

First half trading significantly stronger

In a statement to accompany yesterday's AGM, Eco Animal Health reports that trading in the first half of FY26 "has been significantly stronger compared to the same period last year" despite "currency headwinds and tariff challenges". Revenue is seen over 15% ahead year-on-year (H1 2025: £33.2m), i.e. indicative of c.£38m, with particular strength seen in the China/Japan segment (over 40%YoY growth) and North America (over 25% YoY growth). The Group also expects to report improved gross margins for the period, resulting in a "material increase in adjusted EBITDA" compared to H1 25 (£0.45m).

The Group adds that "strength in the first half will result in a more balanced first and second half weighting than has been experienced in recent years and provides the Board with increased confidence of a successful full year outcome in line with current market expectations". The consensus to which EAH refers is revenue of £84.2m and (adj.) EBITDA of £7.9m.

In other markets, EAH reports that continuing strength in Brazil has been offset by some weakness elsewhere in Latin America, whilst the South-East Asia region has recovered much of the ground lost in the prior year (sales declined 32%YoY in FY25). Revenue from China and Japan combined with North America comprised 51% of H1 25 total, typical of prior years, so the recovery in demand in these regions provides strong support for overall Group performance for the full year.

In our FY25 results research (['Strong second half boosts FY25' – 22 July 2025](#)) we noted that the Group reported that, post year-end, revenue in the US and China was ahead of budget, gross margin remained strong, and the SE Asia market was recovering, with demand for the mainstay Aivlosin® product firm in key markets such as N. America. This trend has evidently continued. First half revenue in China and Japan in FY24 was £9.7m (H2: £15.0m) and in FY25 £8.2m (H2: £14.7m): the trading update is indicative of H1 26 revenue in the region of £11.3m with our full year estimate currently at £23.2m. Similarly, for N. America, c.25%YoY growth indicates £10.7m vs £8.6m in H1 25 (our full year estimate FY26 is £22.3m).

Whilst EAH's enteric and respiratory antibiotic Aivlosin® remains the driver of performance, the cash it generates continues to fuel the Group programme for development of novel next-generation treatments. Following recent regulatory filings in Europe for the first of products in the pipeline, mycoplasma poultry vaccine ECOVAXXIN® MS, we expect further submissions in the coming 12 months, with up to 9 products expected to receive US and EU approval in the next 5-6 years.

In our view, Eco Animal Health's valuation continues to underplay the well-funded investment in its new product range and their future value: our Fair Value is 136p/share.

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	5.3x	4.8x	5.3x	4.8x	4.5x
EV/Rev	0.5x	0.4x	0.5x	0.5x	0.4x
P/E	56.5x	40.5x	49.0x	31.9x	27.2x

Source: Company data. Equity Development estimates.

26 September 2025

Company data

EPIC	EAH.L
Price (last close)	94p
52 weeks Hi/Lo	108p/50p
Market cap	£64m
ED Fair Value / share	136p
Net cash / (debt) 2025A	£25.0m
Avg. daily volume (3m)	74,721

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.

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Financials

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>	40.8%	43.1%	40.3%	48.6%	42.1%	45.1%	45.3%	45.5%
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>	9.5%	<i>N.M.</i>	12.5%	5.1%	4.7%	5.8%	5.9%
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>	1.9%	14.1%	1.3%	14.8%	9.0%	9.2%	9.6%	9.8%
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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