FORM 8-K

Current report filing

Filing Date: **2019-01-07** | Period of Report: **2019-01-07**
SEC Accession No. 0001367644-19-000004

(HTML Version on secdatabase.com)

FILER

Emergent BioSolutions Inc.
CIK:**1367644**| IRS No.: **141902018** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-33137** | Film No.: **19512122**
SIC: **2834** Pharmaceutical preparations

Mailing Address
400 PROFESSIONAL DR,
SUITE 400
GAITHERSBURG MD 20879

Business Address
400 PROFESSIONAL DR,
SUITE 400
GAITHERSBURG MD 20879
240-631-3200

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 7, 2019**

EMERGENT BIOSOLUTIONS INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**001-33137**	**14-1902018**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

400 Professional Drive, Suite 400,
Gaithersburg, Maryland 20879

(Address of principal executive offices, including zip code)

(240) 631-3200
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On January 7, 2019, Emergent BioSolutions Inc. announced preliminary unaudited financial results for 2018 and guidance for 2019. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K. In addition, the sections entitled "Track Record of Profitable, Diversified Growth," "2018 Performance," and "Reconciliation Tables" of the corporate slide deck attached as Exhibit 99.2 are incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

During the week of January 7, 2019, representatives of the company will be attending meetings with investors, analysts and others at the J.P. Morgan Healthcare Conference in San Francisco, California and these company representatives plan to present the slides attached as Exhibit 99.2 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release, issued January 7, 2019.
99.2	Corporate slide deck, dated January 8, 2019.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMERGENT BIOSOLUTIONS INC.

Dated: January 7, 2019

By: /s/ RICHARD S. LINDAHL

Name: Richard S. Lindahl
Title: Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release, dated January 7, 2019.
99.2	Corporate slide deck, dated January 8, 2019.

EXHIBIT 99.1

EMERGENT BIOSOLUTIONS ANNOUNCES PRELIMINARY 2018 FINANCIAL RESULTS AND PROVIDES 2019 FINANCIAL FORECAST

- Full year 2018 preliminary performance in line with recently revised guidance
- Full year 2019 forecast reflects continued growth of organic business and anticipated positive impact of recent acquisitions

GAITHERSBURG, Md., January 7, 2019—Emergent BioSolutions Inc. (NYSE: EBS) today announced selected preliminary unaudited 2018 financial results and its financial forecast for 2019.

Daniel J. Abdun-Nabi, chief executive officer of Emergent BioSolutions, said, "Our preliminary results for 2018 reflect another year of strong financial and operational performance as we continue to execute our strategy. As we enter 2019, we anticipate revenues topping $1 billion for the first time in our corporate history driven by solid organic growth in each of our business units together with contributions from the products that we acquired in 2018. Importantly, we also anticipate significant growth in each of our profitability metrics while simultaneously expanding our portfolio of advanced stage product candidates that address serious global public health threats. We remain steadfast in our commitment to enable governments and commercial customers worldwide to address their public health threat preparedness and response needs as we further our mission of protecting and enhancing life."

PRELIMINARY 2018 FINANCIAL RESULTS (Unaudited)

The company is providing the following preliminary, unaudited financial results for full year 2018.

(in millions)	PRELIMINARY RESULTS (As of 1/7/2019)	Previous Forecast (As of 11/1/2018)
Total Revenues	**$ 779 -- $784**	$770 -- $800
Pretax Income	**$ 79 -- $83**	$ 75 -- $90
Net Income *(1)*	**$ 60 -- $64**	$ 60 -- $70
Adjusted Net Income *(1)*	**$ 117 -- $121**	$105 -- $115
EBITDA *(1)*	**$ 152 -- $156**	$155 -- $165
Adjusted EBITDA *(1)*	**$ 198 -- $202**	$190 -- $200

(1) See "Reconciliation of Net Income to Adjusted Net Income, EBITDA and Adjusted EBITDA" for a definition of terms and a reconciliation table.

