

FY26 trading update: adj. EBITDA materially ahead

19 March 2026

In a trading update for the year to 31 March 2026, ECO Animal Health reports continued positive momentum into the second half, resulting in revenue growth of c.8% YoY and adjusted EBITDA “materially ahead of market expectations”.¹

Revenue growth of c.8% YoY. The Group reports that revenue growth was propelled by strong demand in North America and Latin America, despite currency headwinds and the impact of tariff charges in the US. Accordingly, we have raised our FY26 revenue outlook by 3.0% to £86.0m. We now assume North America contributes £23.0m (from £22.0m), +7% YoY (H1: £11.2m; H2E: £11.8m), while Latin America contributes £16.7m (from £15.0m), +2% YoY, reversing an 18% YoY decline in FY25 (H1: £7.5m; H2E: £9.2m).

Gross margin improvement. The Group reports that a favourable combination of product pricing and cost of goods supports an improvement in gross margin for the year. We have therefore raised our FY26E gross margin estimate from 45.3% to 45.5%.

Adj. EBITDA “materially ahead”. Consequently, ECO Animal Health expects “the combined effect of the stronger revenue and margins ... to result in a material increase in adjusted EBITDA over the prior year (2025: £7.3m), with adjusted EBITDA also materially ahead of market expectations”.¹ Our previous FY26 adj. EBITDA estimate was £8.0m (vs consensus of £7.6m¹); we raise this to £8.2m, implying a 9.5% margin (FY25: 9.2%) and 12% YoY growth.

New product development continues. ECO Animal Health recently outlined detailed plans for the commercial launch of ECOVAXXIN[®] MS across key European territories in 2026/27 (see the 26 February ED report, ECOVAXXIN[®] MS commercialisation begins), in line with progress towards the launch of the first three (“late stage”) of nine major new products under development. On publication of these commercialisation plans, we raised our Fair Value to 153p/ share, inclusive of initial earnings contributions from two vanguard new products: ECOVAXXIN[®] MS (peak revenue estimated at £22.2m) and ECOVAXXIN[®] MG (peak revenue estimated at c.£10m).

We raise our Fair Value again to 180p/ share.

With the continued momentum reported across the Group’s markets for its core earnings driver, the enteric and respiratory antibiotic Aivlosin[®], we raise our **Fair Value to 180p/ share**. We note that our forecasts imply the Group trades on an FY27 EV/EBITDA multiple of 5.1x, a significant discount to the peer-group² average of 13.5x.

Company data

EPIC	EAH.L
Price (last close)	96p
52 weeks Hi/Lo	117p/50p
Market cap	£73m
ED Fair Value / share	153p
Net cash / (debt) H1 25A	£18.6m
Avg. daily volume (3m)	73,944

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

FY results July 2026

Mike Jeremy (Analyst)

0207 065 2690
mike.jeremy@equitydevelopment.co.uk

Hannah Crowe

0207 065 2692
hannah@equitydevelopment.co.uk

Key financials and valuation metrics

Yr to 31 March (£m)	2024A	2025A	2026E	2027E	2028E
Revenue	89.4	79.6	86.0	90.4	94.6
EBITDA (adj.)	8.0	7.3	8.2	9.1	9.4
Pre-Tax Profit (adj.)	4.0	3.5	4.0	5.0	5.9
EPS (rptd. basic)	1.5	2.5	2.2	3.2	3.7
EPS (adj. dil. p)	2.3	1.9	2.4	3.4	4.7
Net cash / (debt)	22.4	25.0	24.7	22.4	20.7
EV/EBITDA	5.8x	6.4x	5.7x	5.1x	4.9x

Source: Company data. Equity Development estimates.

¹ Eco Animal Health reports consensus market expectations for the year ending 31 March 2026 are revenue of £83.5m and adjusted EBITDA of £7.6m

Revised estimates

As shown below, we have revised our forecasts as follows:

- For FY26, revenue is revised +3% to £86.0m (+8% YoY) and adj. EBITDA +3% to £8.2m (+12% YoY), implying a 9.5% margin. Our gross margin forecast is raised from 45.3% to 45.5%.
- For FY27, revenue is revised +3% to £90.4m (+5% YoY) and adj. EBITDA +6% to £9.1m (+11% YoY), reflecting a margin increase from 9.8% to 10.1%. Our gross margin forecast remains 45.5%.
- For FY28, including an initial contribution from new products, revenue is revised +2% to £94.6m (+5% YoY) and adj. EBITDA +4% to £9.4m (+3% YoY), with margin improving from 9.8% to 10.0%. Our gross margin forecast increases from 45.5% to 45.7%.

