

Strong second half boosts FY25

22 July 2025

For the year to 31 March 2025 Eco Animal Health reported results in line with the outlook of the April Trading Update: revenue of £79.6m (FY24: £89.4m) and (adj.) EBITDA of £7.3m (FY24: £8.0m). The Group benefitted from a strong second half which was underpinned by sound cost control and pricing discipline. Gross profitability was 45.1% (FY24: 42.1%) with H2 at 48.6% compared to 43.1% a year earlier. The year-end cash position was, as expected, £25.0m. We have reviewed our Fair Value, which now indicates 136p/share.

- Constant currency basis revenue was £81.6m, with headwinds in the Far East and N. America.
- Revenue in China & Japan (c.30% of total) fell 7%YoY (China -8%YoY but Japan +19%YoY) and N. America (27% of total) rebounded +16%YoY, with H2 at +25%YoY versus 5%YoY growth in H1. SE Asia (15% of total) remained weak, -32%YoY, throughout, whilst LatAm (21% of total) slipped in H2 from +8%YoY to -35%YoY (-18%YoY for the year) because of weakness in Mexico and changes in distribution arrangements in Columbia (the latter now resolved). Overall, H2 performance was in accord with seasonal porcine disease in the northern hemisphere winter.
- The impact on trade of “the evolving geopolitical and tariff landscape” had “**no material impact**” on results as veterinary pharmaceuticals were less affected than other sectors, whilst pricing adjustments are expected to “**mitigate the current tariff impacts in North America**”.

Positive start to FY26 and product pipeline

Post year-end, revenue in the US and China is out-performing budget, gross margin remains strong, and the SE Asia market has recovered. Overall, demand for its mainstay Aivlosin® product is robust in key markets, notably N. America. Following regulatory filings in Europe for the first next-generation product, mycoplasma poultry vaccine ECOVAXXIN® MS, further submissions are expected in the coming 12 months, with up to 9 products expected to receive US and EU approval in the next 5-6 years

On 3.7x FY26E EV/(adj.) EBITDA, Eco Animal Health’s valuation is, in our opinion, not crediting the well-funded investment in new products and their future value; *also backed by the evident cost control and fiscal prudence of FY25 results*. We have reviewed our Fair Value calculation based on the analysis provided by EAH – disaggregating core operations from those in China and the investment in new products - and applying peer group multiples (EV/Revenue, EV/EBITDA) from companies engaged in a similar process of funded development.

The resulting Fair Value indicated is 136p/share.

Company data

EPIC	EAH.L
Price (last close)	77p
52 weeks Hi/Lo	122p/50p
Market cap	£52m
ED Fair Value / share	136p
Net cash / (debt) 2025A	£25.0m
Avg. daily volume (3m)	17,440

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 diseases in pigs and poultry.

Next event

AGM, 21 August 2025

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Key financials and valuation metrics

Yr to 31 March (£m)	2023	2024	2025A	2026E	2027E
Revenue	85.3	89.4	79.6	83.5	87.8
EBITDA (adj.)	7.2	8.0	7.3	8.0	8.6
Pre-Tax Profit (adj.)	4.8	4.0	3.5	4.2	4.7
EPS (rptd. basic)	1.5	1.5	2.5	2.7	3.2
EPS (adj. dil. p)	1.7	2.3	1.9	2.9	3.5
Net cash / (debt)	21.7	22.4	25.0	24.3	21.5
EV/EBITDA	3.8x	3.4x	3.7x	3.4x	3.1x
EV/Rev	0.3x	0.3x	0.3x	0.3x	0.3x
P/E	46.3x	33.2x	40.1x	26.1x	22.2x

Source: Company data, Equity Development estimates.

FY25 results summary

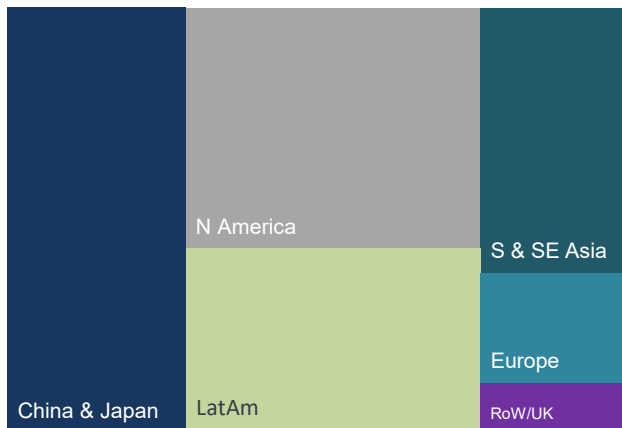
As illustrated, FY25 revenue and (adj.) EBITDA matched revised expectations supported by a strong second half performance.

- Overall, revenue declined 11%YoY (-9% on a constant currency basis) with growth only in N. America (27% of total).
- (Gross profitability at 45.1% matched our outlook, as did (adj.) EBITDA at £7.3m vs £7.2m E.
- The Group retained a strong H2 bias, evident in the H2 gross margin at 48.6% vs 40.3% in H1.
- Costs remained well-controlled. FY25 Admin costs (£28.7m) were reduced by 2.3%YoY, with a 10% reduction reported in personnel costs. P&L R&D was held at £4.0m (FY24: £4.1m), inclusive of capitalised R&D at £8.6m vs £8.3m a year earlier, with spending (capitalised) on late-stage projects at 53% of total (FY24: 49%); expenditure is cashflow-funded. We note the milestone regulatory filing for ECOvaxxin@MS ([Equity Development report 3 March 2025 'Milestone poultry vaccine submission'](#)); as reported at the 13 March R&D Day, the Group expects further submissions in coming years.

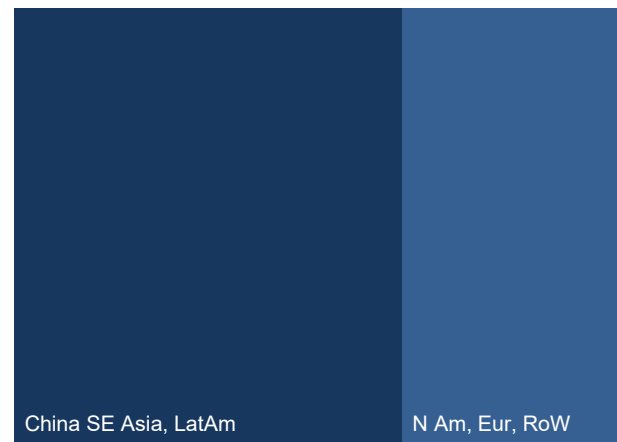
FY25 results vs Equity Development estimates, H1/H2 performance

Yr to 31 March (£m)	FY25E	FY25A	Diff	YoY	H1 25A	H2 25A	H1 YoY	H2 YoY
	Est	Result		Result				
China & Japan	19.7	22.9	16%	-7%	8.2	14.7	-16%	-1%
N America	16.6	21.4	29%	16%	8.6	12.8	5%	25%
S & SE Asia	15.2	11.9	-22%	-32%	5.1	6.8	-34%	-30%
LatAm	18.9	16.3	-14%	-18%	8.3	8.0	8%	-34%
Europe	6.5	4.9	-25%	-24%	2.1	2.8	-38%	-7%
RoW/UK	2.4	2.2	-8%	-12%	0.9	1.3	-25%	0%
Revenue	79.3	79.6	0%	-11%	33.2	46.4	-13%	-10%
Gross	35.7	35.9	1%	-5%	13.4	22.6	-14%	2%
<i>Margin</i>	45.0%	45.1%		3%	40.3%	48.6%		
EBIT (rptd.)	5.3	4.3	-19%	22%	(1.2)	5.5	N.M.	33%
EBIT (adj.)	4.7	3.7	-20%	-19%	(2.0)	5.8	N.M.	19%
<i>Margin</i>	5.9%	4.7%	-20%		N.M.	12.5%		
EBITDA (rptd.)	7.8	7.9	0%	14%	1.3	6.5	N.M.	0%
EBITDA (adj.)	7.2	7.3	1%	-9%	0.4	6.9	N.M.	-6%
<i>Margin</i>	9.1%	9.2%		0%	1.3%	14.8%		
PBT (rptd.)	4.7	4.0	-14%	35%	(1.4)	5.4	N.M.	51%
PBT (adj.)	4.0	3.5	-14%	-14%	(2.3)	5.7	N.M.	32%

Source: Company data, Equity Development estimates.