Total Revenue
For the full year 2018, the company anticipates total revenue of $779 to $784 million, the midpoint of which represents a $221 million or 39% increase from 2017. This annual increase is due primarily to the contribution of sales of ACAM2000®, (Smallpox (Vaccinia) Vaccine, Live), raxibacumab and NARCAN® (naloxone HCl) Nasal Spray in 2018 as well as higher CMO revenue, offset by lower BioThrax® (Anthrax Vaccine Adsorbed) revenue.

Net Income (GAAP and Adjusted)
For the full year 2018, the company anticipates net income of $60 to $64 million and adjusted net income of $117 to $121 million. The midpoint of the adjusted net income range represents a $23 million or 24% increase from 2017 and reflects the impact of higher product sales and CMO services revenue as well as the positive impact of a lower estimated effective tax rate. (See "Reconciliation of Net Income to Adjusted Net Income and EBITDA" for a definition of terms and a reconciliation table.)

Note
The preliminary 2018 financial results are subject to revision and will be finalized upon completion of the company's external audit, which is anticipated in late February 2019. Once the external audit is completed, the company may report financial results that could differ, and the differences could be material.

2019 FINANCIAL FORECAST

(in millions)	FULL YEAR 2019

	(As of 1/7/ 2019)
Total Revenues	**$ 1,060 -- $1,140**
Net Income *(1)*	**$ 80 -- $110**
Adjusted Net Income *(1)*	**$ 150 -- $180**
EBITDA *(1)*	**$ 255 -- $285**
Adjusted EBITDA *(1)*	**$ 280 -- $310**

(1) See "Reconciliation of Net Income to Adjusted Net Income, EBITDA and Adjusted EBITDA" for a definition of terms and a reconciliation table.

For the full year of 2019, the company's financial forecast includes the impact of the following items:

- continued deliveries of BioThrax to the Strategic National Stockpile (SNS) under the current procurement contract with the Centers for Disease Control and Prevention (CDC), (the contract and the SNS are now managed by the Office of the Assistant Secretary for Preparedness and Response (ASPR));
- initial deliveries of NuThrax™ (anthrax vaccine adsorbed with CPG 7909 adjuvant) to the SNS following expected Emergency Use Authorization pre-approval by the U.S. Food and Drug Administration (FDA) under the company's current development and procurement contract with the Biomedical Advanced Research and Development Authority (BARDA);
- full year sales of NARCAN Nasal Spray, Vaxchora® (Cholera Vaccine, Live, Oral), and Vivotif® (Typhoid Vaccine Live Oral Ty21a), all of which were acquired in the fourth quarter of 2018;
- deliveries of ACAM2000 to the SNS under the anticipated follow-on procurement contract with the ASPR;
- deliveries of raxibacumab to the SNS under the current procurement contract with BARDA;
- domestic and international sales of the other medical countermeasures that comprise Other Product sales;
- continued CDMO services revenue;
- increased Contract & Grant revenue due to anticipated increased work related to development projects funded by third parties; and
- continued investment in discretionary development projects funded by the company targeting opportunities in medical countermeasures for emerging infectious diseases and other public health threats.

The outlook for 2019 does not include estimates for potential new corporate development or other M&A transactions.

Q1 2019 REVENUE FORECAST

For the first quarter of 2019, the company anticipates total revenues of $185 to $205 million.

PRESENTATION WEBCAST

The company will provide an update on the current business and discuss preliminary 2018 financial results, the forecast and corporate goals for 2019, and long-term goals for 2020 during its presentation at the 37th Annual J.P. Morgan Healthcare Conference on January 8, 2019 at 11:00 AM Pacific time.

A live webcast of the presentation can be accessed through Emergent's website. Visit www.emergentbiosolutions.com and select the "Investors" section. An on-demand replay of the webcast can also be accessed in the investors section after the presentation has concluded.

RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME, EBITDA AND ADJUSTED EBITDA

This press release contains two financial measures **(Adjusted Net Income and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), and Adjusted EBITDA)** that are considered "non-GAAP" financial measures under applicable Securities and Exchange Commission rules and regulations. These non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with generally accepted accounting principles. The Company's definition of these non-GAAP measures may differ from similarly titled measures used by others. Adjusted Net Income adjusts for specified items that can be highly variable or difficult to predict, or reflect the non-cash impact of charges resulting from purchase accounting (which are all tax effected utilizing the statutory tax rate for the US). EBITDA reflects net income excluding the impact of depreciation, amortization, interest expense and provision for income taxes. Adjusted EBITDA also excludes specified items that can be highly variable and the non-cash impact of certain purchase accounting adjustments (which are all tax effected utilizing the statutory tax rate for the US). The Company views these non-GAAP financial measures as a means to facilitate management's financial and operational decision-making, including evaluation of the Company's historical operating results and comparison to competitors' operating results. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that,

when viewed with GAAP results and the reconciliations to the corresponding GAAP financial measure, may provide a more complete understanding of factors and trends affecting the Company's business.

The determination of the amounts that are excluded from these non-GAAP financial measures are a matter of management judgment and depend upon, among other factors, the nature of the underlying expense or income amounts. Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety.

Reconciliation of Net Income to Adjusted Net Income (Unaudited)

	Twelve Months Ended December 31,			
($ in millions)	**2019 (Forecast)**	**2018 (Estimated)**	**2017 (Actual)**	**Source**
Net Income	**$ 80.0 to $110.0**	**$ 60.0 to $64.0**	**$ 82.6**	NA
Adjustments:				
+ Acquisition-related costs (transaction & integration)	14.0	25.0	5.6	SG&A
+ Non-cash amortization charges	64.0	26.0	10.3	COGS, SG&A, Other Income
+ Impact of purchase accounting on inventory step-up	7.0	18.0	2.6	COGS
+ Exit and disposal costs	4.0	3.0	1.5	SG&A
Tax effect	(19.0)	(15.0)	(7.0)	NA
Total Adjustments	70.0	57.0	13.1	NA
Adjusted Net Income	**$ 150.0 to $180.0**	**$ 117.0 to $121.0**	**$ 95.7**	NA

Reconciliation of Net Income to EBITDA and Adjusted EBITDA (Unaudited)

	Twelve Months Ended December 31,			
($ in millions)	**2019 (Forecast)**	**2018 (Estimated)**	**2017 (Actual)**	**Source**
Net Income	**$ 80.0 to $110.0**	**$ 60.0 to $64.0**	**$ 82.6**	NA
Adjustments:				
+ Depreciation & Amortization	106.0	65.0	40.8	COGS, SG&A, R&D
+ Provision for Income Taxes	30.0	18.0	36.0	Income Taxes
+ Total Interest Expense	39.0	9.0	6.6	Other Expense/ (Income)
Total Adjustments	175.0	92.0	83.4	NA
EBITDA	**$ 255.0 to $285.0**	**$ 152.0 to $156.0**	**$ 166.0**	NA
Additional Adjustments:				
+ Acquisition-related costs (transaction & integration)	14.0	25.0	5.6	SG&A
+ Exit and disposal costs	4.0	3.0	1.5	SG&A
+ Impact of purchase accounting on inventory step-up	7.0	18.0	2.6	COGS
Total Additional Adjustments	25.0	46.0	9.7	NA
Adjusted EBITDA	**$ 280.0 to $310.0**	**$ 198.0 to $202.0**	**$ 175.7**	NA

ABOUT EMERGENT BIOSOLUTIONS INC.

Emergent BioSolutions Inc. is a global life sciences company seeking to protect and enhance life by focusing on providing specialty products for civilian and military populations that address accidental, deliberate, and naturally occurring public health threats. We aspire to be a Fortune 500 company recognized for protecting and enhancing life, driving innovation, and living our

values. Additional information about the company may be found at www.emergentbiosolutions.com. Find us on LinkedIn and follow us on Twitter @emergentbiosolu and Instagram @life_at_emergent.

