

Galapagos NV (GLPG)
Rating: Buy

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**Gilead Opts for Decentralized R&D Model With
a \$5.1B Collaboration; Target to \$205 From \$150**

Stock Data	07/12/2019
Price	\$145.75
Exchange	NASDAQ
Price Target	\$205.00
52-Week High	\$146.13
52-Week Low	\$85.00
Enterprise Value (M)	\$872
Market Cap (M)	\$7,960
Shares Outstanding (M)	61.8
3 Month Avg Volume	99,992
Short Interest (M)	1.08

Balance Sheet Metrics	
Cash (M)	\$7,088.4
Total Debt (M)	\$0.0
Total Cash/Share	\$114.70

Cash (M): Pro forma cash and shares outstanding include the July 14, 2019, Gilead (GILD; not rated) R&D collaboration deal, which contains a \$3.95B upfront cash payment, and \$1.1B in an equity investment. Also, €1.22B that was last reported post 1Q19 earnings is included.
General: Currency used is roughly 1 Euro to \$1.13 US. Stock price is US\$ as on NASDAQ

EPS (€) Diluted			
Full Year - Dec	2018A	2019E	2020E
1Q	€(0.73)	€(0.89)A	€(1.01)
2Q	€(0.42)	€(0.27)	€(1.04)
3Q	€0.27	€62.92	€(1.08)
4Q	€0.27	€(1.06)	€0.03
FY	€(0.56)	€64.37	€(3.09)

Revenue (€)			
Full Year - Dec	2018A	2019E	2020E
1Q	€44.8	€40.9A	€48.0
2Q	€57.0	€89.4	€48.0
3Q	€103.2	€3,993.0	€48.0
4Q	€112.8	€43.0	€118.8
FY	€317.8	€4,166.3	€262.8



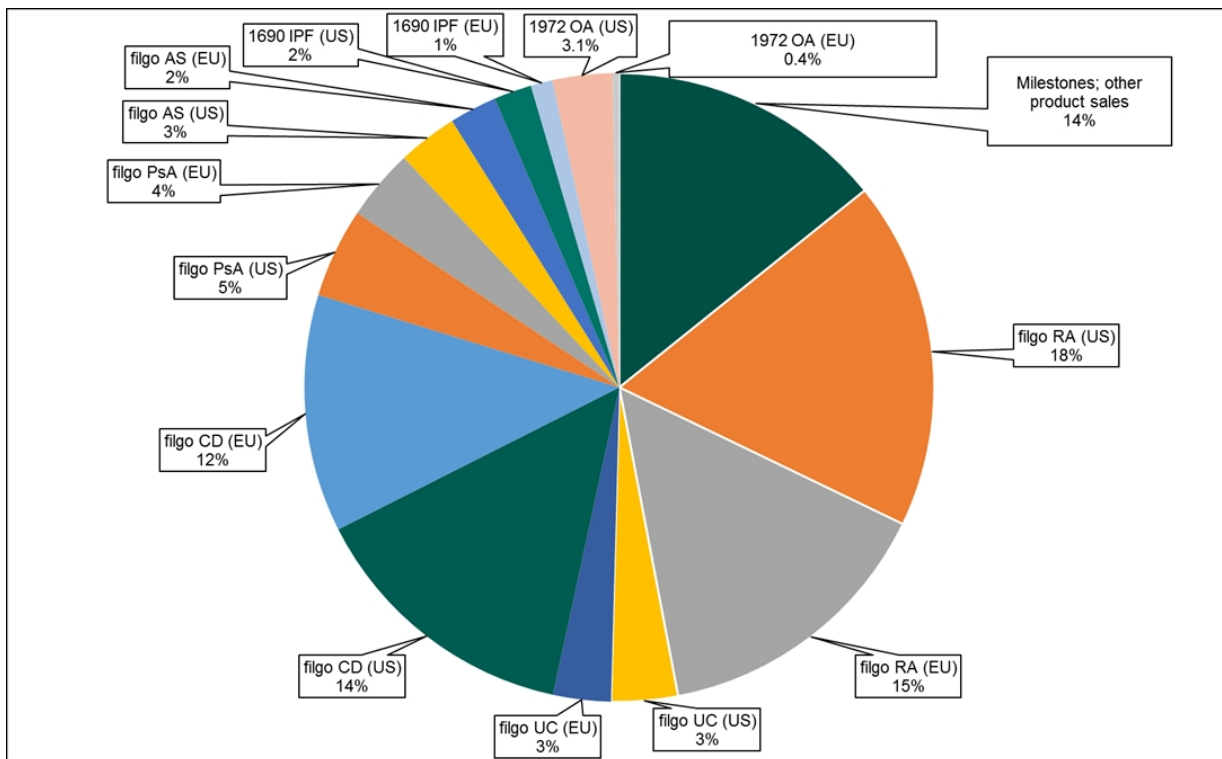
Having missed the acquisition boat, Gilead (GILD; not rated) forks up billions to shore up and diversify its pipeline. Given Gilead's internal issues, management overhaul, the unknowns heading into the FINCH Phase 3 readouts, and the questionable valuation for its last M&A foray, it is no surprise the team was gun shy from an M&A perspective. With the \$5.1B R&D collaboration announced on July 14, 2019, Gilead has done the next best thing and gained access to current and future development stage candidates from Galapagos' pipeline. The \$5.1B figure could balloon if the ongoing Phase 3 with GLPG1690 and Phase 2 for GLPG1972 were to hit over the next 12 to 24 months. For Galapagos shareholders, this is a bittersweet moment in the 20 year history of the company, one that brings significant validation for the 600 member organization dedicated to identifying novel targets, but complicated by the 10-year standstill agreement with Gilead, which implies no near-term M&A-driven gratification. Perhaps it could be argued that Galapagos was never really up for sale and in the event of an M&A, its core pipeline ex-filgotinib would have to be spun out as a separate entity, akin to the Johnson & Johnson (JNJ; not rated) \$30B buyout of Actelion in January 26, 2017. However, such a scenario would be untenable for Gilead since gaining access to the Galapagos discovery engine was the key to the transaction, which doubles Gilead's pipeline and represents the first major move by Gilead's new CEO. Importantly, maintaining Galapagos' independence potentially keeps the discovery engine humming with long-term benefits for both companies, in our view. The arrangement with Gilead reflects modifications to the existing filgotinib commercial license, which now provides Galapagos with a broader EU commercial role, inline with Galapagos' long-term strategy of becoming a fully integrated biopharmaceutical company, and should allow for rapid commercialization of future medicines from its pipeline, in our view. Note, there are >40 clinical studies currently being conducted by Galapagos highlighting the versatility and the scope of its discovery engine and the transaction. While we would not be surprised by some churn in the shareholder base, given the scope of the deal and risk-sharing post Phase 2 for future programs starting with GLPG1972, we are increasing our 12-month target on shares of Galapagos to \$205 from \$150. Note, post deal closing we estimate Galapagos pro forma cash at \$109/share.

