

Galapagos NV (GLPG)
Rating: Buy

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2Q20 Update; Looking Beyond Filgotinib to Other Pipeline Readouts During 2H20

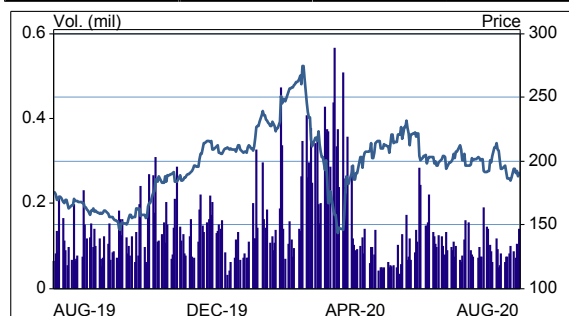
Stock Data	08/07/2020
Price	\$190.75
Exchange	NASDAQ
Price Target	\$270.00
52-Week High	\$274.03
52-Week Low	\$112.00
Enterprise Value (M)	\$6,881
Market Cap (M)	\$12,447
Shares Outstanding (M)	65.3
3 Month Avg Volume	107,406
Short Interest (M)	1.16

Balance Sheet Metrics	
Cash (M)	\$5,566.5
Total Debt (M)	\$0.0
Total Cash/Share	\$85.30

General: Currency used is roughly 1 Euro to \$1.095 US. Stock price is US\$ as on NASDAQ

EPS (€) Diluted			
Full Year - Dec	2019A	2020E	2021E
1Q	€(0.89)	€(0.78)A	€(0.80)
2Q	€(0.86)	€(1.77)A	€(0.73)
3Q	€5.83	€(1.77)	€0.05
4Q	€(1.86)	€0.86	€0.40
FY	€2.49	€(3.44)	€(1.07)

Revenue (€)			
Full Year - Dec	2019A	2020E	2021E
1Q	€40.9	€106.9A	€182.5
2Q	€67.6	€117.7A	€199.5
3Q	€644.0	€102.7	€256.6
4Q	€143.4	€285.3	€285.7
FY	€895.9	€612.5	€924.4



What's incrementally new since 1Q20 update? (1) The positive CHMP opinion recommending Marketing Authorization in Europe for filgotinib for the treatment of moderate-to-severe RA patients. Recall, both the 100 mg and 200 mg doses were recommended, which is a first for JAKi's: *A Step Towards Potential Commercial Differentiation*. Recall, in RA, Galapagos is planning on commercializing filgotinib in the Netherlands, Belgium, France, Italy, and Spain, while Gilead is leading the effort in other territories; (2) the positive topline readout from the SELECTION Phase 3 study in UC, with the 200 mg dose hitting the primary endpoints on both the induction as well as the maintenance treatment: *A Stat-Sig Phase 3 Win; But Commercial Impact and MANTA Uncertainties Loom; Target Lowered to \$270*. (3) Galapagos and Gilead are expected to seek marketing authorization for filgotinib for the treatment of UC patients over the near term and if approved, Galapagos is expected to lead the commercial efforts in Belgium, the Netherlands, the UK and Germany, with Gilead responsible for other geographies; (4) staying with the filgotinib pipeline in a pill story, Galapagos recently initiated two additional Phase 3 studies in Ankylosing Spondylitis: (a) SEALION1-IR: in patients with inadequate response to biologic DMARD, (n=408, NCT04483700); and (b) SEALION2-NAIVE: in DMARD naive patients (n=576, NCT04483687); and (5) global filgotinib approvals in 2H20.

2H20 deliverables beyond filgotinib. (1) Phase 2a data from the PINTA program, i.e., GLPG1205 in IPF during 2H20. Recall, approximately 69 IPF patients have been enrolled in the PINTA, which is evaluating GLPG1205 atop nintedanib or pirfenidone, 33% each, while the remainder are on local standard-of-care; (2) Phase 2a readout in systemic scleroderma, i.e., the NOVESA study of ziritaxestat, during 2H20; and (3) ROCCELLA, the 938 patients Phase 2a study in OA for GLPG1972, in 2H20. The primary endpoint is change from baseline in cartilage thickness of the central medial tibiofemoral compartment (cMTFC) assessed by quantitative MRI on the target knee. The ROCCELLA study is powered to detect a reduction in cartilage loss by about 75% over a year. A key secondary endpoint is proportion of OA structural progressors based on cartilage thickness in the cMTFC, where a structural progressor is defined as a patient who had at least 8% cartilage loss in the cMTFC between baseline and Week 52. There are a number of functional and pain-related endpoints as secondary measures: *ROCELLA Is Off to a Running Start; GLPG1972 Recap*.