SAFE HARBOR STATEMENT

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, including, without limitation, our financial guidance and related projections and statements regarding our ability to meet such projections in the anticipated timeframe, if at all, and statements regarding the expected financial implications of our acquisitions of PaxVax and Adapt and any other statements containing the words “will,” “believes,” “expects,” “anticipates,” “intends,” “plans,” “targets,” “forecasts,” “estimates” and similar expressions in conjunction with, among other things, discussions of the company's outlook, financial performance or financial condition, product sales, government development or procurement contracts or awards, including entering into a follow-on procurement contract related to ACAM2000, organic business growth, profitability increases, product portfolio expansion, future deliveries of BioThrax® (Anthrax Vaccine Adsorbed), Emergency Use Authorization (EUA) approval and commencement of deliveries of NuThrax™ (anthrax vaccine adsorbed with CPG 7909 adjuvant), and future deliveries of raxibacumab. These forward-looking statements are based on our current intentions, beliefs and expectations regarding future events. We cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from our expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this press release, and, except as required by law, we do not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including the availability of funding and the exercise of options under our BioThrax and NuThrax contracts; appropriations for the procurement of our products; our ability to secure EUA pre-approval and licensure of NuThrax from the U.S. Food and Drug Administration within the anticipated timeframe, if at all; availability of funding for our U.S. government grants and contracts; our ability to successfully integrate and develop the operations, products, product candidates, programs, and personnel from our recently completed acquisitions of PaxVax and Adapt; our ability and the ability of our collaborators to protect our intellectual property rights; whether anticipated synergies and benefits from an acquisition or in-license will be realized within expected time periods, if at all; our ability to utilize our manufacturing facilities and expand our capabilities; our ability to accurately forecast demand for our products and our suppliers to maintain an adequate supply of the materials needed to produce them; our ability and the ability of our contractors and suppliers to maintain compliance with current Good Manufacturing Practices and other regulatory obligations; the timing and results of clinical trials; the timing of and our ability to obtain and maintain regulatory approvals for our product candidates; and our commercialization, marketing and manufacturing capabilities and strategy. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the Securities and Exchange Commission, when evaluating our forward-looking statements.

###

Investor Contact
Robert Burrows
Vice President, Investor Relations
(o) 240/631-3280; (m) 240/413-1917
burrowsr@ebsi.com

Media Contact
Lynn Kieffer
Vice President, Corporate Communications
(o) 240/631-3391
kiefferl@ebsi.com

EXHIBIT 99.2

emergent biosolutions®

Corporate Update

37th Annual J.P. Morgan Healthcare Conference

Robert Kramer
President and COO

January 8, 2019

EBS LISTED NYSE

Forward-Looking Statements / Non-GAAP Financial Measures / Trademarks

Safe-Harbor Statement

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, including, without limitation, our projected revenue and income growth, future margins and other financial projections, and any other statements containing the words "will," "believes," "expects," "anticipates," "intends," "plans," "targets," "forecasts," "estimates" and similar expressions in conjunction with, among other things, discussions of the Company's outlook, anticipated financial and operational performance or financial condition, financial and operation goals, strategic goals, perceived growth drivers and strategy, forecasted domestic and international product demand, product sales, government development or procurement contract awards and renewals, government appropriations, manufacturing capacity expansion, the timing of clinical trials, product development and delivery timelines, dual market capabilities and Emergency Use Authorization (EUA) and the timing of other regulatory approvals or expenditures are forward-looking statements. These forward-looking statements are based on our current intentions, beliefs and expectations regarding future events. We cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from our expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this presentation, and, except as required by law, we do not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements, including the availability of funding and the exercise of options under our BioThrax and NuThrax contracts; appropriations for the procurement of our products; our ability to secure EUA pre-authorization approval and licensure of NuThrax from the U.S. Food and Drug Administration within the anticipated timeframe, if at all; availability of funding for our U.S. government grants and contracts; our ability to successfully integrate and develop the operations, products, product candidates, programs, and personnel from our recently completed acquisitions of PaxVax and Adapt; our ability and the ability of our collaborators to protect our intellectual property rights; our ability to establish multi-year follow on contracts for ACAM2000® and raxibacumab; whether anticipated synergies and benefits from an acquisition or in-license will be realized within expected time periods, if at all; our ability to utilize our manufacturing facilities and expand our capabilities; our ability to accurately forecast demand for our products and our suppliers to maintain an adequate supply of the materials needed to produce them; our ability and the ability of our contractors and suppliers to maintain compliance with Current Good Manufacturing Practices and other regulatory obligations; the timing and results of clinical trials; the timing of and our ability to obtain and maintain regulatory approvals for our product candidates; and our commercialization, marketing and manufacturing capabilities and strategy. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the Securities and Exchange Commission, when evaluating our forward-looking statements.