Revised estimates													
Year to 31 March (£m)	FY25A	FY26E		YoY	FY27E		YoY	FY28E		YoY			
		Prior E	Diff		Prior E	Diff		Prior E	Diff				
China & Japan	22.9	28.0	28.0	0%	22%	29.4	29.4	0%	5%	31.0	31.0	0%	5%
N America	21.4	22.2	23.0	4%	7%	23.1	23.9	4%	4%	24.4	24.6	1%	3%
S & SE Asia	11.9	11.0	11.0	0%	-7%	11.6	11.6	0%	5%	12.2	12.2	0%	6%
LatAm	16.3	15.0	16.7	11%	2%	16.1	17.9	11%	7%	16.9	18.7	10%	5%
Europe	4.9	5.0	5.0	0%	2%	5.3	5.3	0%	5%	5.5	5.5	-1%	5%
RoW/UK	2.2	2.3	2.3	0%	4%	2.4	2.4	0%	5%	2.5	2.5	-1%	5%
Revenue	79.6	83.5	86.0	3%	8%	87.8	90.4	3%	5%	92.7	94.6	2%	5%
Gross	35.9	37.8	39.1	3%	9%	39.9	41.1	3%	5%	42.2	43.2	3%	5%
<i>Margin</i>	45.1%	45.3%	45.5%			45.5%	45.5%	0%	0%	45.5%	45.7%	0%	0%
EBIT (rptd.)	4.3	4.5	4.3	-4%	0%	4.8	5.3	11%	23%	5.0	5.3	7%	1%
EBIT (adj.)	3.7	4.8	4.6	-4%	24%	5.1	5.6	10%	22%	6.0	6.3	6%	12%
<i>Margin</i>	4.7%	5.8%	5.4%			5.8%	6.2%			5.8%	6.7%		
EBITDA (rptd.)	7.9	7.6	7.6	0%	-3%	8.3	8.8	6%	15%	8.1	8.4	4%	-4%
EBITDA (adj.)	7.3	8.0	8.2	3%	12%	8.6	9.1	6%	11%	9.1	9.4	4%	3%
<i>Margin</i>	9.2%	9.6%	9.5%			9.8%	10.1%			9.8%	10.0%		
PBT (rptd.)	4.0	3.8	3.6	-5%	-9%	4.3	4.6	7%	28%	4.5	4.9	8%	5%
PBT (adj.)	3.5	4.2	4.0	-5%	15%	4.7	5.0	7%	25%	5.5	5.9	6%	18%
PAT (rptd.)	2.6	2.8	2.6	-5%	0%	3.2	3.4	7%	29%	3.3	3.5	8%	4%
PAT (adj.)	2.1	3.1	3.0	-5%	43%	3.5	3.7	7%	25%	4.3	4.5	6%	21%

Source: Company data. Equity Development estimates.

² Peer group used for comparative valuation: Alliance Pharma plc, Elanco, Orion Oyj, Dermapharm Holding SE, Genus plc, Anpario plc, Zoetis Inc., Virbac SA, Vetoquinol SA and Laboratorios Farmaceuticos Rovi S.A. Peer-group EV/Revenue is 3.5x and EV/EBITDA is 13.5x (source: Koyfin).