1H21 deliverables beyond filgotinib. (1) futility analysis from the ISABELA program. Note, 1,000+ patients were enrolled into Phase 3 programs as of April 2020: *IPF in Vogue With Multiple Phase 3's: Overview and Perspectives*. As a reminder, the futility analysis requires data from about one-third of patients in the two ISABELA programs. This captures about 70% of the information, i.e., about 30% who have completed 52 weeks plus all other patients enrolled albeit at various duration of follow-up. This should allow an estimate of the treatment effect of the drug vs. placebo, i.e., an estimate change across zero to 52 weeks. If management does not see evidence of a robust treatment effect, the study is unlikely to proceed past the interim analysis; and (2) first look at the TOLEDO platform, with GLPG3970.



2Q20 by the numbers. Galapagos reported an operating loss of €(86.2M) with a net loss per share of €(1.77) vs. our estimates of €(67.9M) and €(1.12), respectively. Current cash position of €5.6B along with potential revenues from the impending launch of filgotinib should be sufficient to fund operations for the foreseeable future, by our estimates. For FY20, we anticipate an operating loss of €(179.4M) with a net loss per share of €(3.44).

Valuation and risks to our investment thesis. We reiterate our Buy rating and 12-month price target of \$270 on shares of Galapagos. Our target is derived from a 12-year DCF-based, sum-of-the-parts analysis, which includes a beta of 1.33, terminal rate of 3.0% decline, risk premium of 5.43%, calculated WACC of 7.8%, and tax rate of 20% beginning in FY 2025. Filgotinib (81%), GLPG1690 and GLPG1972 (2% each) together make up about 85% of our value, with the remainder derived from the probability-adjusted, filgotinib-related milestone payments. For filgotinib, we assume probability of approvals of: 80% for RA in the U.S. and 85% in the EU (increased from 80% following positive CHMP opinion), and 80% for UC. We currently peg success in Crohn's at 50%, 60% for PsA and AS each, 35% '1690, and 10% for '1972. Key risks include: emergence of safety concerns, clinical risks, regulatory risks, COVID-19 disruptions, 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 (ABBV; not rated) upadacitinib, in our view. Hence, our estimates could be negatively impacted if AbbVie successfully leverages its market positioning with Humira during the launch of RINVOQ.

		Discounted Cash Flow Analysis													
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TV	
Ticker	GLPG														
Period	Galapagos 2020E														
Beta est	1.33														
Risk-free rate (R _f)(10 yr yield)	0.55%														
Risk premium (R _p)	5.43%														
Cost of equity (K _E)	7.8%														
Cost of debt (K _D)	0.0%														
Terminal growth rate	-3.0%														
Terminal value (% of total value)	44.1%														
Shareholder equity	2,714,671														
Debt outstanding	0														
Total capital	2,714,671														
Equity/cap	100.0%														
Debt/cap	0.0%														
WACC (calculated)	7.8%														
WACC (applied)	7.8%														
Shares outstanding	65,144														
		EBIT (000s €)	€ (179,391)	€ (49,793)	€ 418,947	€ 960,673	€ 1,602,151	€ 1,845,638	€ 2,282,338	€ 2,193,077	€ 2,282,659	€ 2,312,397	€ 2,315,406	€ 2,309,856	
		Tax rate	-0.3%	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
		EBIT*(1-t)	(179,960)	(49,793)	418,947	960,673	1,602,151	1,476,510	1,825,870	1,754,461	1,826,127	1,849,918	1,852,325	1,847,885	
		Capital expenditures	(21,207)	(24,001)	(25,248)	(27,773)	(30,550)	(33,605)	(36,965)	(40,662)	(44,728)	(49,201)	(54,121)	(59,533)	
		% growth	-5.3%	13.2%	5.2%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
		Depreciation	18,791	20,160	20,765	21,388	22,029	22,690	23,371	24,072	24,794	25,538	26,304	27,093	
		% growth	55.5%	7.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
		Change in non-cash working capital	63,799	65,999	70,057	74,341	78,863	28,666	19,349	27,092	29,807	34,827	41,112	48,028	
		% growth	402.4%	3.4%	6.1%	6.1%	6.1%	-63.7%	-32.5%	40.0%	10.0%	16.8%	18.0%	16.8%	
		Free cash flow to the firm	(203,761)	(71,631)	394,902	935,492	1,575,867	1,504,139	1,866,858	1,792,103	1,865,842	1,889,830	1,891,639	1,886,484	
		Discount factor	0.98	0.93	0.86	0.80	0.74	0.69	0.64	0.59	0.55	0.51	0.47	0.44	
		Present value of cash flows	(198,740)	(66,465)	340,000	747,349	1,168,147	1,034,571	1,191,456	1,061,266	1,025,252	963,547	894,917	828,118	
		Value of firm	16,083,405												
		Debt	0												
		Value of equity	16,083,405												
		Value per share (\$)	\$ 270.00												

