 | 0.3 | (0.7) | (0.0) | 0.3 | 0.0 | 0.0 |
| Operating Cash Flow | 1.6 | 5.6 | 0.7 | 7.0 | 0.8 | 7.2 | 7.7 | 7.2 | 7.5 |
| Working capital | | | | | | | | | |
| (Inc)/Dec inventories | (1.7) | 9.4 | 2.5 | 2.2 | (0.2) | 7.8 | 4.7 | (6.1) | 2.1 |
| (Inc)/Dec receivables | 4.2 | (4.9) | 2.3 | (7.3) | 5.3 | (0.7) | (5.0) | 6.8 | 2.0 |
| Inc/(Dec) payables | (1.6) | 4.3 | (0.8) | 3.2 | (5.6) | 2.7 | 2.5 | (1.0) | 0.2 |
| Provisions | 0.5 | 0.9 | 0.0 | 0.5 | (0.3) | 1.4 | 0.6 | 0.5 | 0.5 |
| Ch working capital | 1.4 | 9.8 | 4.1 | (1.3) | (0.8) | 11.2 | 2.8 | 0.1 | 4.8 |
| Cash from operations | 3.0 | 15.4 | 4.8 | 5.7 | (0.0) | 18.4 | 10.5 | 7.4 | 12.4 |
| Interest paid | (0.1) | (0.4) | (0.0) | (0.5) | (0.1) | (0.5) | (0.5) | (0.5) | 0.0 |
| Tax (paid)/received | (1.0) | (1.0) | (0.1) | (0.5) | 0.6 | (2.1) | (0.6) | (1.0) | (1.0) |
| Net from operations | 1.9 | 14.0 | 4.7 | 4.7 | 0.5 | 15.9 | 9.4 | 5.9 | 11.3 |
| Investing activities | | | | | | | | | |
| PPE | (1.3) | (2.3) | (0.4) | (0.1) | (0.1) | (3.6) | (0.5) | (0.6) | (0.6) |
| Sale of PPE/operations | 0.0 | 0.0 | 0.5 | 0.5 | 0.4 | 0.0 | 1.1 | 0.0 | 0.0 |
| Capitalised R&D | (1.3) | (1.1) | (1.5) | (2.6) | (1.8) | (2.4) | (4.1) | (5.0) | (4.8) |
| Finance | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| Net used in investing | (2.5) | (3.4) | (1.3) | (2.1) | (1.4) | (5.9) | (3.4) | (5.4) | (5.3) |
| Net OpFCF | (0.6) | 10.7 | 3.4 | 2.6 | (0.9) | 10.0 | 6.0 | 0.5 | 6.1 |
| Financing activities | | | | | | | | | |
| Shares issued | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest on leases | (0.1) | (0.1) | (0.2) | (0.1) | (0.2) | (0.2) | (0.3) | (0.1) | (0.1) |
| Leases | (0.2) | (0.2) | (0.1) | (0.5) | (0.3) | (0.4) | (0.6) | (0.4) | (0.4) |
| Dividends | (1.8) | 0.0 | (2.8) | 0.0 | (1.1) | (1.8) | (2.8) | (4.0) | (6.0) |
| Net cash from financing | (2.1) | (0.3) | (3.1) | (0.6) | (1.6) | (2.4) | (3.7) | (4.5) | (6.5) |
| Net increase in cash | (2.7) | 10.4 | 0.3 | 2.0 | (2.5) | 7.6 | 2.3 | (4.0) | (0.5) |
| Cash start | 14.3 | 12.9 | 21.7 | 21.1 | 22.4 | 14.3 | 21.7 | 22.4 | 18.4 |
| Forex | 1.3 | (1.6) | (0.8) | (0.8) | (1.6) | (0.3) | (1.6) | 0.0 | 0.0 |
| Cash end | 12.9 | 21.7 | 21.1 | 22.4 | 18.3 | 21.7 | 22.4 | 18.4 | 17.9 |

Source: Company data. Equity Development estimates.