Key metrics for the 10-year R&D collaboration. (1) \$3.95B upfront; (2) \$1.1B equity investment; (3) Gilead enhances its stake in Galapagos to 22% with an option to scale to 29.9%; (4) opt-in fees and milestone payments per new target; (5) 50/50 development cost split; (6) royalties in the range of 20% to 24% for ex-filgo; (7) restructuring of the filgotinib commercial arrangement to enhance Galapagos' presence in the EU; and (8) Gilead to nominate two members to Galapagos board. Furthermore, Gilead could pay: (1) \$325M for the ex-EU rights to GLPG1690 upon successful Phase 3 and FDA approval while sharing global development costs; (2) \$250M for GLPG1972 should it decide to opt-in post-Phase 2; and (3) \$150M for all other pipeline programs upon decision to opt-in post Phase 2.

H.C. Wainwright 1868

Valuation and risks to our investment thesis. Our new 12-month price target on shares of Galapagos is \$205 vs. our prior \$150 target and reflects key changes to the structure of filgotinib as well as GLPG1690 and GLPG1972, with no changes to our assumed probability of success for either GLPG1690, currently in Phase 3 or GLPG1972, currently in Phase 2a. Our target is derived from a 13-year DCF-based, sum-of-the-parts analysis. Our DCF is driven by: beta of 1.21, terminal growth rate of -3.0%, risk premium of 4.93%, calculated WACC of 8.2%, and tax rate of 20% beginning in FY 2025. Filgotinib (79%), GLPG1690 and GLPG1972 (3.5% each) together make up 86% of our value, with the remainder derived from the probability-adjusted, filgotinib-associated milestone payments. For filgotinib, we assume POS in the range of: 80% (upped from 75% previously) for RA based on the FINCH 1 and 3 clinical updates released post close on March 28, 2019, 65% for UC, and 60% for CD, PsA and AS each, whereas for '1690 and '1972, we assign a 35% and 10% POS, respectively. Note, filgotinib, in our view, did not materially underperform upadacitinib in the FINCH 1 and 3 studies, which we assigned a low probability outcome due to its competitive profile, along with our \$2.9B in 2027 sales estimate for the RA segment. Other key risks include: emergence of safety concerns, clinical risks, regulatory risks, and financial risks. Furthermore, regulatory and commercial strategy for filgotinib is under the control of partner, Gilead, not an established player in autoimmune indications. Hence, Gilead may not be able to drive rapid adoption of filgotinib, especially if the overall profile is relatively undifferentiated from AbbVie's upadacitinib, in our view. Hence, our estimates could be negatively impacted if AbbVie successfully leverages its market positioning with Humira during the launch of upadacitinib, which is likely to be a year ahead of filgotinib. The next two value drivers for Galapagos are GLPG1690 and GLPG1972 programs, both of which are high-risk, high-reward programs given the checkered history of drug development of each target.