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

Income Statement

Income statement	FY end Dec. 31	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
(€ in thousands, except per share data)																						
Product revenues	€	844,985	€ 98,173	€ 103,600	€ 90,183	€ 272,831	€ 564,787	€ 170,033	€ 187,036	€ 244,107	€ 273,234	€ 874,410	€ 1,433,729	€ 2,055,169	€ 2,811,347	€ 3,116,692	€ 3,632,255	€ 3,589,489	€ 3,725,194	€ 3,795,504	€ 3,835,643	€ 3,867,356
Grants + Other income		50,905	8,743	14,059	12,500	12,500	47,802	12,500	12,500	12,500	12,500	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755	60,950
Total Revenues		895,890	106,916	117,659	102,683	285,331	612,589	182,533	199,536	256,607	285,734	924,410	1,484,729	2,107,189	2,864,407	3,170,814	3,687,459	3,645,797	3,782,629	3,854,087	3,895,398	3,928,306
Cost of goods sold		0	0	0	0	0	0	0	8,888	11,664	13,666	34,018	97,391	149,073	234,890	266,989	315,189	330,090	343,661	350,692	353,263	354,919
Gross profit		895,890	106,916	117,659	102,683	285,331	612,589	182,533	190,648	244,944	272,068	890,393	1,387,338	1,958,116	2,629,517	2,903,825	3,372,270	3,315,707	3,438,968	3,503,395	3,542,135	3,573,386
Research and development		427,320	116,763	149,114	150,605	152,111	568,593	153,632	155,169	156,720	158,288	623,809	642,523	661,799	681,653	702,102	723,165	744,860	767,206	790,222	813,929	838,347
General and administrative		73,701	24,902	37,673	38,050	38,430	139,055	38,815	39,203	39,595	39,991	157,603	162,331	167,201	172,217	177,383	182,705	188,186	193,831	199,646	205,636	211,805
Sales and marketing expenses		24,577	9,836	17,086	23,920	33,489	84,331	36,837	38,679	40,613	42,644	158,774	163,537	168,443	173,496	178,701	184,062	189,584	195,272	201,130	207,164	213,379
Total operating expenses		525,598	151,501	203,873	212,575	224,030	791,979	229,284	233,051	236,928	240,922	940,185	968,391	997,442	1,027,366	1,058,187	1,089,932	1,122,630	1,156,309	1,190,998	1,226,728	1,263,530
Operating gains (losses)		370,292	(44,585)	(86,214)	(109,893)	61,301	(179,391)	(46,751)	(42,203)	8,015	31,146	(49,793)	418,947	960,673	1,602,151	1,845,638	2,282,338	2,193,077	2,282,659	2,312,397	2,315,406	2,309,856
Financial income		21,482	39,722	(25,435)	5,000	5,000	24,287	5,000	5,000	5,000	5,000	20,000	58,033	60,934	63,981	67,180	70,539	74,066	77,769	81,658	85,741	90,028
Fair value re-measurement of share subscription		(181,644)	(20,529)	(589)	0	0	(21,118)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial expenses		(60,071)	(24,873)	(2,431)	(10,000)	(10,000)	(47,304)	(10,000)	(10,000)	(10,000)	(10,000)	(40,000)	(60,497)	(63,522)	(66,698)	(70,033)	(73,535)	(77,212)	(81,022)	(85,126)	(89,362)	(93,851)
Total other income (expense)		(220,233)	(5,680)	(28,455)	(5,000)	(5,000)	(44,135)	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(2,465)	(2,589)	(2,717)	(2,853)	(2,996)	(3,146)	(3,303)	(3,468)	(3,642)	(3,824)
Gain (loss) before income taxes		150,059	(50,265)	(114,669)	(114,893)	56,301	(223,526)	(51,751)	(47,203)	3,015	26,146	(69,793)	416,482	958,085	1,599,433	1,842,785	2,279,342	2,189,931	2,279,355	2,308,929	2,311,765	2,306,032
Income tax benefit (expense)		(214)	(336)	(373)	0	0	(709)	0	0	0	0	(69,793)	416,482	958,085	1,599,433	1,842,785	2,279,342	2,189,931	2,279,355	2,308,929	2,311,765	2,306,032
Net income (loss)		149,845	(50,601)	(115,042)	(114,893)	56,301	(224,235)	(51,751)	(47,203)	3,015	26,146	(69,793)	416,482	958,085	1,599,433	1,842,785	2,279,342	2,189,931	2,279,355	2,308,929	2,311,765	2,306,032
Earnings (loss) per share - diluted	€	2.49	€ (0.78)	€ (1.77)	€ (1.77)	€ 0.86	€ (3.44)	€ (0.80)	€ (0.73)	€ 0.05	€ 0.40	€ (1.07)	€ 6.38	€ 14.65	€ 24.41	€ 22.45	€ 27.71	€ 26.57	€ 27.60	€ 27.91	€ 27.88	€ 27.76
Shares outstanding - diluted		60,118	64,819	64,949	65,079	65,209	65,144	64,819	64,949	65,079	65,209	65,144	65,274	65,405	65,535	65,666	65,798	65,929	66,061	66,193	66,326	66,458