FY25 regional revenue


Source: Company data.

FY25 revenue, broad regional split


Source: Company data.

Impact of currency movement

As illustrated, currency fluctuations accounted for £2.0m of revenue opportunity (2.5% of FY25 A), concentrated in translation from the Far East (35% of impact) and N. America (24%).

Currency-adjusted FY25A revenue indicated is £81.6m, with actual reported 2% lower at £79.6m.

FY25 regional revenue, currency impact

£m	Reported			Constant currency				
	FY24A	FY25A	YoY	FY24A	FY25A	YoY	Pct of ccy	Rptd vs CCY
China & Japan	24.7	22.9	-7.1%	26.4	23.6	-10.6%	35%	-3%
N America	18.5	21.4	15.9%	15.2	21.9	44.1%	24%	-2%
S & SE Asia	17.4	11.9	-32.0%	16.8	12.1	-28.0%	12%	-2%
LatAm	19.9	16.3	-18.0%	18.1	16.6	-8.3%	15%	-2%
Europe	6.5	4.9	-23.9%	6.1	5.1	-16.4%	9%	-4%
RoW/UK	2.5	2.2	-11.7%	2.7	2.3	-14.8%	4%	-4%
Revenue	89.4	79.6	-11.0%	85.3	81.6	-4.3%		-2%

Source: Source: Company data, Equity Development analysis.

Outlook to FY27

We add forecasts to FY27 and as shown below now expect:

- Modest growth in China & Japan and N. America in FY26, resulting in overall 5%YoY growth estimated for the Group as a whole.
- In line with the improvements seen in H2 25 and a positive trend reported into FY26, we expect gross margins to remain firm at c.45%.
- Group cost control has been effective in FY25: in FY26 we expect similar discipline (estimated admin. costs at £28.0m) based on this track record.

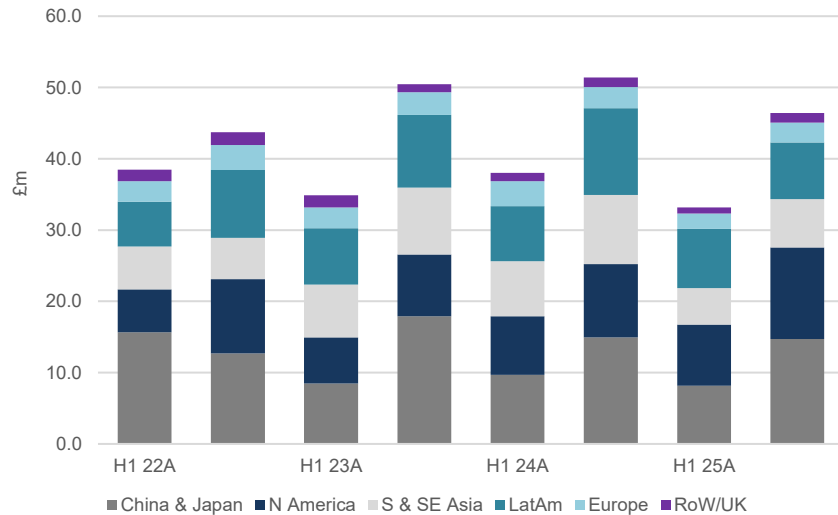
Outlook to FY27								
Year to 31 March (£m)	FY24A	FY25A	FY26E	FY26E		YoY	FY27E	YoY
			Prior E		Diff			
China & Japan	24.7	22.9	21.6	23.2	7%	1%	24.4	5%
N America	18.5	21.4	18.2	22.3	22%	4%	23.2	4%
S & SE Asia	17.4	11.9	16.6	12.6	-24%	6%	13.2	5%
LatAm	19.9	16.3	20.7	17.9	-13%	10%	19.2	7%
Europe	6.5	4.9	7.1	5.2	-28%	5%	5.4	5%
RoW/UK	2.5	2.2	2.6	2.3	-12%	5%	2.4	5%
Revenue	89.4	79.6	87.0	83.5	-4%	5%	87.8	5%
Gross	37.7	35.9	38.7	37.8	-2%	5%	40.0	6%
<i>Margin</i>	<i>42.1%</i>	<i>45.1%</i>	<i>44.5%</i>	<i>45.3%</i>	<i>2%</i>		<i>45.5%</i>	
EBIT (rptd.)	3.5	4.3	5.4	4.5	-17%	4%	4.8	7%
EBIT (adj.)	4.6	3.7	5.7	4.8	-16%	29%	5.2	7%
<i>Margin</i>	<i>5.1%</i>	<i>4.7%</i>	<i>6.6%</i>	<i>5.8%</i>			<i>5.9%</i>	
EBITDA (rptd.)	6.9	7.9	7.9	7.6	-4%	-3%	8.3	8%
EBITDA (adj)	8.0	7.3	8.3	8.0	-4%	9%	8.6	8%
<i>Margin</i>	<i>9.0%</i>	<i>9.2%</i>	<i>9.5%</i>	<i>9.6%</i>			<i>9.8%</i>	
PBT (rptd.)	3.0	4.0	4.7	3.8	-19%	-5%	4.4	14%
PBT (adj.)	4.0	3.5	5.1	4.2	-18%	21%	4.7	13%
PAT (rptd.)	2.0	2.6	3.4	2.8	-19%	6%	3.2	14%
PAT (adj.)	3.1	2.1	3.8	3.1	-18%	50%	3.5	13%

Source: Company data, Equity Development estimates.

Outlook to FY27

Below we summarise the regional mix of semi-annual revenue performance to H2 25A.

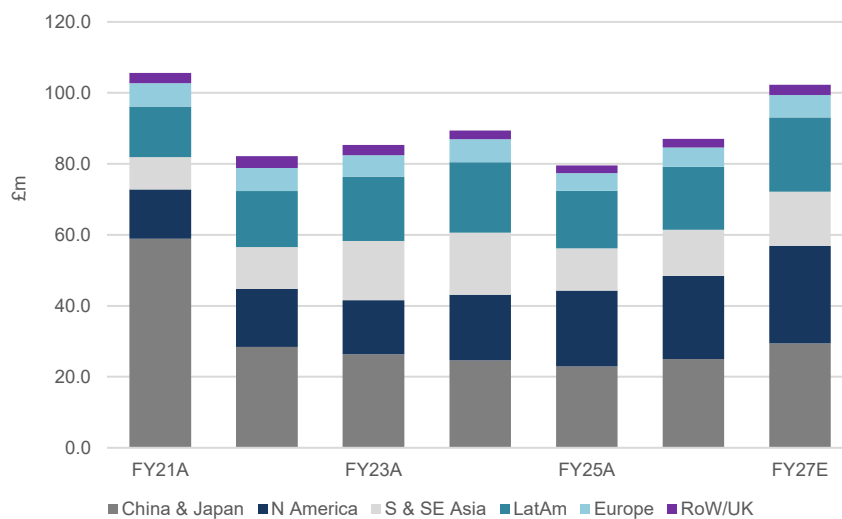
Regional revenue to H2 25A



Source: Company data.

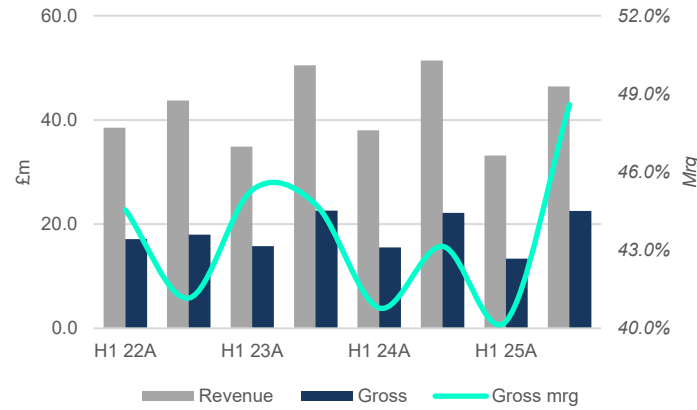
As shown, we expect a cumulative improvement in regional revenue towards FY27E in line with recovery from the combination of factors outlined in FY25 and notably the H2'25 recovery.

