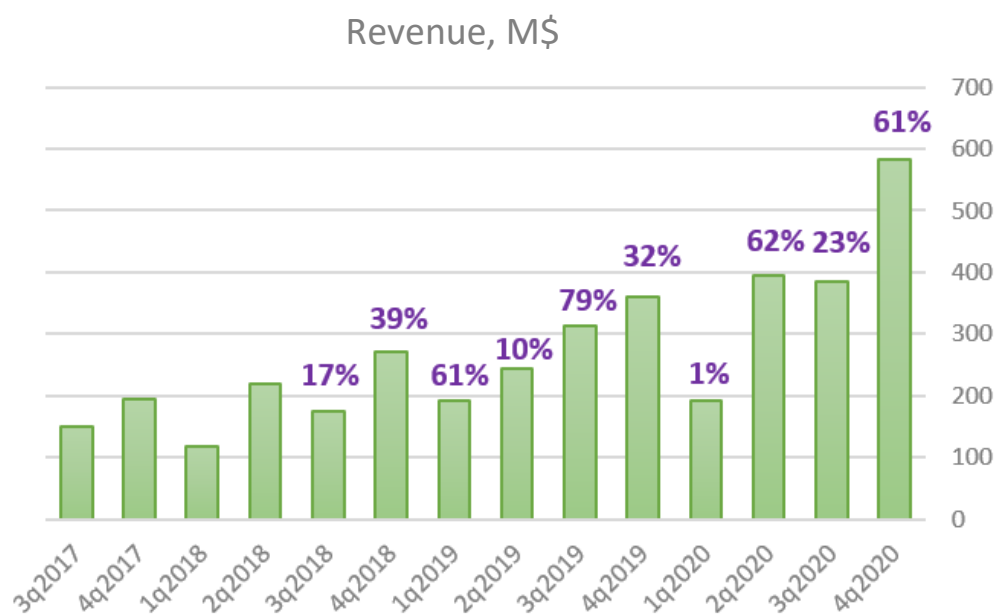


**Emergent BioSolutions is a fast-growing biopharm company with the only FDA-approved anthrax vaccine and over 60% of its revenues are backed by contractual agreements with the US government.**

The company's products are used for chemical, biological, radiological and explosive threats, as well as infectious diseases. Some of the main products: BioThrax - anthrax vaccine; ACAM2000 - smallpox vaccine; Vaxchora - cholera vaccine; Vivotif - typhoid fever vaccine; NARCAN is an emergency drug for opioid overdose.

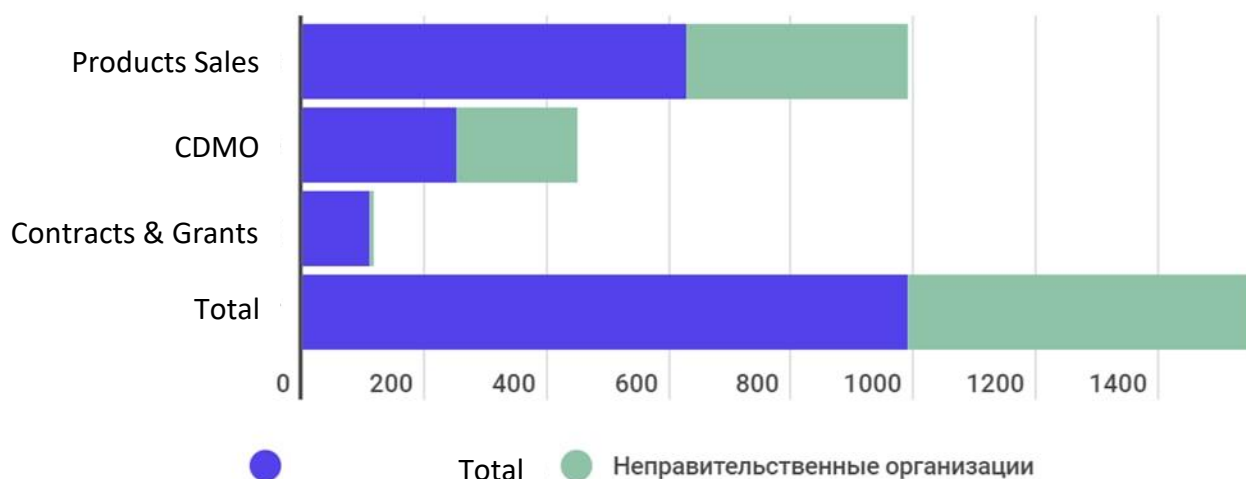
#### **The company shows good growth rates:**