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

Cash Flow Statement

Cash flows statement	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
(\$ in thousands, except per share data)																					
Cash flows from Operating activities:																					
Net gain (loss)	€ 149,845	€ (50,601)	€ (115,042)	€ (114,893)	€ 56,301	€ (224,235)	€ (51,751)	€ (47,203)	€ 3,015	€ 26,146	€ (69,793)	€ 416,482	€ 958,085	€ 1,599,433	€ 1,474,228	€ 1,823,474	€ 1,751,945	€ 1,823,484	€ 1,847,143	€ 1,849,412	€ 1,844,826
Adjustments for non-cash transactions	€ 240,296	€ 22,935	€ 64,789	€ 20,000	€ 20,000	€ 127,724	€ 20,200	€ 20,402	€ 20,606	€ 20,812	€ 82,020	€ 84,481	€ 87,015	€ 89,626	€ 92,314	€ 95,084	€ 97,936	€ 100,874	€ 103,901	€ 107,018	€ 110,228
Adjustment for items to disclose under op cash flow	€ 0	€ (747)	€ (1,063)	€ (750)	€ (750)	€ (3,310)	€ (750)	€ (750)	€ (750)	€ (750)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)	€ (3,000)
Adjustment for items to disclose under investing and financing CF	(5,061)	(2,596)	233	0	0	(2,363)	(524)	(577)	(734)	(787)	(2,622)	(2,648)	(2,675)	(2,701)	(2,728)	(2,756)	(2,783)	(2,811)	(2,839)	(2,868)	(2,896)
Change in working capital other than deferred income	12,698	52,481	2,818	3,500	5,000	63,799	13,200	14,520	18,480	19,800	65,999	70,057	74,341	78,863	28,666	19,349	27,092	29,807	34,827	41,112	48,028
Decrease in deferred income	2,804,202	(91,677)	(93,860)	(100,000)	(100,000)	(385,537)	(78,335)	(86,169)	(109,670)	(117,503)	(391,677)	(391,677)	(391,677)	(175,000)	(175,000)	(150,000)	(150,000)	(150,000)	(100,000)	(75,000)	(25,000)
Interest paid; and received, net	6,694	2,574	1,202	650	650	5,078	995	1,095	1,393	1,493	4,976	5,474	6,021	6,624	7,286	8,015	8,816	9,698	10,667	11,734	12,907
Corporate taxes paid	(57)	(1,243)	(33)	0	0	(1,278)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided (used) by Operating activities	3,208,617	(68,874)	(140,956)	(191,493)	(18,799)	(420,122)	(96,966)	(98,682)	(67,659)	(50,789)	(314,096)	179,169	728,111	1,593,844	1,421,766	1,790,165	1,730,005	1,808,052	1,890,699	1,928,408	1,985,093
Cash flows from Investing activities:																					
Purchases of property and equipment	(22,385)	(2,866)	(6,341)	(6,000)	(6,000)	(21,207)	(6,001)	(6,000)	(6,000)	(6,000)	(24,001)	(25,248)	(27,773)	(30,550)	(33,605)	(36,965)	(40,662)	(44,728)	(49,201)	(54,121)	(59,533)
Purchases of and expenditure in intangible fixed assets	(23,300)	(10,159)	(5,514)	(1,000)	(1,000)	(17,673)	(3,000)	(3,000)	(3,000)	(3,000)	(12,000)	(14,508)	(15,233)	(15,995)	(16,795)	(17,634)	(18,516)	(19,442)	(20,414)	(21,435)	(22,506)