Regional revenue to FY27E



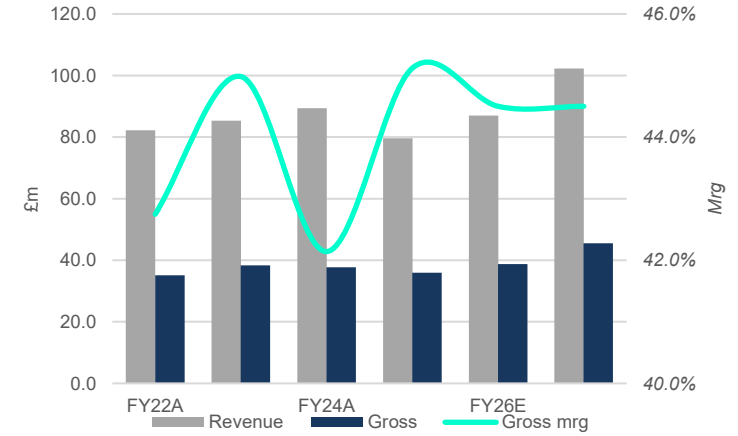
Source: Company data, Equity Development estimates.

Gross profitability H1 22A to H2 25A



Source: Company data.

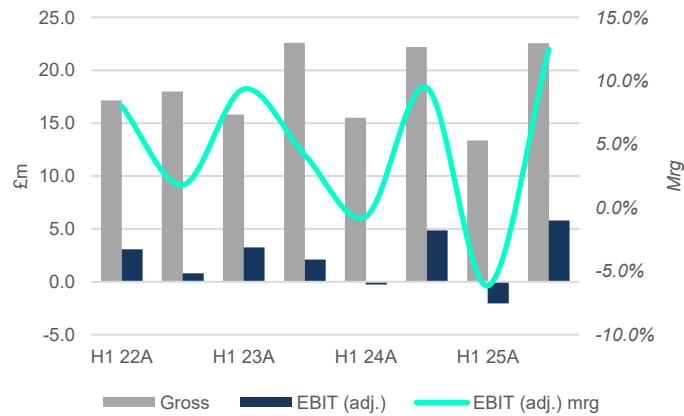
Gross profitability outlook to FY27E



Source: Company data, Equity Development estimates.

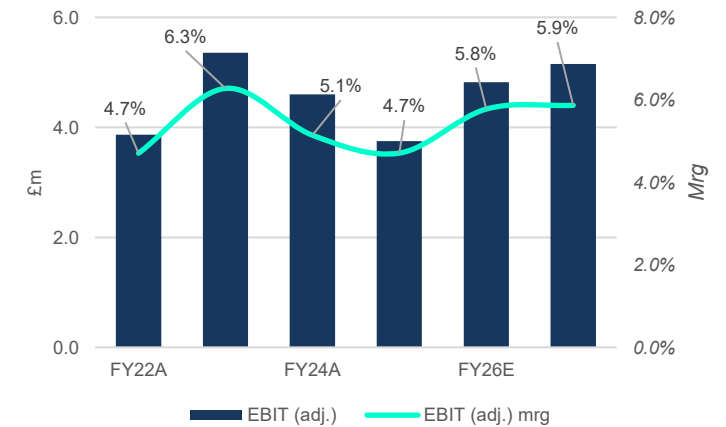
Recovery in markets combined with cost control leads us to expect improved profitability towards FY27.

(adj.) EBIT profitability H1 22A to H2 25A



Source: Company data.

(adj.) EBIT profitability outlook to FY27E



Source: Company data, Equity Development estimates.

China & Japan: 29% of revenue

China & Japan registered:

- Revenue of £22.9m, -7%YoY, on a constant currency basis, £23.6m, -4%YoY. H2 revenue followed the customary seasonal pattern, at c.2x H1.
- (adj.) EBITDA margin improved from 28.4% to 32.1%, boosted by H2 (64% of full year), reflecting the northern hemisphere seasonal prevalence of swine disease.

Revenue in China declined 8%YoY (constant currency) with the loss of £1m of revenue compensated in part by Japan +19%YoY (+£0.5m). China recovered 3%YoY in H2, due to demand for Aivlosin® to treat porcine reproductive and respiratory disease syndrome virus (PRRSv); the Group reports ongoing demand.

Revenue, (adj.) EBITDA outlook to FY27E

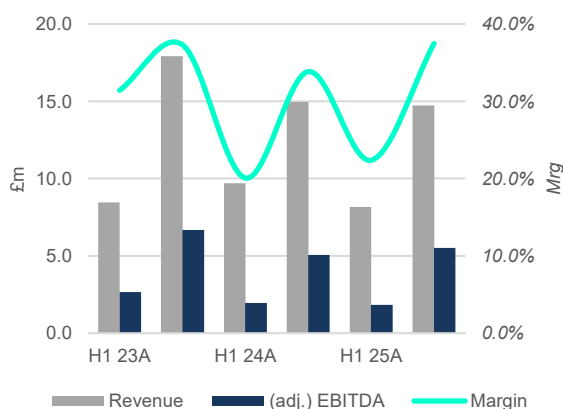
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	28.4	26.4	24.7	22.9	23.2	24.4
(adj.) EBITDA	10.3	9.3	7.0	7.3	7.0	7.6
Margin	36.1%	35.4%	28.4%	32.1%	30.0%	31.0%
Revenue YoY		-7.1%	-6.5%	-7.1%	1.5%	5.0%
(adj.) EBITDA YoY		-9.0%	-25.0%	4.9%	-5.1%	8.5%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	8.5	17.9	9.7	15.0	8.2	14.7
(adj.) EBITDA	2.7	6.7	1.9	5.1	1.8	5.5
Margin	31.4%	37.3%	20.1%	33.8%	22.4%	37.5%
Revenue H2/H1		2.1x		1.5x		1.8x

Source: Company data, Equity Development estimates.

Outlook

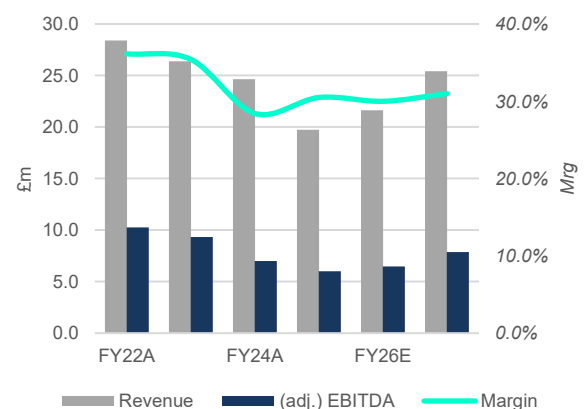
- For FY26 we project revenue growth of 1.5%YoY, and (adj.) EBITDA -5%YoY.
- For FY27 we project revenue growth of 5%YoY, and (adj.) EBITDA +9%YoY.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



Source: Company data, Equity Development estimates.

North America: 27% of revenue

The North America region recorded a strong performance for the year, a record high surpassing FY24:

- The region recorded revenue of £21.4, +16%YoY, on a constant currency basis, £21.9m, +18%YoY. H2 revenue followed the customary seasonal pattern, at 1.5x H1, 60% of the full year total, again reflecting the seasonal prevalence of demand for Aivlosin ® to treat PRRSv and enteric disease.
- (adj.) EBITDA margin was 35.2% compared to 39.1%, with a H2 recovery following a weak H1.

Revenue, (adj.) EBITDA outlook to FY27E

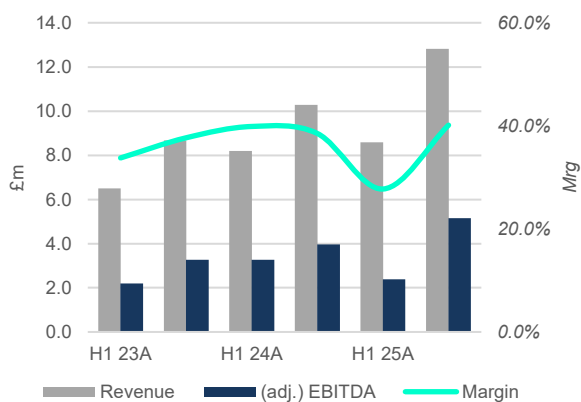
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	16.4	15.2	18.5	21.4	22.3	23.2
(adj.) EBITDA	5.5	5.5	7.2	7.5	7.1	7.4
Margin	33.8%	36.0%	39.1%	35.2%	32.0%	32.0%
Revenue YoY		-7.5%	21.8%	15.9%	4.0%	4.0%
(adj.) EBITDA YoY		-1.5%	32.3%	4.1%	-5.3%	4.0%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	6.5	8.7	8.2	10.3	8.6	12.8
(adj.) EBITDA	2.2	3.3	3.3	4.0	2.4	5.1
Margin	33.8%	37.7%	39.9%	38.5%	27.7%	40.1%
Revenue H2/H1		1.3x		1.3x		1.5x

Source: Company data, Equity Development estimates.