Exhibit 1: Weighted Contribution of Individual Disease Segments to Target



Source: H.C. Wainwright & Co. estimates.

Income Statement

	FY end Dec. 31	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Income statement																							
<i>(€ in thousands, except per share data)</i>																							
Product revenues	€ 288,836	€ 33,047	€ 81,366	€ 3,985,000	€ 35,000	€ 4,134,413	€ 40,000	€ 40,000	€ 40,000	€ 110,164	€ 230,164	€ 328,667	€ 572,912	€ 882,727	€ 1,169,724	€ 1,469,019	€ 1,986,699	€ 2,209,716	€ 2,306,789	€ 2,358,887	€ 2,388,553	€ 2,409,844	
Milestones; other product sales	288,836	33,047	81,366	3,985,000	35,000	4,134,413	40,000	40,000	40,000	110,164	230,164	328,667	572,912	882,727	1,169,724	1,469,019	1,986,699	2,209,716	2,306,789	2,358,887	2,388,553	2,409,844	
<i>filigo RA (US)</i>	0	0	0	0	0	0	0	0	0	0	0	34,647	69,778	112,427	176,897	267,203	430,517	433,531	436,566	439,622	442,699	445,798	
<i>filigo RA (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	0	47,882	95,956	153,836	229,597	386,902	387,676	388,451	389,228	390,007		
<i>filigo UC (US)</i>	0	0	0	0	0	0	0	0	0	0	0	11,931	24,030	33,877	48,734	65,210	74,129	74,647	75,170	75,696	76,226	76,760	
<i>filigo UC (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	18,489	33,044	46,384	63,002	86,619	96,732	96,819	96,732	96,888	97,019	97,158	
<i>filigo CD (US)</i>	0	0	0	0	0	0	0	0	0	0	0	50,425	101,556	132,946	193,092	220,369	297,623	315,480	317,689	319,912	322,152	324,407	
<i>filigo CD (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	68,687	139,654	181,913	210,319	238,839	267,471	282,112	282,676	283,241	283,808		
<i>filigo PsA (US)</i>	0	0	0	0	0	0	0	0	0	0	0	0	19,794	49,830	70,251	97,018	109,909	122,976	123,837	124,704	125,577		
<i>filigo PsA (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	27,084	54,276	76,138	87,189	98,284	109,423	109,642	109,861		
<i>filigo AS (US)</i>	0	0	0	0	0	0	0	0	0	0	0	0	13,196	33,220	46,834	64,679	73,273	81,984	82,558	83,136	83,718		
<i>filigo AS (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	18,056	36,184	50,759	58,126	65,523	72,949	73,095			
<i>1690 IPF (US)</i>	0	0	0	0	0	0	0	0	0	0	0	0	10,584	22,382	31,554	38,044	43,099	50,415	50,767	53,346	53,719		
<i>1690 IPF (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	7,603	15,237	22,352	25,642	30,219	33,644	35,177	35,247		
<i>1972 OA (US)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	20,347	40,379	60,524	80,654	82,497	92,304	98,992	97,671		
<i>1972 OA (EU)</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	3,166	6,345	9,511	12,676	15,841	19,006	22,171	25,336		
Grants + Other income	29,009	7,872	8,000	8,000	8,000	31,872	8,000	8,000	8,000	8,000	32,000	32,640	33,293	33,959	34,638	35,331	36,037	36,758	37,493	38,243	39,008	39,788	
Total Revenues	317,845	40,919	89,366	3,993,000	43,000	4,166,285	48,000	48,000	48,000	118,164	262,164	361,307	606,204	916,686	1,204,362	1,504,350	2,022,736	2,246,474	2,344,282	2,397,130	2,427,561	2,449,632	