P&L

Year to 31 March (£m)	H1 25A	H2 25A	H1 26A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	33.2	57.8	39.4	89.4	79.6	86.0	90.4	94.6
Gross	13.4	22.6	19.6	37.7	35.9	39.1	41.1	43.2
<i>Margin</i>	<i>40.3%</i>	<i>39.0%</i>	<i>49.6%</i>	<i>42.1%</i>	<i>45.1%</i>	<i>45.5%</i>	<i>45.5%</i>	<i>45.7%</i>
COGS	(19.8)	(35.3)	(19.8)	(51.7)	(43.7)	(46.9)	(49.3)	(51.4)
Other income	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0
R&D	(2.4)	(1.6)	(2.7)	(4.2)	(4.0)	(5.5)	(5.5)	(6.0)
Admin	(13.4)	(15.3)	(15.8)	(29.4)	(28.7)	(29.0)	(30.0)	(30.9)
Impairment/Other	1.0	(0.1)	0.0	(0.7)	1.0	0.0	0.0	0.0
Sum Op-ex	(14.5)	(17.1)	(18.4)	(34.1)	(31.6)	(34.9)	(35.9)	(37.9)
Sh-based payments	(0.2)	(0.2)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(1.0)
Forex	1.2	(0.4)	0.2	0.6	0.7	0.0	0.0	0.0
EBIT (rptd.)	(1.2)	5.5	1.2	3.5	4.3	4.3	5.3	5.3
EBIT (adj.)	(2.0)	5.8	2.4	4.6	3.7	4.6	5.6	6.3
<i>Margin</i>	<i>N.M.</i>	<i>10.0%</i>	<i>6.0%</i>	<i>5.1%</i>	<i>4.7%</i>	<i>5.4%</i>	<i>6.2%</i>	<i>6.7%</i>
Amortisation	(0.6)	(0.6)	(0.6)	(1.2)	(1.2)	(1.4)	(1.6)	(1.5)
Amortisation RoU	(0.3)	(0.4)	(0.3)	(0.7)	(0.7)	(0.7)	(0.7)	(0.6)
Depreciation	(0.5)	(0.5)	(0.5)	(1.0)	(1.0)	(1.1)	(1.2)	(1.0)
EBITDA (rptd.)	1.3	6.5	2.7	6.9	7.9	7.6	8.8	8.4
EBITDA (adj.)	0.4	6.9	3.1	8.0	7.3	8.2	9.1	9.4
<i>Margin</i>	<i>1.3%</i>	<i>11.8%</i>	<i>7.8%</i>	<i>9.0%</i>	<i>9.2%</i>	<i>9.5%</i>	<i>10.1%</i>	<i>10.0%</i>
Financial income	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1
Financial expense	(0.3)	(0.1)	(0.2)	(0.8)	(0.5)	(0.8)	(0.8)	(0.6)
Associate	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
PBT (rptd.)	(1.4)	5.4	1.1	3.0	4.0	3.6	4.6	4.9
PBT (adj.)	(2.3)	5.7	2.3	4.0	3.5	4.0	5.0	5.9
Tax	(0.3)	(1.0)	(0.3)	(1.0)	(1.4)	(1.0)	(1.2)	(1.4)
PAT (rptd.)	(1.8)	4.4	0.7	2.0	2.6	2.6	3.4	3.5
PAT (adj.)	(2.6)	4.7	1.9	3.1	2.1	3.0	3.7	4.5
Basic wtd. Av. shares (m)				67.7	67.6	67.6	67.6	67.6
Diluted wtd. av. shares (m)				69.1	69.4	69.4	69.4	69.4
EPS rptd. basic (p)				1.55	2.49	2.18	3.21	3.73
EPS rptd. dil. (p)				1.52	2.43	2.13	3.13	3.63
EPS adj. basic (p)				2.37	1.97	2.47	3.54	4.79
EPS adj. dil. (p)				2.32	1.92	2.41	3.45	4.66

Source: Company data. Equity Development estimates.

Cashflow

Year to 31 March (£m)	H1 25A	H2 25A	H1 26A	FY24A	FY25A	FY26E	FY27E	FY28E
PBT (rptd.)	(1.4)	5.4	1.1	3.0	4.0	3.6	4.6	4.9
Finance (net)	0.3	0.1	0.1	0.6	0.3	0.7	0.7	0.5
Forex	1.2	(0.4)	0.2	0.6	0.7	0.0	0.0	0.0
Amortisation	0.6	0.6	0.6	1.2	1.2	1.4	1.6	1.5
Amortisation RoU	0.3	0.4	0.3	0.7	0.7	0.7	0.7	0.6
Depreciation	0.5	0.5	0.5	1.0	1.0	1.1	1.2	1.0
Impairment/Other	0.0	(1.0)	0.0	0.1	(1.0)	0.0	0.0	0.0
Associate	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Sh-based payments	0.2	0.2	0.3	0.4	0.4	0.4	0.4	1.0
Other	(0.7)	0.7	0.0	0.3	0.0	0.0	0.0	0.0
Operating Cash Flow	0.8	6.5	3.0	7.7	7.3	7.8	9.1	9.4
(Inc)/Dec inventories	(0.2)	2.2	(1.4)	4.7	2.1	(1.5)	(0.1)	0.0
(Inc)/Dec receivables	5.3	(1.1)	5.1	(5.0)	4.2	2.4	0.1	(0.7)
Inc/(Dec) payables	(5.6)	4.2	(6.7)	2.5	(1.3)	0.2	0.8	1.5
Provisions	(0.3)	0.2	0.3	0.6	(0.1)	(0.1)	(0.1)	(0.1)
Ch working capital	(0.8)	5.6	(2.8)	2.8	4.9	1.0	0.8	0.8
Cash from operations	(0.0)	12.2	0.2	10.5	12.2	8.8	9.9	10.2
Interest paid	(0.1)	(0.1)	(0.1)	(0.5)	(0.2)	0.0	0.0	0.0
Tax (paid)/received	0.6	(2.1)	(1.1)	(0.6)	(1.5)	(1.4)	(1.2)	(1.2)
Net from operations	0.5	10.0	(1.1)	9.4	10.5	7.5	8.7	8.9
PPE	(0.1)	(0.3)	(0.1)	(0.5)	(0.4)	(0.4)	(0.5)	(0.6)
Sale of PPE/operations	0.4	(0.1)	0.0	1.1	0.3	0.0	0.0	0.0
Capitalised R&D	(1.8)	(2.9)	(1.9)	(4.1)	(4.6)	(3.5)	(4.0)	(4.4)
Finance	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1
Net used in investing	(1.4)	(3.2)	(1.9)	(3.4)	(4.6)	(3.8)	(4.4)	(4.8)
Net OpFCF	(0.9)	6.8	(3.0)	6.0	5.9	3.7	4.3	4.1
Shares issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on leases	(0.2)	(0.0)	(0.1)	(0.3)	(0.3)	(0.4)	(0.5)	(0.1)
Leases	(0.3)	(0.4)	(0.4)	(0.6)	(0.6)	(0.8)	(0.8)	(0.4)
Dividends	(1.1)	0.0	(2.5)	(2.8)	(1.1)	(2.8)	(3.0)	(3.2)
Net cash from financing	(1.6)	(0.4)	(2.9)	(3.7)	(2.0)	(4.0)	(4.3)	(3.7)
Net increase in cash	(2.5)	6.4	(5.9)	2.3	3.9	(0.3)	(0.0)	0.5
Cash start	22.4	18.3	25.0	21.7	22.4	25.0	24.7	24.7
Forex	(1.6)	0.3	(0.4)	(1.6)	(1.3)	0.0	0.0	0.0
Cash end	18.3	25.1	18.6	22.4	25.0	24.7	24.7	25.1