Outlook

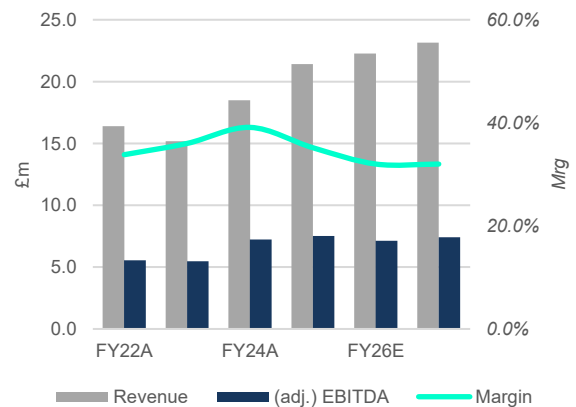
- For FY26 we project revenue growth of 4%YoY, and (adj.) EBITDA -5%YoY.
- For FY27 we project revenue growth of 4%YoY, and (adj.) EBITDA +4%YoY.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



Source: Company data, Equity Development estimates.

South and SE Asia: 15% of revenue

South and South East Asia registered a 32% decline in revenue:

- The region recorded revenue of £11.9m, on a constant currency basis, £12.1m, -30%YoY; H2 revenue was at 1.3x H1, 57% of full year total.
- This resulted from the loss of a major customer in Thailand, compounded by slower demand in India and Vietnam. There was “good growth” in Bangladesh, Indonesia, Malaysia and Pakistan following the re-issue of expired regulatory permits.
- (adj.) EBITDA margin improved from 32.2% to 42.0%, with a strong H2 bias (48.0% vs 33.9% in H1).

Revenue, (adj.) EBITDA outlook to FY27E

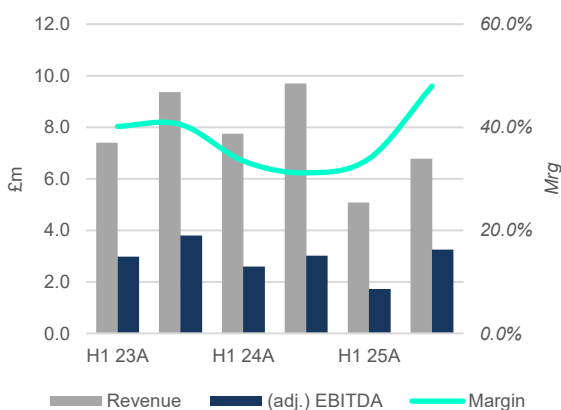
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	11.8	16.8	17.4	11.9	12.6	13.2
(adj.) EBITDA	4.6	6.8	5.6	5.0	4.4	4.6
Margin	39.2%	40.4%	32.2%	42.0%	35.0%	35.0%
Revenue YoY		41.8%	4.1%	-32.0%	6.0%	5.0%
(adj.) EBITDA YoY		46.1%	-17.1%	-11.3%	-11.6%	5.0%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	7.4	9.4	7.7	9.7	5.1	6.8
(adj.) EBITDA	3.0	3.8	2.6	3.0	1.7	3.3
Margin	40.2%	40.5%	33.4%	31.1%	33.9%	48.0%
Revenue H2/H1		1.3x		1.3x		1.3x

Source: Company data, Equity Development estimates.

Outlook

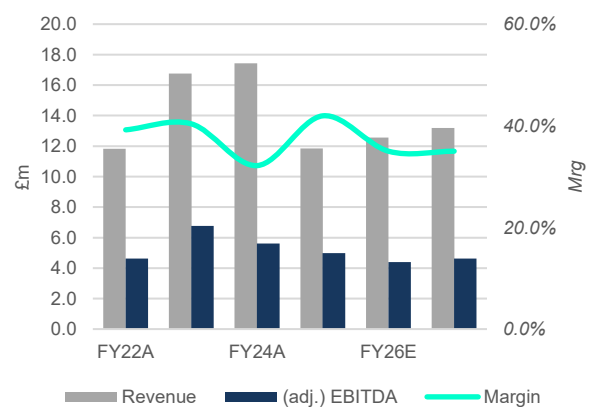
- For FY26 we project revenue growth of 6%YoY, and (adj.) EBITDA -12%YoY.
- For FY27 we project revenue growth of 5%YoY, and (adj.) EBITDA +5%YoY.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



Source: Company data, Equity Development estimates.

Latin America: 20% of revenue

Comprising wholly owned subsidiaries in Brazil and Mexico, and exclusive trading relationships in other countries (Colombia, Argentina) the Latin America region registered a 32% decline in revenue:

- The region recorded revenue of £16.3m, -18%YoY (£16.6m, on a constant currency basis, -17%YoY) with H1 and H2 revenue divided equally.
- In contrast to flat performance in Brazil (constant currency basis), Mexico was disappointing due to excess stock in the supply chain and pricing pressure, whilst Colombia was adversely affected by rearranged distribution (now resolved). Argentina, by contrast, registered 39%YoY revenue growth to £2.0m.
- Dislocations combined to result in a 44%YoY decline in EBITDA, albeit on an improved H2 margin; 12.2% for the year compared to 18.0% in FY24.

Revenue, (adj.) EBITDA outlook to FY27E

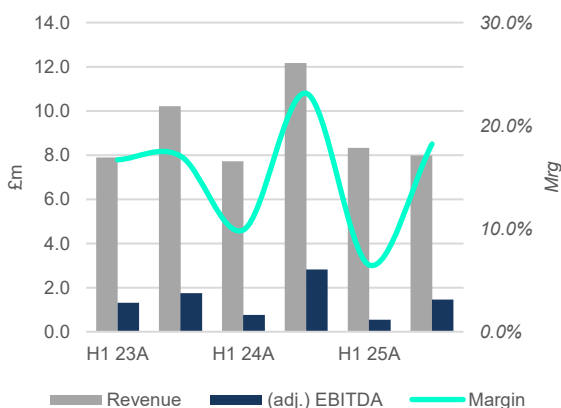
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	15.8	18.1	19.9	16.3	17.9	19.2
(adj.) EBITDA	3.0	3.1	3.6	2.0	3.2	3.5
Margin	19.2%	16.9%	18.0%	12.2%	18.0%	18.0%
Revenue YoY		14.8%	9.9%	-18.0%	10.0%	7.0%
(adj.) EBITDA YoY		0.8%	17.0%	-44.3%	62.0%	7.0%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	7.9	10.2	7.7	12.2	8.3	8.0
(adj.) EBITDA	1.3	1.7	0.8	2.8	0.5	1.5
Margin	16.7%	17.1%	9.9%	23.1%	6.5%	18.2%
Revenue H2/H1		1.3x		1.6x		1.0x

Source: Company data, Equity Development estimates.

Outlook

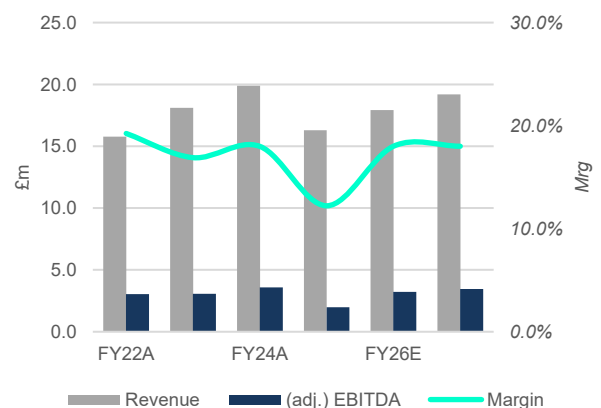
- For FY26 we project revenue growth of 10%YoY and (adj.) EBITDA recovering to c. FY24 levels.
- For FY27 we project revenue growth of 7%YoY and (adj.) EBITDA margin stability.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



Source: Company data, Equity Development estimates.