Cost of goods sold	0	0	0	0	0	0	0	0	0	0	0	32,867	57,291	88,273	116,972	146,902	198,670	220,972	230,679	235,899	238,855	240,984	
Gross profit	317,845	40,919	89,366	3,993,000	43,000	4,166,285	48,000	48,000	48,000	118,164	262,164	328,440	548,913	828,413	1,087,389	1,357,448	1,824,066	2,025,502	2,113,603	2,161,241	2,188,706	2,208,647	
Research and development	322,876	83,195	95,000	97,500	98,000	373,695	98,500	99,500	100,500	101,500	400,000	340,000	357,000	360,570	364,176	367,817	371,498	375,211	378,963	382,752	386,580	390,446	
General and administrative	35,630	9,221	11,500	11,750	13,000	45,471	13,500	14,500	16,000	16,500	60,500	63,525	73,054	84,012	96,614	111,106	116,661	122,494	128,619	135,500	141,802	148,892	
Sales and marketing expenses	4,148	1,745	2,000	2,000	2,000	7,745	2,500	2,500	2,500	2,500	10,000	10,500	11,025	11,576	12,155	12,763	13,401	14,071	14,775	15,513	16,289	17,103	
Total operating expenses	362,654	94,161	108,500	111,250	113,000	426,911	114,500	116,500	119,000	120,500	470,500	414,025	441,079	456,158	472,944	491,686	501,557	517,776	522,556	533,315	544,671	556,441	
Operating gains (losses)	(44,809)	(53,242)	(19,134)	3,881,750	(70,000)	3,739,374	(66,500)	(68,500)	(71,000)	(2,336)	(208,336)	(85,585)	107,834	372,255	614,445	865,762	1,322,509	1,513,726	1,591,247	1,627,926	1,644,035	1,652,206	
Financial income	18,335	6,999	5,000	5,000	5,000	21,999	5,000	5,000	5,000	5,000	20,000	20,200	21,210	22,271	23,384	24,553	25,781	27,070	28,423	29,845	31,337	32,904	
Financial expenses	(2,736)	(2,345)	(750)	(750)	(750)	(4,595)	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(4,200)	(4,410)	(4,631)	(4,863)	(5,105)	(5,359)	(5,638)	(5,910)	(6,205)	(6,516)	(6,841)	
Total other income (expense)	15,599	4,654	4,250	4,250	4,250	17,404	4,000	4,000	4,000	4,000	16,000	16,000	16,800	17,640	18,522	19,448	20,421	21,442	22,514	23,639	24,821	26,062	
Gain (loss) before income taxes	(29,210)	(48,588)	(14,884)	3,886,000	(65,750)	3,756,778	(62,500)	(64,500)	(67,000)	1,664	(192,336)	(69,585)	124,634	389,895	632,967	885,210	1,342,929	1,535,168	1,613,761	1,651,565	1,668,856	1,678,268	
Income tax benefit (expense)	(49)	(88)	0	0	0	(69)	0	0	0	0	0	0	0	0	(177,942)	(265,586)	(307,034)	(322,752)	(330,313)	(333,771)	(335,654)		
Net income (loss)	(29,259)	(48,656)	(14,884)	3,886,000	(65,750)	3,756,710	(62,500)	(64,500)	(67,000)	1,664	(192,336)	(69,585)	124,634	389,895	632,967	708,168	1,074,343	1,228,134	1,291,009	1,321,252	1,335,085	1,342,615	
Earnings (loss) per share - diluted	€ (0.56)	€ (0.89)	€ (0.27)	€ 62.92	€ (1.05)	€ 64.37	€ (1.01)	€ (1.04)	€ (1.08)	€ 0.03	€ (3.09)	€ (1.11)	€ 1.99	€ 6.22	€ 10.08	€ 11.25	€ 17.03	€ 19.43	€ 20.39	€ 20.82	€ 21.00	€ 21.08	
Shares outstanding - diluted	52,227	54,615	54,724	61,758	61,881	58,361	62,005	62,129	62,253	62,378	62,315	62,440	62,565	62,690	62,815	62,941	63,067	63,193	63,319	63,446	63,573	63,700	

Source: H.C. Wainwright & Co. estimates.