Proceeds from disposal of p.p. and e	0	0	4	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of current financial investments	0	(2,187,948)	(780,649)	0	0	(2,968,597)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest received related to current financial investments	0	2,596	700	0	0	3,296	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Current Financial Investments	(3,718,880)	3,130,686	568,350	0	0	3,699,036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition of financial assets	(177)	(2,670)	(11)	0	0	(2,681)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from sale of available-for-sale financial assets	82	0	6,626	0	0	6,626	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided (used) by Investing activities	(3,764,660)	929,639	(216,835)	(7,000)	(7,000)	698,804	(9,001)	(9,000)	(9,000)	(9,000)	(36,001)	(39,756)	(43,006)	(46,545)	(50,399)	(54,600)	(59,178)	(64,170)	(69,615)	(75,556)	(82,039)
Cash flows from Financing activities:																					
Repayment of obligations under finance leases and other debts	(5,091)	(1,425)	(1,598)	0	0	(3,023)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from capital and share premium increases, gross amount	960,087	0	23,268	0	0	23,268	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	(4,447)	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 warrants	385,202	5,355	(5,355)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash provided (used) by Financing activities	1,335,791	3,930	16,315	0	0	20,245	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effect of exchange rate differences	(205,885)	17,261	(17,678)	0	0	(617)	0	0	0	0	0	19,030	19,982	20,961	22,030	23,131	24,288	25,502	26,771	28,116	29,522
Net increase (decrease) in Cash/Cash Equivalents	579,829	881,956	(359,354)	(198,493)	(25,799)	298,310	(105,967)	(107,689)	(76,659)	(59,789)	(350,097)	158,444	705,087	1,568,280	1,393,396	1,758,697	1,695,115	1,769,295	1,847,861	1,880,968	1,932,576
Cash & Cash Equivalents at Beginning of Period	1,290,796	1,861,616	2,743,572	2,384,220	2,185,727	1,861,616	2,159,926	2,053,959	1,946,278	1,869,618	1,809,830	1,968,273	2,673,361	4,241,641	5,635,037	7,393,734	9,088,849	10,858,234	12,706,095	14,587,063	16,519,639
Cash & Cash Equivalents at End of Period	€ 1,861,616	€ 2,743,572	€ 2,384,220	€ 2,185,727	€ 2,159,928	€ 2,159,926	€ 2,053,959	€ 1,946,278	€ 1,869,618	€ 1,809,830	€ 1,809,830	€ 1,968,273	€ 2,673,361	€ 4,241,641	€ 5,635,037	€ 7,393,734	€ 9,088,849	€ 10,858,234	€ 12,706,095	€ 14,587,063	€ 16,519,639