Europe: 6% of revenue

Regional revenue is dominated by Spain (31% of regional total) and Poland (26%).

- Revenue of £4.9m declined 24%YoY, with a 56% H2 bias, +25%YoY on a constant currency basis.
- Sales of Aivlosin ® (Pre-Mix formulation) resumed in Spain having ceased FY24.
- UK sales remained level at £1.1m.

Revenue, (adj.) EBITDA outlook to FY27E

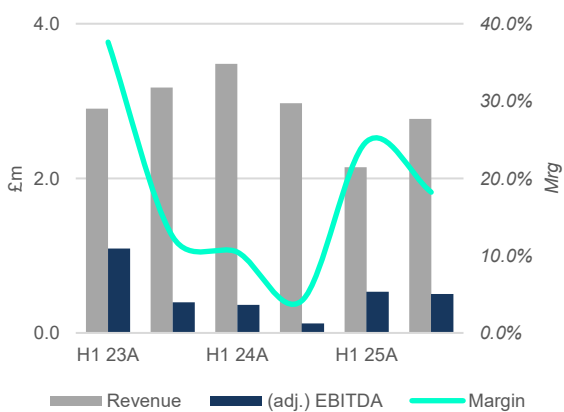
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	6.4	6.1	6.5	4.9	5.2	5.4
(adj.) EBITDA	0.8	1.5	0.5	1.0	0.7	0.7
Margin	13.1%	24.5%	7.6%	21.1%	13.0%	13.0%
Revenue YoY		-5.6%	6.2%	-23.9%	5.0%	5.0%
(adj.) EBITDA YoY		76.7%	-67.2%	112.1%	-35.2%	5.0%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	2.9	3.2	3.5	3.0	2.1	2.8
(adj.) EBITDA	1.1	0.4	0.4	0.1	0.5	0.5
Margin	37.6%	12.4%	10.5%	4.2%	24.8%	18.2%
Revenue H2/H1		1.1x		0.9x		1.3x

Source: Company data, Equity Development estimates.

Outlook

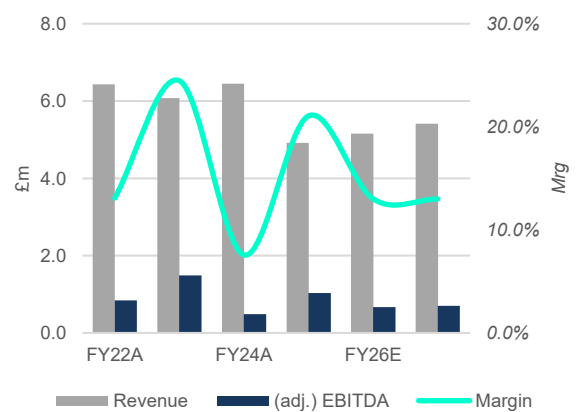
- For FY26 we project revenue growth of 5%YoY and an (adj.) EBITDA margin of 13.0%.
- For FY27 we project revenue growth of 5%YoY and stable (adj.) EBITDA margin.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



Source: Company data, Equity Development estimates.

UK, Row: 3% of revenue

UK sales remained level at £1.1m.

Revenue, (adj.) EBITDA outlook to FY27E

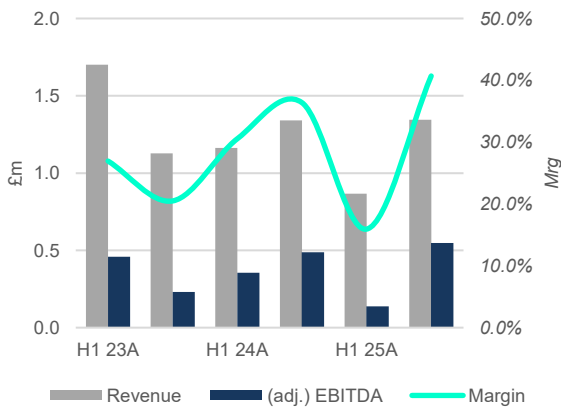
Yr to 31 March (£m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	3.4	2.8	2.5	2.2	2.3	2.4
(adj.) EBITDA	0.7	0.7	0.8	0.7	0.8	0.8
Margin	20.8%	24.4%	33.7%	31.0%	33.0%	33.0%
Revenue YoY		-16.5%	-11.5%	-11.7%	5.0%	5.0%
(adj.) EBITDA YoY		-2.1%	22.4%	-18.7%	11.8%	5.0%
	H1 23A	H2 23A	H1 24A	H2 24A	H1 25A	H2 25A
Revenue	1.7	1.1	1.2	1.3	0.9	1.3
(adj.) EBITDA	0.5	0.2	0.4	0.5	0.1	0.5
Margin	26.9%	20.5%	30.6%	36.4%	15.9%	40.7%
Revenue H2/H1		0.7x		1.2x		1.6x

Source: Company data, Equity Development estimates.

Outlook

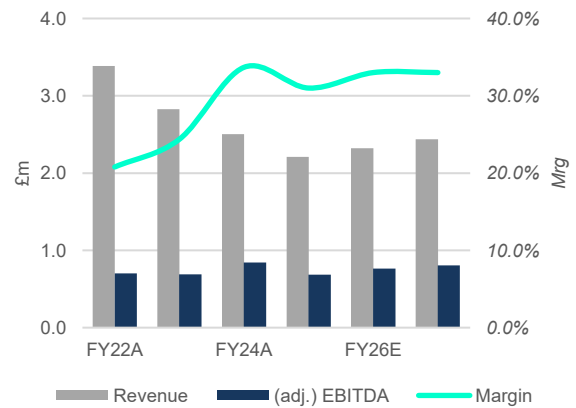
- For FY26 we project revenue growth of 5%YoY and an (adj.) EBITDA margin close to FY24 levels.
- For FY27 we project revenue growth of 5%YoY and (adj.) EBITDA margin stability.

Revenue, (adj.) EBITDA margin to H2 25A



Source: Company data.

Revenue, (adj.) EBITDA margin outlook to FY27E



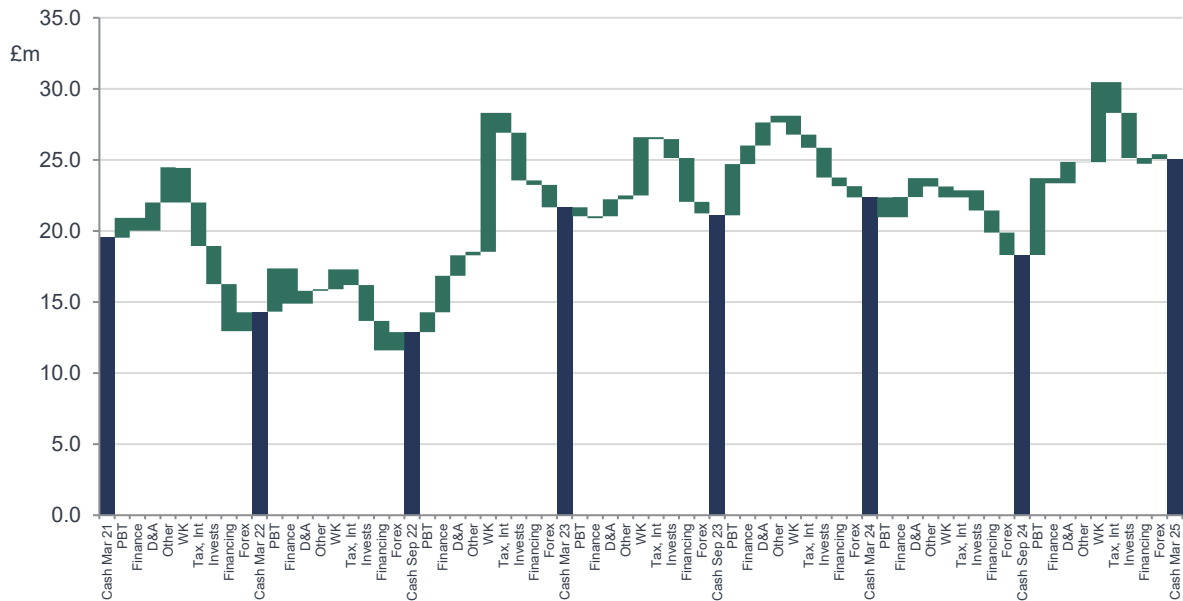
Source: Company data, Equity Development estimates.