Non-GAAP Financial Measures

This presentation contains three financial measures (Adjusted Net Income, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and Adjusted EBTIDA) that are considered "non-GAAP" financial measures under applicable Securities and Exchange Commission rules and regulations. These non-GAAP financial measures should be considered supplemental to and not a substitute for financial information prepared in accordance with generally accepted accounting principles. The Company's definition of these non-GAAP measures may differ from similarly titled measures used by others. Adjusted Net Income adjusts for specified items that can be highly variable or difficult to predict, or reflect the non-cash impact of charges resulting from purchase accounting. EBITDA reflects net income excluding the impact of depreciation, amortization, interest expense and provision for income taxes. Adjusted EBITDA also excludes specified items that can be highly variable and the non-cash impact of certain purchase accounting adjustments (which are tax effected utilizing the statutory tax rate for the US). The Company views these non-GAAP financial measures as a means to facilitate management's financial and operational decision-making, including evaluation of the Company's historical operating results and comparison to competitors' operating results. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to the corresponding GAAP financial measure, may provide a more complete understanding of factors and trends affecting the Company's business. The determination of the amounts that are excluded from these non-GAAP financial measures are a matter of management judgment and depend upon, among other factors, the nature of the underlying expense or income amounts. Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety.

Trademarks

BioThrax® (Anthrax Vaccine Adsorbed), RSDL® (Reactive Skin Decontamination Lotion Kit), BAT® [Botulism Antitoxin Heptavalent (A,B,C,D,E,F,G)-(Equine)], Anthrasil® (Anthrax Immune Globulin Intravenous [human]), NuThrax™ (anthrax vaccine adsorbed with CPG 7909 adjuvant), VIGIV [Vaccinia Immune Globulin Intravenous (Human)], Trobigard™ (atropine sulfate, obidoxime chloride), ACAM2000®, (Smallpox (Vaccinia) Vaccine, Live), raxibacumab (Anthrax Monoclonal), Vivotif® (Typhoid Vaccine Live Oral Ty21a), Vaxchora® (Cholera Vaccine, Live, Oral), NARCAN® (naloxone HCl) Nasal Spray and any and all Emergent BioSolutions Inc. brands, products, services and feature names, logos and slogans are trademarks or registered trademarks of Emergent BioSolutions Inc. or its subsidiaries in the United States or other countries. All other brands, products, services and feature names or trademarks are the property of their respective owners.

Who We Are

Our mission is simple –

To Protect and Enhance Life

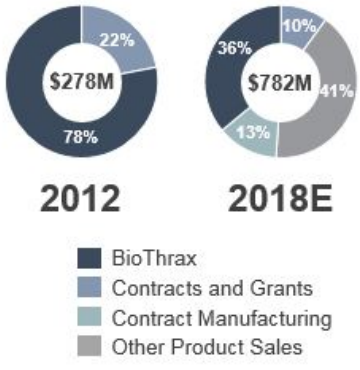
As a global life sciences company, Emergent is focused on providing specialty products for civilian and military populations that address accidental, deliberate and naturally occurring public health threats

Who We Are

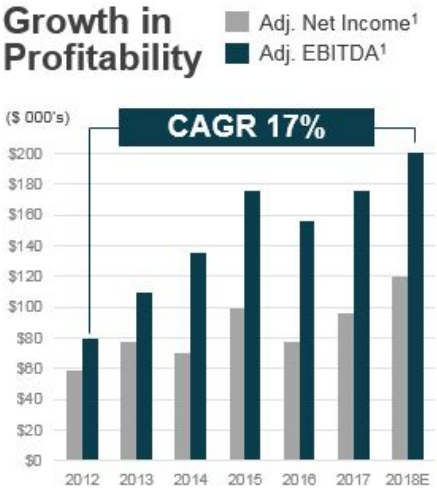
Track Record of Profitable, Diversified Growth