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

Balance Sheet

Balance sheet	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
(\$ in thousands, except per share data)																					
Assets																					
Current assets:																					
Cash and cash equivalents	€ 1,861,616	€ 2,743,572	€ 2,384,220	€ 2,185,727	€ 2,159,928	€ 2,159,928	€ 2,053,959	€ 1,946,278	€ 1,869,618	€ 1,809,830	€ 1,809,830	€ 1,968,273	€ 2,673,361	€ 4,241,641	€ 5,635,037	€ 7,393,734	€ 9,088,849	€ 10,858,234	€ 12,706,095	€ 14,587,063	€ 16,519,639
Trade and other receivables	54,009	27,096	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351	31,351
Current R&D incentives receivables	21,949	22,084	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839	13,839
Current Financial investments	3,919,216	2,978,805	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276	3,182,276
Other current assets	9,138	8,705	10,319	11,069	11,819	11,819	12,569	13,319	14,069	14,819	14,819	17,819	20,819	23,819	26,819	29,819	32,819	35,819	38,819	41,819	44,819
Total current assets	5,865,928	5,780,262	5,622,005	5,424,262	5,399,213	5,399,211	5,293,994	5,187,063	5,111,153	5,052,115	5,052,115	5,213,558	5,921,646	7,492,926	8,889,322	10,651,019	12,349,134	14,121,519	15,972,380	17,856,348	19,791,924
Intangible assets	24,927	33,856	39,254	36,754	32,754	32,754	22,554	11,034	(4,445)	(21,245)	(21,245)	(76,795)	(135,903)	(198,771)	(210,642)	(212,357)	(220,933)	(231,298)	(245,711)	(265,388)	(290,909)
Property, plant and equipment, net	66,052	66,979	73,786	74,919	76,003	76,003	77,039	78,024	78,959	79,844	79,844	84,327	90,712	99,233	110,147	123,742	140,332	160,265	183,928	211,745	244,185
Deferred tax assets	4,205	4,206	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207
Non-current R&D incentives receivables	93,407	93,156	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790	102,790
Other non-current assets	14,090	13,946	9,523	(10,477)	(30,477)	(30,477)	(50,677)	(71,079)	(91,885)	(112,497)	(112,497)	(106,878)	(283,993)	(373,619)	(465,933)	(561,017)	(658,953)	(759,837)	(863,729)	(970,749)	(1,080,074)
Total assets	6,063,609	5,992,405	5,851,564	5,632,455	5,584,490	5,584,488	5,449,907	5,312,039	5,200,979	5,105,213	5,105,213	5,131,110	5,699,459	7,126,766	8,429,891	10,108,384	11,716,377	13,397,656	15,153,867	16,938,957	18,771,223
Liabilities and stockholders' equity																					
Current liabilities:																					
Finance lease liabilities	5,826	6,210	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872	6,872
Trade and other payables	143,434	169,477	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432	179,432
Current tax payable	2,037	1,141	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262
Current financial instruments	6,198	26,727	27,316	27,316	27,316	27,316	26,792	26,215	25,481	24,694	24,694	22,046	19,371	16,670	13,941	11,186	8,402	5,591	2,752	(116)	(3,012)
Current deferred income	414,298	419,071	403,656	353,656	303,656	303,656	264,488	221,404	166,569	107,818	107,818	(88,021)	(283,860)	(371,360)	(458,860)	(533,860)	(608,860)	(683,860)	(733,860)	(771,360)	(783,860)
Total current liabilities	571,793	622,626	618,538	568,538	518,538	518,538	478,846	435,185	379,616	320,078	320,078	121,591	(76,922)	(167,124)	(257,352)	(335,108)	(412,891)	(490,702)	(543,541)	(583,909)	(599,305)
Pension liabilities	8,263	8,444	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511	8,511
Long-term leasing debts; and Other non-current liabilities	26,547	26,968	31,075	31,725	32,375	32,375	33,370	34,465	35,858	37,351	37,351	42,825	48,847	55,470	62,756	70,771	79,587	89,285	99,952	111,686	124,593
Non-current deferred income	2,586,348	2,494,327	2,420,177	2,370,177	2,320,177	2,320,177	2,281,009	2,237,925	2,183,090	2,124,339	2,124,339	1,928,500	1,732,662	1,645,162	1,557,662	1,482,662	1,407,662	1,332,662	1,282,662	1,245,162	1,232,662
Total liabilities	3,192,951	3,152,365	3,078,301	2,978,951	2,879,601	2,879,601	2,801,736	2,716,086	2,607,075	2,490,278	2,490,278	2,101,427	1,713,097	1,542,019	1,371,577	1,226,836	1,082,868	939,755	847,583	781,449	766,461
Share capital	287,282	288,106	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462	290,462
Share premium account	2,703,583	2,708,114	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671	2,723,671
Other reserves	(4,842)	(4,919)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)	(4,900)
Transition differences	(109,223)	(150,597)	(235,224)	(350,117)	(293,816)	(293,816)	(345,567)	(392,770)	(389,754)	(363,608)	(363,608)	52,874	1,010,959	2,610,393	4,084,621	5,908,094	7,660,039	9,483,523	11,330,668	13,180,078	15,024,904
Total stockholders' equity	2,875,658	2,840,041	2,773,263	2,658,370	2,714,671	2,714,671	2,648,171	2,615,717	2,616,733	2,644,879	2,644,879	3,080,391	4,058,458	5,678,873	7,175,130	9,021,735	10,707,968	12,646,955	14,520,875	16,398,403	18,272,511
Total liabilities and stockholders' equity	€ 6,068,609	€ 5,992,406	€ 5,851,564	€ 5,632,455	€ 5,594,272	€ 5,594,272	€ 5,464,656	€ 5,331,803	€ 5,225,808	€ 5,135,157	€ 5,135,157	€ 5,181,819	€ 5,771,556	€ 7,220,892	€ 8,546,707	€ 10,248,571	€ 11,880,836	€ 13,586,709	€ 15,368,458	€ 17,179,853	€ 19,039,212