Cashflow: cash preserved, R&D well-funded

As illustrated below, the Group has maintained a healthy cash balance whilst funding a >10% of revenue commitment to R&D for next-generation products. FY25 operating cashflow of £7.3m (including reported basis PBT of £4.0m) was augmented by £4.9m of working capital resulting in net cash from operations of £10.5m (FY24: £9.4m). Capex was minimal (£0.4m) with a capitalised portion of R&D (£4.6m) resulting in Net OpFCF of £5.9m. Dividends comprised £1.1m with a resulting net change in cash (pre-forex) of £3.9m and year-end, debt-free, cash of £25.0m (FY24: £22.4m).

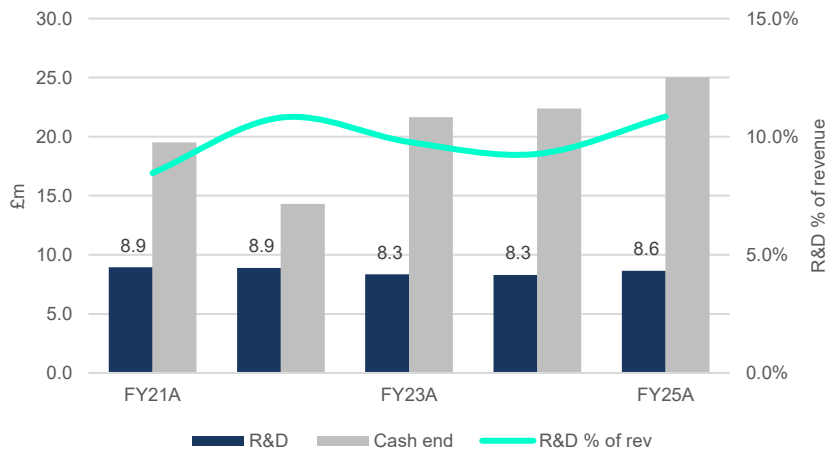
The Group clearly demonstrates controlled and prudent cash management with which to fund future growth.

Cashflow to H2 25A



Source: Company data.

R&D spend and cash levels FY21 – FY25A



Source: Company data.

Group disaggregated analysis

In response to interest in the structure of the Group, namely in three parts – ongoing operation, operations based in China (ECO Biok, a 51% subsidiary) and R&D operations – results are augmented with an analysis of the disaggregated structure. The exercise demonstrates that the Group excluding ECO Biok (China) can be shown to be a profitable, cash-generative business, whilst the contribution to the Group from ECO Biok (China) is via a dividend. Investment (R&D) in next generation products is amply funded by the combination of ECO ex Biok and the ECO Biok dividend.

Disaggregated structure: P&L, key assets

FY25 A, £m	ECO ex Biok	ECO Biok	R&D	Group
Revenue	60.1	19.5	0.0	79.6
Gross	28.7	7.2	0.0	35.9
<i>Mrg</i>	47.8%	36.9%	N.M.	45.1%
Operating costs	(22.3)	(4.5)	(1.9)	(28.7)
R&D expensed	0.0	0.0	(4.0)	(4.0)
Other income	0.0	0.1	0.0	0.1
Exceptional items	1.0	0.0	0.0	1.0
Operating profit	7.4	2.8	(5.9)	4.3
Finance (net)	(0.1)	(0.2)	0.0	(0.3)
PBT	7.3	2.6	(5.9)	4.0
Tax	(0.6)	(0.7)	0.0	(1.2)
Net	6.7	1.9	(5.9)	2.7
(adj.) EBITDA	9.5	3.7	(5.9)	7.3
<i>Mrg</i>	15.8%	19.0%	N.M.	9.2%
Dividend: China	1.1	(1.1)	0.0	0.0
Net assets	66.8	16.4	11.6	94.8
of which intangible fixed	30.6	0.0	11.6	42.2
of which cash	14.0	11.0	0.0	25.0

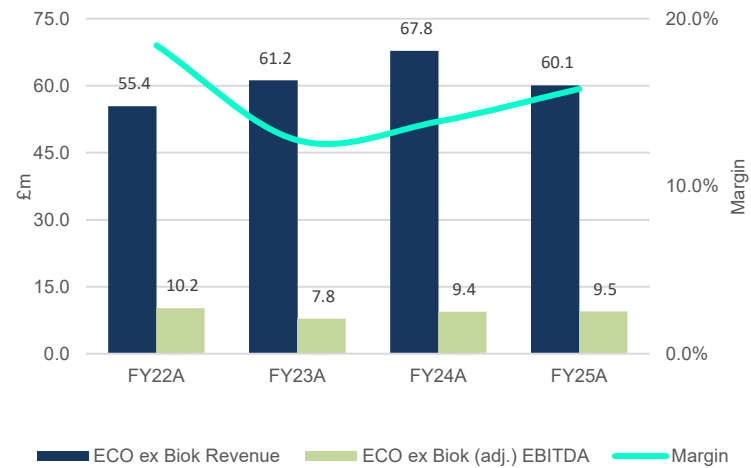
Source: Company data.

Comparison of ECO ex Biok and ECO Biok revenue, (adj.) EBITDA evolution

£m	FY22A	FY23A	FY24A	FY25A
ECO ex Biok Revenue	55.4	61.2	67.8	60.1
ECO ex Biok (adj.) EBITDA	10.2	7.8	9.4	9.5
<i>Margin</i>	18.4%	12.7%	13.9%	15.8%
Cash from operations	10.8	7.2	10.3	14.0
Cash YE	8.2	6.8	10.4	14.0
China jv div	2.3	1.9	2.9	1.1
£m	FY22A	FY23A	FY24A	FY25A
ECO Biok Revenue	26.8	24.1	21.6	19.5
ECO Biok (adj.) EBITDA	3.7	6.6	3.9	3.7
<i>Margin</i>	13.8%	27.4%	18.1%	19.0%
Cash YE	6.1	14.9	11.9	11.0
Ratio Biok/Ex Revenue	48.4%	39.4%	31.9%	32.4%
Ratio Biok/Ex (adj.) EBITDA	36.3%	84.6%	41.5%	38.9%

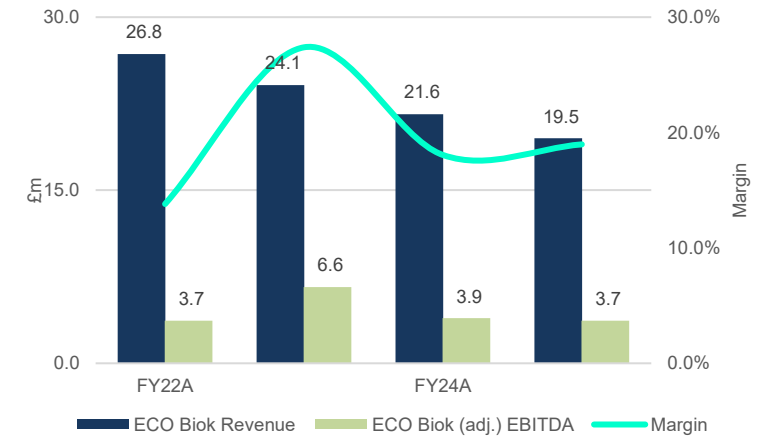
Source: Company data, Equity Development analysis.

ECO ex Biok revenue, (adj.) EBITDA



Source: Company data, Equity Development analysis.

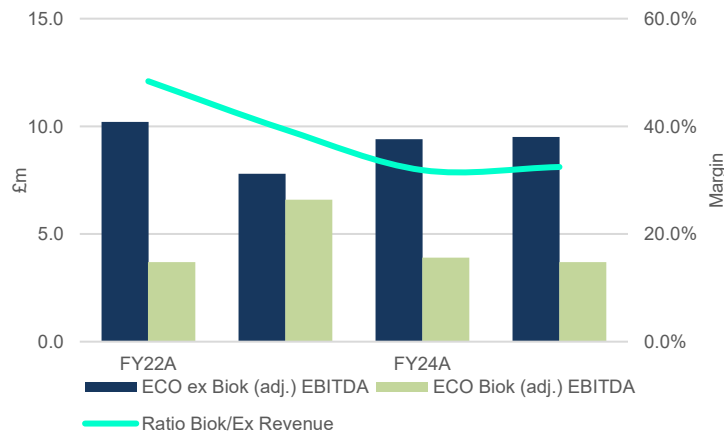
ECO Biok revenue, (adj.) EBITDA



Source: Company data, Equity Development analysis.