In the fourth quarter of 2020, EBS showed 61.9% revenue growth (YoY) with a historical average of 42.4%



Also, the company's management gave a forecast for the next quarter and full year 2021. In the next quarter, the company expects \$ 330-370 million in revenue, which will amount to 71-92% YoY growth. Forecast value of revenue for 2021: \$ 2 billion - 29% growth.

The company's products and services are divided into vaccine, device, therapy and CDMO (Contract Development and Manufacturing Organization) segments. The first three segments have a diversified pipeline: there are approved products; developments awaiting confirmation and development at the stage of clinical trials. The CDMO segment includes services for the development, production of medicinal substances and medicinal products for third-party companies and government agencies. As part of the services of this segment, EBS has signed contracts with well-known companies AstraZenca and Johnson & Johnson for the production of vaccines. Most of the company's revenue is provided through government contracts with the US government: at the end of 2020, its share amounted to 63.5%.



### The company has a cheap valuation

The company is currently valued at 3.3x EV/S and 9.3x EV/EBITDA.

Taking into account management's forecast for 2021, the multiples are 2.6x EV/S and 6.7x EV/EBITDA.

### The urgent problem of opioid overdose and new developments as the reasons for the growth

#### 1. Growth of the opioid epidemic

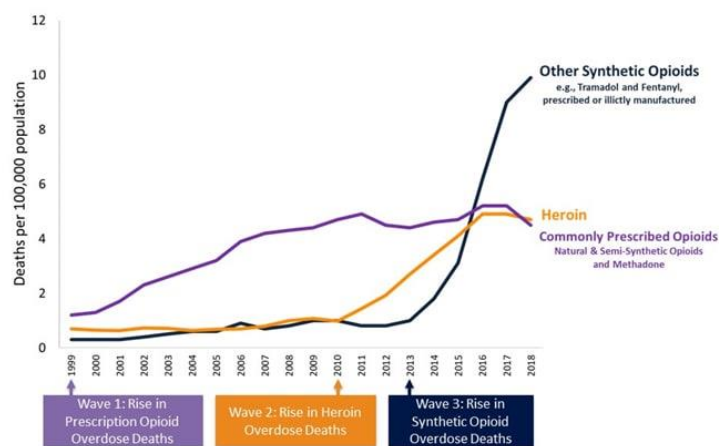
In 1999, the first "wave" of growth in mortality from opioid overdose began in the United States (graph 3), in 2010 and 2013 new waves began, aggravating the situation. EBS is actively distributing the drug Narcan, which is used for emergency treatment of overdose. Narcan will continue to be widely used and applied as the US continues to tackle the opioid epidemic: the historical correlation between economic downturn and rising drug use in society has been well studied.

Also in this direction, EBS is developing a new drug AP007, which will be used to treat drug dependence and reduce the likelihood of relapse in patients undergoing treatment for an opiate use disorder.

#### 2. Active development of new drugs and vaccines in promising areas

EBS is developing 2 drugs for the treatment and prevention of COVID-19, which are currently in phase 3 clinical trials: COVID-EIG - Potential Treatment for Severe Disease; COVID-HIG - Potential