Cash Flow Statement

Cash flows statement (€ in thousands, except per share data)	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	
Cash flows from Operating activities:																							
Net gain (loss)	€ (29,259)	€ (48,656)	€ (14,884)	€ 3,886,000	€ (66,750)	€ 3,756,710	€ (62,500)	€ (64,500)	€ (67,000)	€ 1,664	€ (192,336)	€ (69,585)	€ 124,634	€ 389,895	€ 632,967	€ 708,168	€ 1,074,343	€ 1,228,134	€ 1,291,009	€ 1,321,252	€ 1,335,085	€ 1,342,615	
Adjustments for non-cash transactions, and items to disclose under op cash flow	€ 17,364	€ 4,007	€ 5,250	€ 5,750	€ 6,250	€ 21,257	€ 7,050	€ 7,550	€ 8,050	€ 8,550	€ 31,200	€ 34,410	€ 37,946	€ 41,310	€ 45,037	€ 49,165	€ 53,735	€ 58,795	€ 64,393	€ 70,588	€ 77,441	€ 85,020	
Adjustment for items to disclose under investing and financing cash flows	(668)	(3)	0	0	0	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Change in working capital other than deferred income	19,922	(2,294)	(2,000)	(2,000)	(2,000)	(8,294)	(2,500)	(2,500)	(2,500)	(2,500)	(10,000)	(3,927)	(4,123)	(4,329)	(27,482)	(36,081)	(51,212)	(57,483)	(59,954)	(61,055)	(61,459)	(61,588)	
Decrease in deferred income	(153,312)	(25,979)	(25,000)	(25,000)	(25,000)	(100,979)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest paid, and received, net	3,495	1,238	500	500	500	2,738	650	650	650	650	2,600	2,860	3,146	3,461	3,807	4,187	4,606	5,087	5,573	6,131	6,744	7,418	
Income taxes paid	(8)	(11)	0	0	0	(11)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash provided (used) by Operating activities	(142,466)	(71,698)	(36,134)	3,865,250	(66,000)	3,671,418	(57,300)	(58,800)	(60,800)	8,364	(168,536)	(36,241)	161,603	430,336	654,329	725,440	1,081,473	1,234,513	1,301,021	1,336,916	1,357,810	1,373,464	
Cash flows from Investing activities:																							
Purchases of property and equipment	(10,392)	(2,103)	(1,250)	(1,250)	(1,250)	(5,853)	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)	(6,600)	(7,260)	(7,980)	(8,785)	(9,663)	(10,629)	(11,692)	(12,862)	(14,148)	(15,562)	(17,119)	
Purchases of and expenditure in intangible fixed assets	(3,325)	(1,201)	(750)	(750)	(750)	(3,451)	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)	(4,200)	(4,410)	(4,631)	(4,862)	(5,105)	(5,360)	(5,626)	(5,910)	(6,205)	(6,516)	(6,841)	
Proceeds from disposal of p.p. and e	1	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Decrease in restricted cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Acquisition of available-for-sale financial assets	(4,559)	(177)	0	0	0	(177)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Proceeds from sale of available-for-sale financial assets	2,361	82	0	0	0	82	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash provided (used) by Investing activities	(15,914)	(3,398)	(2,000)	(2,000)	(2,000)	(9,398)	(2,500)	(2,500)	(2,500)	(2,500)	(10,000)	(10,800)	(11,670)	(12,617)	(13,647)	(14,768)	(15,990)	(17,321)	(18,771)	(20,353)	(22,078)	(23,960)	
Cash flows from Financing activities:																							
Repayment of obligations under finance leases and other debts	(5)	(1,248)	0	0	0	(1,248)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Proceeds from capital and share premium increases, gross amount	296,188	0	0	973,451	0	973,451	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Issue costs paid related to capital and share premium increases	(15,964)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Proceeds from capital and share premium increases from exercise of warrants	7,657	3,481	0	0	0	3,481	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net cash provided (used) by Financing activities	287,876	2,233	0	973,451	0	975,684	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Effect of exchange rate differences on cash and cash equivalents	10,089	4,968	0	0	0	4,968	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net increase (decrease) in Cash/Cash Equivalents	139,585	(67,895)	(38,134)	4,836,701	(68,000)	4,642,672	(59,800)	(61,300)	(63,300)	5,864	(178,536)	(47,041)	149,933	417,720	640,682	710,672	1,065,484	1,217,192	1,282,250	1,316,563	1,335,732	1,349,504	
Cash & Cash Equivalents at Beginning of Period	1,151,211	1,290,796	1,222,901	1,184,767	6,021,468	1,290,796	5,933,468	5,873,668	5,812,368	5,749,068	5,933,468	5,754,932	5,707,891	5,857,824	6,275,544	6,916,226	7,626,897	8,692,381	9,909,573	11,191,823	12,509,386	13,844,119	
Cash & Cash Equivalents at End of Period	€ 1,290,796	€ 1,222,901	€ 1,184,767	€ 6,021,468	€ 5,933,468	€ 5,933,468	€ 5,873,668	€ 5,812,368	€ 5,749,068	€ 5,754,932	€ 5,754,932	€ 5,707,891	€ 5,857,824	€ 6,275,544	€ 6,916,226	€ 7,626,897	€ 8,692,381	€ 9,909,573	€ 11,191,823	€ 12,509,386	€ 13,844,119	€ 15,193,623	

Source: H.C. Wainwright & Co. estimates.