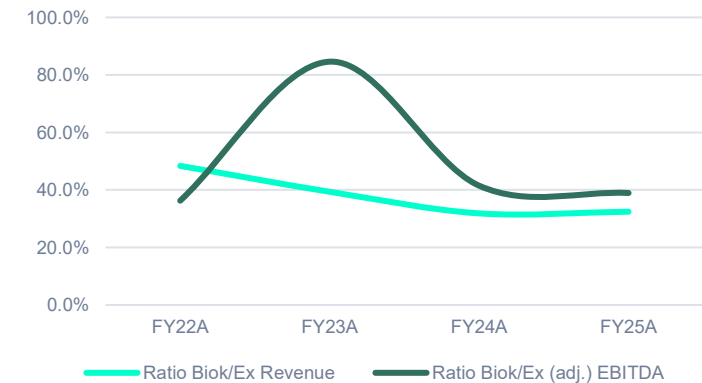
Illustration of the relative performance of ECO ex Biok and ECO Biok China

Comparison of ECO ex Biok and ECO Biok (adj.) EBITDA



Source: Company data, Equity Development analysis.

Ratio ECO Biok China to ECO 'core', revenue, (adj.) EBITDA



Source: Company data, Equity Development analysis.

Valuation considerations

As the Group has demonstrated it has an **established and well-funded model** - based on core operations backed by sales of Aivlosin® worldwide and the dividend from its Biok China JV – with which to develop the next generation of animal welfare vaccines and treatments. Our valuation approach therefore takes account of this development potential, based on cross-reference with peer group companies engaged in a similar process, as shown below.

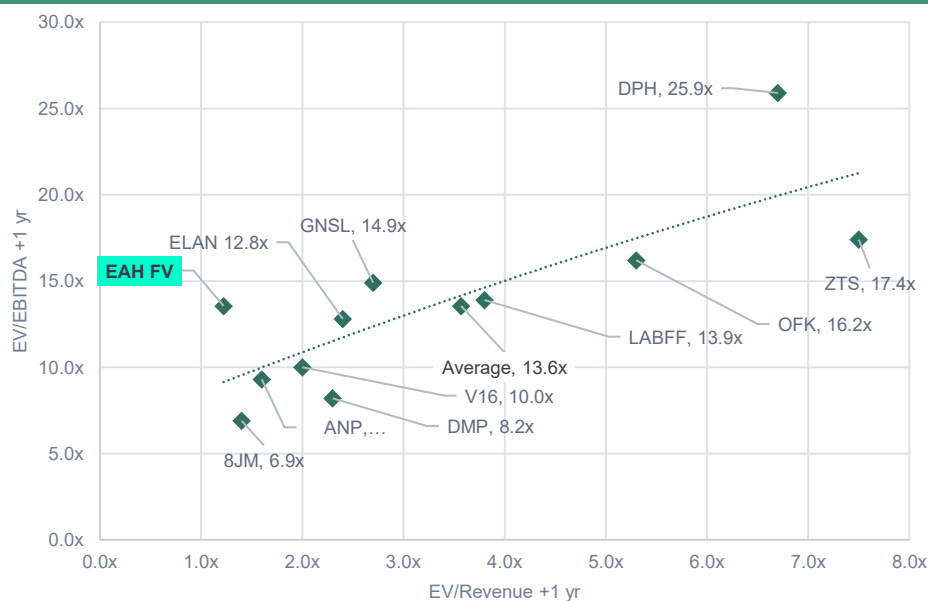
The exercise indicates a Fair Value per share of 136p, which, as illustrated, remains undemanding relative to the peer group, notably on a (adj.) EV/Revenue basis.

Eco Animal Health valuation exercise based on peer group

Code	Company	Mkt cap (£m)	EV/Rev	EV/EBITDA
OFK	Orion Oyj	8,079	5.3x	16.2x
GNSL	Genus plc	1,568	2.7x	14.9x
ELAN	Elanco Animal Health Incorporated	5,477	2.4x	12.8x
V16	Virbac SA	2,471	2.0x	10.0x
8JM	Vetoquinol SA	818	1.4x	6.9x
ANP	Anpario plc	81	1.6x	9.3x
ZTS	Zoetis Inc.	50,450	7.5x	17.4x
DMP	Dermapharm Holding SE	1,614	2.3x	8.2x
LABFF	Laboratorios Farmaceuticos Rovi S.A.	2,410	3.8x	13.9x
DPH	Dechra Pharma (acquired)		6.7x	25.9x
Average			3.6x	13.6x
EAH (£m)		2026E	2027E	Average
Revenue		83.5	87.8	85.6
(adj.) EBITDA		8.0	8.6	8.3
Margin		9.6%	9.8%	9.7%
EV		108.2	117.0	112.6
Net debt / (cash)		24.3	21.5	22.9
Equity per share (p)		124	141	136
EV/Rev				1.3x
EV/EBITDA				13.6x

Source: Koyfin. Company data. Equity Development analysis.

Eco Animal Health comparative valuation exercise



Source: Koyfin. Company data. Equity Development analysis.

P&L

Year to 31 March (£m)	H1 24A	H2 24A	H1 25A	H2 25A	FY24A	FY25A	FY26E	FY27E
Revenue	38.0	51.4	33.2	46.4	89.4	79.6	83.5	87.8
Gross	15.5	22.2	13.4	22.6	37.7	35.9	37.8	40.0
<i>Margin</i>	<i>40.8%</i>	<i>43.1%</i>	<i>40.3%</i>	<i>48.6%</i>	<i>42.1%</i>	<i>45.1%</i>	<i>45.3%</i>	<i>45.5%</i>
COGS	(22.5)	(29.2)	(19.8)	(23.9)	(51.7)	(43.7)	(45.7)	(47.9)
Other income	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0
R&D	(2.1)	(2.1)	(2.4)	(1.6)	(4.2)	(4.0)	(5.0)	(5.5)
Admin	(14.0)	(15.4)	(13.4)	(15.3)	(29.4)	(28.7)	(28.0)	(29.3)
Impairment/Other	0.0	(0.7)	1.0	(0.1)	(0.7)	1.0	0.0	0.0
Sum Op-ex	(16.1)	(18.1)	(14.5)	(17.1)	(34.1)	(31.6)	(33.4)	(35.2)
Sh-based payments	(0.3)	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)
Forex	(0.2)	0.8	1.2	(0.4)	0.6	0.7	0.0	0.0
EBIT (rptd.)	(0.6)	4.1	(1.2)	5.5	3.5	4.3	4.5	4.8
EBIT (adj.)	(0.3)	4.9	(2.0)	5.8	4.6	3.7	4.8	5.2
<i>Margin</i>	<i>N.M.</i>	<i>9.5%</i>	<i>N.M.</i>	<i>12.5%</i>	<i>5.1%</i>	<i>4.7%</i>	<i>5.8%</i>	<i>5.9%</i>
Amortisation	(0.5)	(0.6)	(0.6)	(0.6)	(1.2)	(1.2)	(1.4)	(1.6)
Amortisation RoU	(0.2)	(0.5)	(0.3)	(0.4)	(0.7)	(0.7)	(0.7)	(0.7)
Depreciation	(0.5)	(0.5)	(0.5)	(0.5)	(1.0)	(1.0)	(1.1)	(1.2)
EBITDA (rptd.)	0.4	6.5	1.3	6.5	6.9	7.9	7.6	8.3
EBITDA (adj)	0.7	7.3	0.4	6.9	8.0	7.3	8.0	8.6
<i>Margin</i>	<i>1.9%</i>	<i>14.1%</i>	<i>1.3%</i>	<i>14.8%</i>	<i>9.0%</i>	<i>9.2%</i>	<i>9.6%</i>	<i>9.8%</i>
Financial income	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Financial expense	(0.2)	(0.6)	(0.3)	(0.1)	(0.8)	(0.5)	(0.8)	(0.6)
Associate	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
PBT (rptd.)	(0.6)	3.6	(1.4)	5.4	3.0	4.0	3.8	4.4
PBT (adj.)	(0.3)	4.3	(2.3)	5.7	4.0	3.5	4.2	4.7
Tax	(0.6)	(0.4)	(0.3)	(1.0)	(1.0)	(1.4)	(1.0)	(1.2)
PAT (rptd.)	(1.2)	3.2	(1.8)	4.4	2.0	2.6	2.8	3.2
PAT (adj.)	(0.9)	4.0	(2.6)	4.7	3.1	2.1	3.1	3.5
Basic wtd. Av. shares (m)					67.7	67.6	67.6	67.6
Diluted wtd. av. shares (m)					69.1	69.4	69.4	69.4
EPS rptd. basic (p)					1.55	2.49	2.69	3.20
EPS rptd. dil. (p)					1.52	2.43	2.62	3.12
EPS adj. basic (p)					2.37	1.97	3.03	3.55
EPS adj. dil. (p)					2.32	1.92	2.95	3.46

Source: Company data, Equity Development estimates.