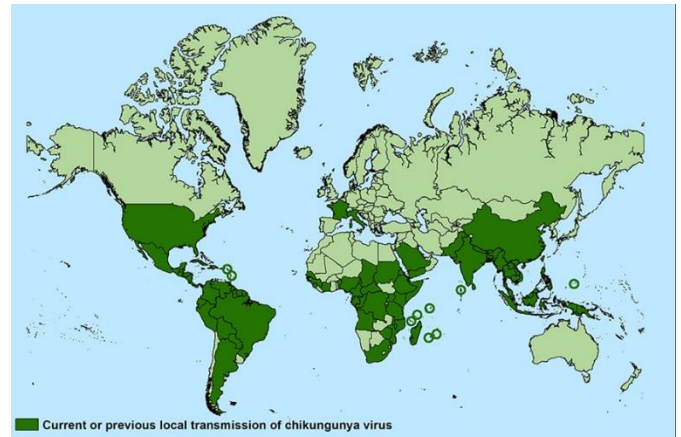
3 Waves of the Rise in Opioid Overdose Deaths



SOURCE: National Vital Statistics System Mortality File.

treatment for COVID-19 in hospitalized patients with severe illness and post-exposure prophylaxis in those at high risk of exposure, such as healthcare workers. COVID-HIG is developed on the basis of polyclonal antibodies, which reduces the likelihood of a drop in the effectiveness of the drug when the strain is mutated.

EBS is also developing a vaccine against the Chikungunya virus, which spreads in Oceania, Asia and India. It is not a lethal virus transmitted by mosquito bites. At the moment, there is no cure for the virus and the drugs used are limited to pain relievers. Thus, CHIK VLP may become a one-of-a-kind option against this disease.



### Features of the biopharm industry and the temporary nature of the pandemic as the main investment risks

The main risks are all known characteristics of the biopharmaceutical market: the need for drug approval, high competition. Under these conditions, the company needs to carefully predict future product development and release, building on long term clinical trials and drug approval. In addition, already released drugs may lose demand due to the appearance of new versions of drugs from competitors.

Also, after the end of the implementation of vaccines for COVID under the cooperation programs with AstraZenca and Johnson & Johnson, the company's revenue from CDMO will decline. On the other hand, the company will be able to use the vacated production facilities to sell its own products.

## Potentially good time to enter after 25% drop from local high

The company's shares fell more than 8% after the publication of the report for the 4th quarter of 2020. The fall from the local maximum on February 12 was 25%.

Emergent Biosolutions Inc

93.49 USD

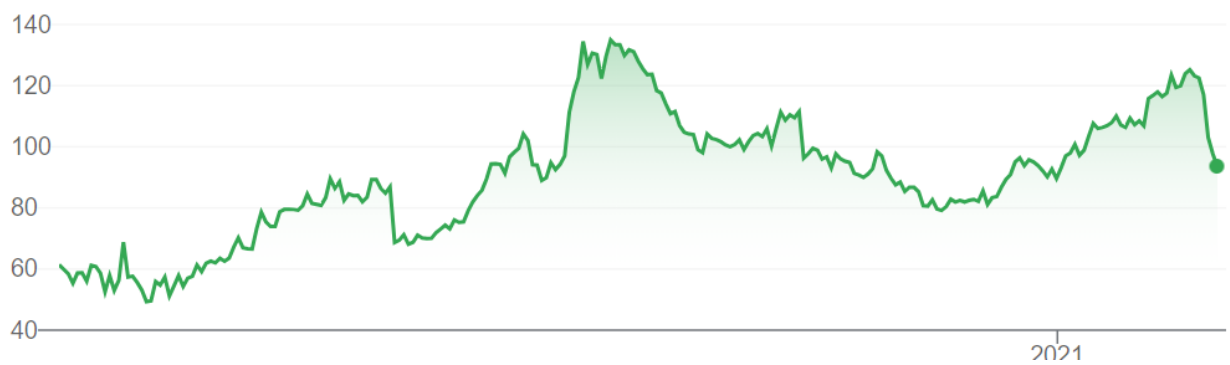
NYSE: EBS

-4.25 (4.35%) ↓

Closed: Feb 23, 19:15 EST · Disclaimer

After hours 95.00 +1.51 (1.62%)

1 day | 5 days | 1 month | 6 months | ytd | 1 year | 5 years | max



Kind Regards,  
Enhanced Investments Team  
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