Balance Sheet

Balance sheet	2018A	2019A	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E							
(€ in thousands, except per share data)																						
Assets																						
Current assets:																						
Cash and cash equivalents	€ 1,290,796	€ 1,222,901	€ 1,184,767	€ 6,021,468	€ 5,933,468	€ 5,933,468	€ 5,873,668	€ 5,812,368	€ 5,749,068	€ 5,754,932	€ 5,754,932	€ 5,707,891	€ 5,857,824	€ 6,275,544	€ 6,916,226	€ 7,626,897	€ 8,692,381	€ 9,909,573	€ 11,191,823	€ 12,508,386	€ 13,844,119	€ 15,193,623
Trade and other receivables	18,609	15,347	16,347	17,347	18,347	18,347	19,597	20,847	22,097	23,347	23,347	28,597	34,110	39,898	57,443	79,479	109,279	142,425	177,027	212,410	248,238	284,386
Current R&D incentives receivables	11,203	11,645	12,645	13,645	14,645	14,645	15,895	17,145	18,395	19,645	19,645	24,895	30,408	36,196	53,741	75,777	105,577	138,723	173,325	208,708	244,536	280,684
Current restricted cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other current assets	8,243	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351	9,351
Total current assets	1,328,851	1,259,244	1,223,110	6,061,811	5,975,811	5,975,811	5,918,511	5,859,711	5,796,911	5,807,275	5,807,275	5,770,734	5,931,692	6,360,988	7,036,762	7,791,504	8,916,589	10,200,072	11,551,526	12,938,856	14,346,244	15,768,044
Intangible assets	3,632	6,497	6,747	6,997	7,247	7,247	7,697	8,147	8,597	9,047	9,047	10,937	12,922	15,005	17,193	19,490	21,903	24,435	27,095	29,887	32,819	35,898
Property, plant and equipment, net	23,137	49,542	48,042	46,542	45,042	45,042	43,542	42,042	40,542	39,042	39,042	33,042	27,072	21,696	16,984	13,017	9,879	7,666	6,484	6,447	7,683	10,333
Deferred tax assets	2,514	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511
Non-current R&D incentives receivables	73,443	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029	76,029
Other non-current assets	7,319	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	6,377	11,777	17,612	23,929	30,744	38,128	46,123	54,783	64,169	74,346	85,384
Total assets	1,439,496	1,400,200	1,362,816	6,200,267	6,113,017	6,113,017	6,054,667	5,994,817	5,932,967	5,940,281	5,940,281	5,905,039	6,067,837	6,500,149	7,189,223	7,940,679	9,073,032	10,365,497	11,727,813	13,128,075	14,550,671	15,990,192
Liabilities and stockholders' equity																						
Current liabilities:																						
Finance lease liabilities	0	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580	4,580
Trade and other payables	68,928	69,880	69,880	69,880	69,880	69,880	69,880	69,880	69,880	69,880	69,880	69,880	76,453	83,355	90,602	98,212	106,202	114,591	123,400	132,650	142,361	152,559
Current tax payable	1,175	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Current deferred income	149,801	123,822	89,822	73,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822	49,822
Total current liabilities	219,904	199,450	174,450	149,450	124,450	124,450	124,450	124,450	124,450	124,450	124,450	131,023	137,925	145,172	152,782	160,772	169,161	177,970	187,220	196,931	207,129	217,836
Pension liabilities	3,764	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851	3,851
Other non-current liabilities	1,579	20,409	20,909	21,409	21,909	21,909	22,559	23,209	23,859	24,509	24,509	27,369	30,515	33,976	37,782	41,970	46,576	51,642	57,216	63,346	70,090	77,508
Non-current deferred income	0	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735	735
Total liabilities	225,247	224,445	199,945	175,445	150,945	150,945	151,595	152,245	152,895	153,545	153,545	162,978	173,026	183,734	195,150	207,327	220,323	234,199	249,021	264,864	281,805	299,930
Total stockholders' equity	1,214,249	1,175,755	1,162,871	6,024,822	5,962,072	5,962,072	5,903,072	5,842,572	5,780,072	5,786,736	5,786,736	5,736,652	5,883,576	6,298,872	6,960,702	7,701,601	8,812,964	10,082,892	11,421,000	12,795,243	14,189,859	15,599,261
Share capital	236,540	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348	237,348
Share premium account	1,277,780	1,280,452	1,286,452	2,266,403	2,273,403	2,273,403	2,280,903	2,288,903	2,297,403	2,306,403	2,306,403	2,342,703	2,382,633	2,426,556	2,474,871	2,528,018	2,586,490	2,650,787	2,721,626	2,799,338	2,884,032	2,975,084
Other reserves	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)	(735)
Translation differences	(1,557)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)	(1,290)
Accumulated losses	(297,779)	(340,020)	(358,904)	(3,524,096)	(3,453,346)	(3,453,346)	(3,386,846)	(3,318,346)	(3,247,346)	(3,245,010)	(3,245,010)	(3,158,626)	(3,265,620)	(3,636,993)	(4,250,512)	(4,938,259)	(5,991,161)	(7,196,782)	(8,464,151)	(9,769,582)	(11,069,605)	(12,384,854)
Total liabilities and stockholders' equity	€ 1,439,496	€ 1,400,200	€ 1,362,816	€ 6,200,267	€ 6,113,017	€ 6,113,017	€ 6,054,667	€ 5,994,817	€ 5,932,967	€ 5,940,281	€ 5,940,281	€ 5,899,630	€ 6,056,602	€ 6,482,606	€ 7,155,856	€ 7,908,928	€ 9,033,287	€ 10,317,091	€ 11,670,021	€ 13,060,107	€ 14,471,664	€ 15,890,192