Balance sheet

| Year to 31 March (£m) | H1 23 | H2 23 | H1 24 | H2 24 | H1 25 | FY23 | FY24 | FY25E | FY26E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Fixed Assets | | | | | | | | | |
| Intangibles Net | 35.1 | 35.6 | 36.6 | 38.4 | 39.6 | 35.6 | 38.4 | 42.2 | 45.9 |
| PPE net | 4.8 | 6.1 | 5.8 | 4.8 | 4.3 | 6.1 | 4.8 | 4.7 | 4.5 |
| RoU Assets Net | 1.6 | 4.3 | 3.9 | 3.7 | 3.3 | 4.3 | 3.7 | 7.5 | 13.4 |
| Property Investments | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investments | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Deferred Tax | 0.5 | 0.6 | 0.6 | 1.4 | 1.3 | 0.6 | 1.4 | 1.4 | 1.4 |
| Sum Fixed Assets | 42.5 | 46.8 | 47.2 | 48.5 | 48.8 | 46.8 | 48.5 | 56.1 | 65.4 |
| Current Assets | | | | | | | | | |
| Inventories | 32.9 | 22.4 | 19.5 | 17.0 | 16.7 | 22.4 | 17.0 | 23.1 | 21.0 |
| Trade receivables | 24.8 | 26.9 | 25.7 | 32.2 | 26.8 | 26.9 | 32.2 | 25.4 | 23.4 |
| Tax assets, other | 2.4 | 3.6 | 2.3 | 3.2 | 1.2 | 3.6 | 3.2 | 0.0 | 0.0 |
| Cash, Equivalents | 12.9 | 21.7 | 21.1 | 22.4 | 18.3 | 21.7 | 22.4 | 18.4 | 17.9 |
| Sum Current Assets | 73.0 | 74.5 | 68.7 | 74.7 | 63.0 | 74.5 | 74.7 | 66.9 | 62.3 |
| Total Assets | 115.5 | 121.3 | 115.9 | 123.3 | 111.7 | 121.3 | 123.3 | 123.0 | 127.8 |
| Current Liabilities | | | | | | | | | |
| Trade payables | (13.2) | (14.5) | (15.0) | (17.4) | (10.8) | (14.5) | (17.4) | (16.4) | (16.6) |
| Provisions | (4.5) | (5.2) | (5.3) | (5.9) | (5.1) | (5.2) | (5.9) | (5.9) | (5.9) |
| Tax, Other | (0.9) | (2.4) | (1.2) | (2.0) | (0.9) | (2.4) | (2.0) | (2.0) | (2.0) |
| Dividends | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | 0.0 | 0.0 |
| Sum Current Liabilities | (18.7) | (22.2) | (21.6) | (25.2) | (16.9) | (22.2) | (25.2) | (24.2) | (24.4) |
| Total Assets less CL | 96.8 | 99.1 | 94.3 | 98.0 | 94.9 | 99.1 | 98.0 | 98.8 | 103.4 |
| Long-term Liabilities | | | | | | | | | |
| Deferred tax | 0.0 | 0.0 | (3.2) | (1.3) | (1.3) | 0.0 | (1.3) | (1.3) | (1.3) |
| Leases | (1.7) | (3.6) | 0.0 | (3.4) | (3.1) | (3.6) | (3.4) | (3.4) | (3.4) |
| Sum Long-term liabilities | (1.7) | (3.6) | (3.2) | (4.7) | (4.4) | (3.6) | (4.7) | (4.7) | (4.7) |
| Total liabilities | (20.4) | (25.8) | (24.8) | (29.9) | (21.2) | (25.8) | (29.9) | (28.9) | (29.1) |
| Net Assets | 95.1 | 95.6 | 91.1 | 93.4 | 90.5 | 95.6 | 93.4 | 94.1 | 98.7 |
| Capital & Reserves | | | | | | | | | |
| Share Capital | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Share Premium | 63.3 | 63.3 | 63.3 | 63.3 | 63.3 | 63.3 | 63.3 | 60.0 | 61.7 |
| Reserves | 3.1 | 2.6 | 1.9 | 1.6 | 1.2 | 2.6 | 1.6 | 1.6 | 1.6 |
| Retained earnings | 13.9 | 13.9 | 12.9 | 15.8 | 14.3 | 13.9 | 15.8 | 19.5 | 22.4 |
| Non-controlling interests | 11.4 | 12.3 | 9.0 | 9.7 | 8.3 | 12.3 | 9.7 | 9.7 | 9.7 |
| Equity | 95.1 | 95.6 | 90.6 | 93.4 | 90.5 | 95.6 | 93.4 | 94.1 | 98.7 |
| Net debt / (cash) pre IFRS16 | (12.9) | (21.7) | (21.1) | (22.4) | (18.3) | (21.7) | (22.4) | (18.4) | (17.9) |
| Net debt / (cash) IFRS16 | (11.2) | (18.1) | (21.1) | (19.0) | (15.2) | (18.1) | (19.0) | (15.0) | (14.5) |

Source: Company data. Equity Development estimates.

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