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

Cash Outlook, Ratio Analysis, and Enterprise Value

CASH QUICK LOOK:	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Cash burn in period (cash from operations)	€ 525,598	€ 151,501	€ 203,873	€ 212,575	€ 224,030	€ 791,978	€ 229,284	€ 233,051	€ 236,828	€ 240,922	€ 940,185	€ 968,391	€ 997,442	€ 1,027,366	€ 1,058,187	€ 1,088,932	€ 1,122,630	€ 1,156,309	€ 1,190,988	€ 1,226,728	€ 1,263,530
Total cash and cash equivalents	€ 5,780,832	€ 5,722,377	€ 5,566,496	€ 5,368,003	€ 5,342,204	€ 5,342,202	€ 5,236,235	€ 5,128,554	€ 5,051,894	€ 4,992,106	€ 4,992,106	€ 5,150,549	€ 5,855,637	€ 7,423,917	€ 8,817,313	€ 10,576,010	€ 12,271,125	€ 14,040,510	€ 15,888,371	€ 17,769,339	€ 19,701,915
Periods of cash remaining	11.0 yrs	38.0 qrs	27.5 qrs	25.5 qrs	24.0 qrs	6.5 yrs	23.0 qrs	22.0 qrs	21.5 qrs	20.5 qrs	5.5 yrs	5.5 yrs	6.0 yrs	7.0 yrs	8.5 yrs	9.5 yrs	11.0 yrs	12.0 yrs	13.5 yrs	14.5 yrs	15.5 yrs
Ratio analysis	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
EBIT	370,292	(44,585)	(86,214)	(109,893)	61,301	(179,391)	(46,751)	(42,203)	8,015	31,146	(49,793)	418,947	960,673	1,602,151	1,845,638	2,282,338	2,193,077	2,282,659	2,312,397	2,315,406	2,309,856
EBITDA	382,379	(40,396)	(81,395)	(105,025)	66,217	(160,599)	(41,786)	(37,188)	13,080	36,261	(29,633)	439,712	982,061	1,624,180	1,868,328	2,305,709	2,217,149	2,307,453	2,337,935	2,341,711	2,336,949
EBITDA % of Sales	43%	-38%	-69%	-102%	23%	-26%	-23%	-19%	5%	13%	-3%	30%	47%	57%	59%	63%	61%	61%	61%	60%	59%
EV/EBITDA multiple	29x	(223x)	(131x)	(104x)	166x	(68x)	(232x)	(300x)	860x	312x	(382x)	25x	11x	6x	4x	3x	2x	1x	0x	(1x)	(1x)
Gross Profit Margin	100%	100%	100%	100%	100%	100%	100%	96%	95%	95%	96%	93%	93%	92%	92%	91%	91%	91%	91%	91%	91%
OpMargin	41%	-42%	-73%	-107%	21%	-29%	-26%	-21%	3%	11%	-5%	28%	46%	56%	58%	62%	60%	60%	60%	60%	59%
Net Operating Profit After Tax (NOPAT)	370,078	(44,921)	(86,587)	(109,893)	61,301	(180,100)	(46,751)	(42,203)	8,015	31,146	(49,793)	418,947	960,673	1,602,151	1,477,081	1,826,470	1,755,090	1,826,787	1,850,611	1,853,053	1,848,650