Source: Company data. Equity Development estimates.

Balance Sheet

Year to 31 March (£m)	H1 25A	H2 25A	H1 26A	FY24A	FY25A	FY26E	FY27E	FY28E
Intangibles Net	39.6	41.8	43.2	38.4	41.8	43.9	46.3	49.2
PPE net	4.3	4.0	3.6	4.8	4.0	3.3	2.6	2.2
RoU Assets Net	3.3	3.4	4.7	3.7	3.4	6.7	10.3	13.4
Property Investments	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
Deferred Tax	1.3	1.1	1.1	1.4	1.1	1.1	1.1	1.0
Sum Fixed Assets	48.8	50.7	52.9	48.5	50.7	55.4	60.7	66.2
Inventories	16.7	14.6	16.0	17.0	14.6	16.0	16.1	16.1
Trade receivables	26.8	28.5	24.0	32.2	28.5	26.2	26.0	26.7
Tax assets, other	1.2	1.9	2.5	3.2	1.9	0.0	0.0	0.0
Cash, Equivalents	18.3	25.0	18.6	22.4	25.0	24.7	24.7	25.1
Sum Current Assets	63.0	69.9	61.1	74.7	69.9	66.9	66.8	67.9
Total Assets	111.7	120.6	114.0	123.3	120.6	122.2	127.5	134.0
Trade payables	(10.8)	(15.1)	(9.8)	(17.4)	(15.1)	(15.3)	(16.1)	(17.6)
Provisions	(5.1)	(5.0)	(5.5)	(5.9)	(5.0)	(5.0)	(5.0)	(5.0)
Tax, Other	(0.9)	(1.7)	(1.1)	(2.0)	(1.7)	(1.7)	(1.7)	(1.7)
Dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)	(0.5)
Sum Current Liabilities	(16.9)	(21.8)	(16.4)	(25.2)	(21.8)	(22.5)	(23.3)	(24.8)
Total Assets less CL	94.9	98.8	97.6	98.0	98.8	99.7	104.2	109.2
Deferred tax	(1.3)	(0.9)	(0.9)	(1.3)	(0.9)	(0.9)	(0.9)	(0.9)
Leases	(3.1)	(3.2)	(4.3)	(3.4)	(3.2)	(3.4)	(3.4)	(3.4)
Sum Long-term liabilities	(4.4)	(4.0)	(5.2)	(4.7)	(4.0)	(4.3)	(4.3)	(4.3)
Total liabilities	(21.2)	(25.8)	(21.6)	(29.9)	(25.8)	(26.8)	(27.6)	(29.1)
Net Assets	90.5	94.8	92.4	93.4	94.8	95.5	99.9	105.0
Share Capital	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	61.4	62.4	64.0
Reserves	1.2	0.9	0.5	1.6	0.9	0.9	0.9	0.9
Retained earnings	14.3	17.9	17.8	15.8	17.9	20.5	23.9	27.4
Non-controlling interests	8.3	9.3	7.6	9.7	9.3	9.3	9.3	9.3
Equity	90.5	94.8	92.4	93.4	94.8	95.5	99.9	105.0
Net cash / (debt) pre IFRS16	18.3	25.0	18.6	22.4	25.0	24.7	24.7	25.1
Net cash / (debt) IFRS16	15.2	21.8	14.3	19.0	21.8	21.3	21.3	21.7

Source: Company data. Equity Development estimates.

Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

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Contact: info@equitydevelopment.co.uk | 020 7065 2690