Source: H.C. Wainwright & Co. estimates.

Cash Outlook, Ratio Analysis, and Enterprise Value

CASH QUICK LOOK :	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Cash burn in period (cash from operations)	€ 362,654	€ 94,161	€ 108,500	€ 111,250	€ 113,000	€ 426,911	€ 114,500	€ 116,500	€ 119,000	€ 120,500	€ 470,500	€ 414,025	€ 441,079	€ 456,158	€ 472,944	€ 491,686	€ 501,557	€ 511,776	€ 522,356	€ 533,315	€ 544,671	€ 556,441
Total cash and cash equivalents	€ 1,290,796	€ 1,222,901	€ 1,184,767	€ 6,021,468	€ 5,933,468	€ 5,933,468	€ 5,873,668	€ 5,812,368	€ 5,749,068	€ 5,754,932	€ 5,754,932	€ 5,707,891	€ 5,667,824	€ 6,275,544	€ 6,816,226	€ 7,626,897	€ 8,692,381	€ 9,909,573	€ 11,191,823	€ 12,508,386	€ 13,844,119	€ 15,193,623
Periods of cash remaining	3.5 yrs	13.0 qrs	11.0 qrs	54.0 qrs	52.5 qrs	14.0 yrs	51.5 qrs	50.0 qrs	48.5 qrs	48.0 qrs	12.0 yrs	14.0 yrs	13.5 yrs	14.0 yrs	14.5 yrs	15.5 yrs	17.5 yrs	19.5 yrs	21.5 yrs	23.5 yrs	25.5 yrs	27.5 yrs
Ratio analysis	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EBIT	(44,809)	(53,242)	(19,134)	3,881,750	(70,000)	3,739,374	(66,500)	(68,500)	(71,000)	(2,336)	(208,336)	(85,585)	107,834	372,255	614,445	865,762	1,322,509	1,513,726	1,591,247	1,627,926	1,644,035	1,652,206
EBITDA	(40,618)	(50,484)	(18,384)	3,884,500	(67,250)	3,750,382	(63,500)	(65,500)	(68,000)	664	(196,336)	(72,985)	121,064	385,617	627,941	879,393	1,336,276	1,527,631	1,605,291	1,642,110	1,658,361	1,666,075
EBITDA % of Sales	-13%	-123%	-18%	97%	-156%	90%	-132%	-136%	-142%	1%	-75%	-20%	20%	42%	52%	58%	66%	68%	68%	69%	69%	69%
EV/EBITDA multiple	(72x)	(88x)	(307x)	0x	(30x)	0x	(33x)	(33x)	(33x)	3,370x	(11x)	(31x)	18x	5x	3x	0x	(0x)	(1x)	(2x)	(3x)	(3x)	(4x)
Gross Profit Margin	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
OpMargin	-14%	-130%	-21%	97%	-163%	90%	-139%	-143%	-148%	-2%	-79%	-24%	18%	41%	51%	58%	65%	67%	68%	68%	68%	67%
Net Operating Profit After Tax (NOPAT)	(44,858)	(53,310)	(19,134)	3,881,750	(70,000)	3,739,306	(66,500)	(68,500)	(71,000)	(2,336)	(208,336)	(85,585)	107,834	372,255	614,445	868,720	1,053,923	1,206,693	1,268,495	1,297,613	1,310,264	1,316,552