Free Cash Flow (FCF)	3,186,232	(71,740)	(147,297)	(197,493)	(24,799)	(441,329)	(102,967)	(104,682)	(73,659)	(56,789)	(338,097)	153,921	700,339	1,563,294	1,388,161	1,753,200	1,689,344	1,763,324	1,841,498	1,874,287	1,925,560
Book per share	€ 47.83	€ 43.81	€ 42.70	€ 40.85	€ 41.63	€ 41.67	€ 41.08	€ 40.27	€ 40.24	€ 40.56	€ 40.60	€ 47.19	€ 62.05	€ 86.65	€ 109.27	€ 137.11	€ 163.78	€ 191.44	€ 219.37	€ 247.24	€ 274.95
Net cash per share	€ 30.97	€ 42.33	€ 36.71	€ 33.59	€ 33.12	€ 33.16	€ 31.69	€ 29.97	€ 28.73	€ 27.75	€ 27.78	€ 30.15	€ 40.87	€ 64.72	€ 85.81	€ 112.37	€ 137.86	€ 164.37	€ 191.95	€ 219.93	€ 248.57
Return on assets (ROA)	2%	-1%	-2%	-2%	1%	-4%	-1%	-1%	0%	1%	-1%	8%	17%	22%	17%	18%	15%	14%	12%	11%	10%
Return on equity (ROE)	5%	-2%	-4%	-4%	2%	-8%	-2%	-2%	0%	1%	-3%	14%	24%	28%	21%	20%	16%	14%	13%	11%	10%
Return on invested capital (ROIC)																					
Current ratio	10.26	9.28	9.09	9.54	10.41	10.41	11.06	11.92	13.46	15.78	15.78	42.88	(76.98)	(44.83)	(34.54)	(31.78)	(29.91)	(28.78)	(29.39)	(30.58)	(33.02)
Enterprise Value (MC + Total Debt - Cash)	10,977,923	8,988,671	10,702,935	10,927,602	10,979,628	10,966,542	9,678,284	11,140,877	11,243,711	11,329,726	11,316,639	11,184,448	10,505,666	8,963,745	7,596,759	5,864,526	4,195,927	2,453,112	631,873	(1,222,419)	(3,128,265)
Market Cap (MC)	12,839,539	11,732,243	13,087,155	13,113,329	13,139,556	13,126,469	11,732,243	13,087,155	13,113,329	13,139,556	13,126,469	13,152,722	13,179,027	13,205,385	13,231,796	13,258,260	13,284,776	13,311,346	13,337,968	13,364,644	13,391,374
Current Share price	€ 201.50																				

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

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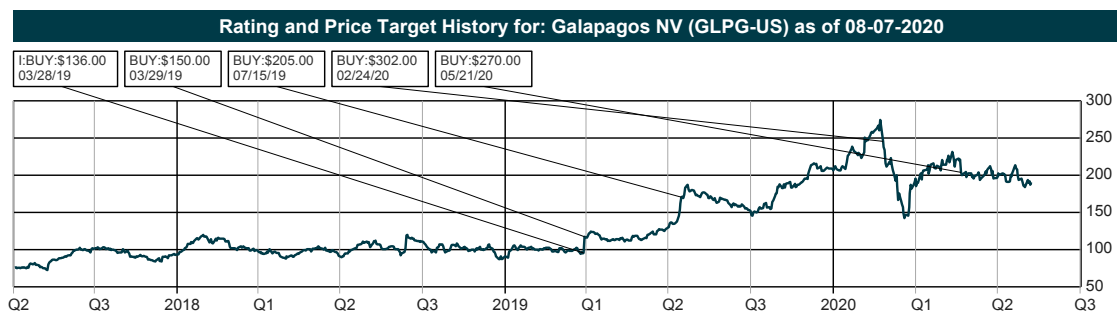
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			Count	Percent
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