Cashflow

Year to 31 March (£m)	H1 24A	H2 24A	H1 25A	H2 25A	FY24A	FY25A	FY26E	FY27E
PBT (rptd.)	(0.6)	3.6	(1.4)	5.4	3.0	4.0	3.8	4.4
Finance (net)	0.1	0.5	0.3	0.1	0.6	0.3	0.7	0.5
Forex	(0.2)	0.8	1.2	(0.4)	0.6	0.7	0.0	0.0
Amortisation	0.5	0.6	0.6	0.6	1.2	1.2	1.4	1.6
Amortisation RoU	0.2	0.5	0.3	0.4	0.7	0.7	0.7	0.7
Depreciation	0.5	0.5	0.5	0.5	1.0	1.0	1.1	1.2
Impairment/Other	0.0	0.1	0.0	(1.0)	0.1	(1.0)	0.0	0.0
Associate	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Sh-based payments	0.3	0.1	0.2	0.2	0.4	0.4	0.4	0.4
Other	0.0	0.3	(0.7)	0.7	0.3	0.0	0.0	0.0
Operating Cash Flow	0.7	7.0	0.8	6.5	7.7	7.3	8.0	8.6
(Inc)/Dec inventories	2.5	2.2	(0.2)	2.2	4.7	2.1	(1.5)	(0.8)
(Inc)/Dec receivables	2.3	(7.3)	5.3	(1.1)	(5.0)	4.2	2.2	(1.4)
Inc/(Dec) payables	(0.8)	3.2	(5.6)	4.2	2.5	(1.3)	(0.2)	0.8
Provisions	0.0	0.5	(0.3)	0.2	0.6	(0.1)	(0.1)	(0.1)
Ch working capital	4.1	(1.3)	(0.8)	5.6	2.8	4.9	0.5	(1.5)
Cash from operations	4.8	5.7	(0.0)	12.2	10.5	12.2	8.4	7.1
Interest paid	(0.0)	(0.5)	(0.1)	(0.1)	(0.5)	(0.2)	0.0	0.0
Tax (paid)/received	(0.1)	(0.5)	0.6	(2.1)	(0.6)	(1.5)	(1.4)	(1.2)
Net from operations	4.7	4.7	0.5	10.0	9.4	10.5	7.1	5.9
PPE	(0.4)	(0.1)	(0.1)	(0.3)	(0.5)	(0.4)	(0.4)	(0.5)
Sale of PPE/operations	0.5	0.5	0.4	(0.1)	1.1	0.3	0.0	0.0
Capitalised R&D	(1.5)	(2.6)	(1.8)	(2.9)	(4.1)	(4.6)	(3.5)	(4.0)
Finance	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Net used in investing	(1.3)	(2.1)	(1.4)	(3.2)	(3.4)	(4.6)	(3.8)	(4.4)
Net OpFCF	3.4	2.6	(0.9)	6.8	6.0	5.9	3.3	1.5
Shares issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest on leases	(0.2)	(0.1)	(0.2)	(0.0)	(0.3)	(0.3)	(0.4)	(0.5)
Leases	(0.1)	(0.5)	(0.3)	(0.4)	(0.6)	(0.6)	(0.8)	(0.8)
Dividends	(2.8)	0.0	(1.1)	0.0	(2.8)	(1.1)	(2.8)	(3.0)
Net cash from financing	(3.1)	(0.6)	(1.6)	(0.4)	(3.7)	(2.0)	(4.0)	(4.3)
Net increase in cash	0.3	2.0	(2.5)	6.4	2.3	3.9	(0.7)	(2.8)
Cash start	21.7	21.1	22.4	18.3	21.7	22.4	25.0	24.3
Forex	(0.8)	(0.8)	(1.6)	0.3	(1.6)	(1.3)	0.0	0.0
Cash end	21.1	22.4	18.3	25.1	22.4	25.0	24.3	21.5

Source: Company data, Equity Development estimates.

Balance sheet

Year to 31 March (£m)	H1 24A	H2 24A	H1 25A	H2 25A	FY24A	FY25A	FY26E	FY27E
Intangibles Net	36.6	38.4	39.6	41.8	38.4	41.8	43.9	46.3
PPE net	5.8	4.8	4.3	4.0	4.8	4.0	3.3	2.6
RoU Assets Net	3.9	3.7	3.3	3.4	3.7	3.4	6.7	10.3
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	0.6	1.4	1.3	1.1	1.4	1.1	1.1	1.1
Sum Fixed Assets	47.2	48.5	48.8	50.7	48.5	50.7	55.4	60.7
Inventories	19.5	17.0	16.7	14.6	17.0	14.6	16.0	16.8
Trade receivables	25.7	32.2	26.8	28.5	32.2	28.5	26.3	27.7
Tax assets, other	2.3	3.2	1.2	1.9	3.2	1.9	0.0	0.0
Cash, Equivalents	21.1	22.4	18.3	25.0	22.4	25.0	24.3	21.5
Sum Current Assets	68.7	74.7	63.0	69.9	74.7	69.9	66.6	66.0
Total Assets	115.9	123.3	111.7	120.6	123.3	120.6	122.0	126.7
Trade payables	(15.0)	(17.4)	(10.8)	(15.1)	(17.4)	(15.1)	(14.9)	(15.6)
Provisions	(5.3)	(5.9)	(5.1)	(5.0)	(5.9)	(5.0)	(5.0)	(5.0)
Tax, Other	(1.2)	(2.0)	(0.9)	(1.7)	(2.0)	(1.7)	(1.7)	(1.7)
Dividends	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.0
Sum Current Liabilities	(21.6)	(25.2)	(16.9)	(21.8)	(25.2)	(21.8)	(21.6)	(22.3)
Total Assets less CL	94.3	98.0	94.9	98.8	98.0	98.8	100.4	104.4
Deferred tax	(3.2)	(1.3)	(1.3)	(0.9)	(1.3)	(0.9)	(0.9)	(0.9)
Leases	0.0	(3.4)	(3.1)	(3.2)	(3.4)	(3.2)	(3.4)	(3.4)
Sum Long-term liabilities	(3.2)	(4.7)	(4.4)	(4.0)	(4.7)	(4.0)	(4.3)	(4.3)
Total liabilities	(24.8)	(29.9)	(21.2)	(25.8)	(29.9)	(25.8)	(25.8)	(26.6)
Net Assets	91.1	93.4	90.5	94.8	93.4	94.8	96.2	100.1
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	63.3	61.9	62.7
Reserves	1.9	1.6	1.2	0.9	1.6	0.9	0.9	0.9
Retained earnings	12.9	15.8	14.3	17.9	15.8	17.9	20.7	23.8
Non-controlling interests	9.0	9.7	8.3	9.3	9.7	9.3	9.3	9.3
Equity	90.6	93.4	90.5	94.8	93.4	94.8	96.2	100.1
Net cash / (debt) pre IFRS16	21.1	22.4	18.3	25.0	22.4	25.0	24.3	21.5
Net cash / (debt) IFRS16	21.1	19.0	15.2	21.8	19.0	21.8	20.9	18.1

Source: Company data, Equity Development estimates.

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