Free Cash Flow (FCF)	(152,858)	(73,801)	(37,384)	3,864,000	(87,250)	3,665,565	(58,800)	(60,300)	(62,300)	6,864	(174,536)	(42,841)	154,343	422,350	645,544	715,777	1,070,844	1,222,821	1,288,180	1,322,769	1,342,248	1,356,346
Book per share	€ 23.25	€ 21.53	€ 21.25	€ 97.56	€ 96.36	€ 102.16	€ 95.20	€ 94.04	€ 92.85	€ 92.77	€ 92.86	€ 91.87	€ 94.04	€ 100.48	€ 110.81	€ 122.36	€ 139.74	€ 159.56	€ 180.37	€ 201.67	€ 223.21	€ 244.89
Net cash per share	€ 24.72	€ 22.39	€ 21.65	€ 97.50	€ 95.89	€ 101.67	€ 94.73	€ 93.55	€ 92.35	€ 92.26	€ 92.35	€ 91.41	€ 93.63	€ 100.10	€ 110.10	€ 121.18	€ 137.83	€ 156.81	€ 176.75	€ 197.15	€ 217.77	€ 238.52
Return on assets (ROA)	-2%	-3%	-1%	63%	-1%	61%	-1%	-1%	-1%	0%	-3%	-1%	2%	6%	9%	12%	12%	12%	11%	10%	9%	8%
Return on equity (ROE)	-2%	-4%	-1%	64%	-1%	63%	-1%	-1%	-1%	0%	-3%	-1%	2%	6%	9%	12%	12%	11%	10%	9%	9%	9%
Current ratio	6.04	6.31	7.01	40.56	48.02	48.02	47.56	47.08	46.60	46.66	46.66	44.04	43.01	43.82	46.06	48.46	52.71	57.31	61.70	65.70	69.26	72.38
Enterprise Value (MC + Total Debt - Cash)	2,916,600	4,451,576	5,023,673	1,892,757	1,996,585	1,545,472	2,072,246	2,149,437	2,226,661	2,238,752	2,230,790	2,293,803	2,159,873	1,758,189	1,133,574	439,002	(610,348)	(1,811,376)	(3,077,431)	(4,377,765)	(5,697,236)	(7,030,447)
Market Cap (MC)	4,207,396	5,674,477	6,208,440	7,914,225	7,930,053	7,478,940	7,945,913	7,961,805	7,977,729	7,993,684	7,985,723	8,001,694	8,017,697	8,033,733	8,049,800	8,065,900	8,082,032	8,098,196	8,114,392	8,130,621	8,146,882	8,163,176
Current Share price €	128.15																					

Source: H.C. Wainwright & Co. estimates.

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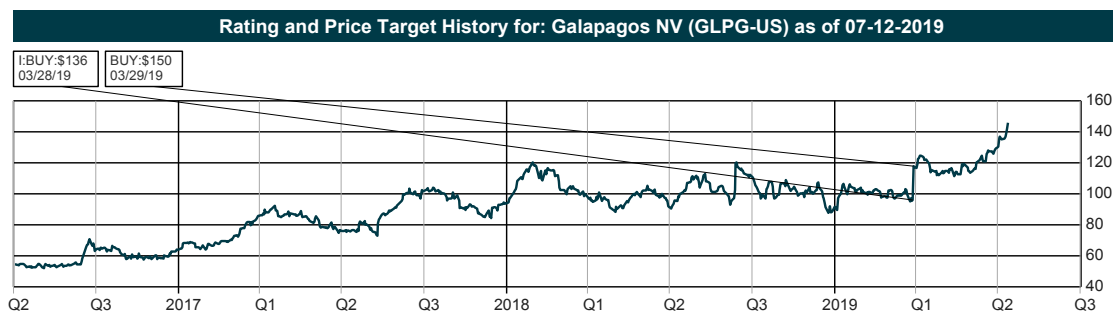
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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	337	92.58%	119	35.31%
Neutral	25	6.87%	3	12.00%
Sell	0	0.00%	0	0.00%
Under Review	2	0.55%	0	0.00%
Total	364	100%	122	33.52%

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