Revenue Growth

Revenue Diversification



Growth in Profitability



2018E financial results are preliminary estimates and are only effective as of January 7, 2019, the date originally provided.
2018E values assume the mid-point of the estimated range of financial results for full year 2018 as provided in the press release issued on January 7, 2019.
¹ See the Appendix for non-GAAP reconciliation tables.

Global Public Health Threats[1]

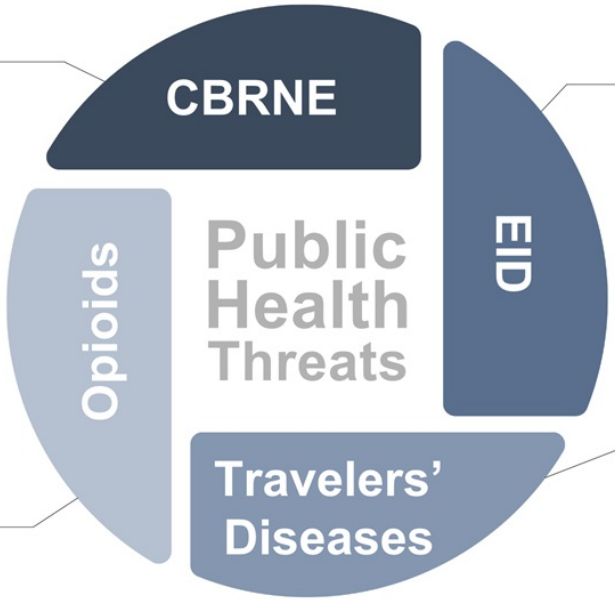
CHEMICAL:
Nerve agents, cyanide, chlorine, toxic industrial chemicals

BIOLOGICAL:
Anthrax, smallpox, botulism, Ebola, other category A threats

RADIOLOGICAL/ NUCLEAR:
Nuclear, radiological agents

EXPLOSIVE:
Trauma, burn, wound care

OPIOIDS:
Addiction treatment
Overdose response



EMERGING INFECTIOUS DISEASES:
Adenovirus
Burkholderia
Chikungunya
Dengue
Gram-negative organisms
Lassa
Marburg
MERS
Multi-drug resistant pathogens
Nipah
Pandemic influenza
SARS
Zika

TRAVELERS' DISEASES:
Cholera
ETEC
Hepatitis A/Hepatitis B
Japanese encephalitis
Malaria
Polio
Rabies
Shigella
Typhoid
Yellow fever

[1] Includes public health threats that represent future opportunities for Emergent

Our Business

Business Unit Structure Drives Strategy Execution

Our Business

Product Portfolio | Vaccines, Antibody Therapeutics, Drug-Device Combinations

Anthrax

BioThrax®
(Anthrax Vaccine Adsorbed)

Raxibacumab injection
A fully human monoclonal antibody

Anthrasil®
[Anthrax Immune Globulin Intravenous (human)]

Smallpox

ACAM2000®
(Smallpox (Vaccinia) Vaccine, Live)

VIGIV CNJ-016®
[Vaccinia Immune Globulin Intravenous (Human)] (VIGIV)

Botulism

BAT®
[Botulism Antitoxin Heptavalent (A, B, C, D, E, F, G) - (Equine)]

Nerve & Chemical Agents

Trobigard™
Atropine sulfate, obidoxime chlorideauto-injector[1]

RSDL®
(Reactive Skin Decontamination Lotion Kit)

Travelers' Diseases

Vivotif®
(Typhoid Vaccine Live Oral Ty21a)

Vaxchora®
(Cholera Vaccine, Live, Oral)

Opioid Overdose

NARCAN®
(naloxone HCl) Nasal Spray

11
Products

[1] Trobigard is not currently approved or cleared by the United States (U.S.) Food and Drug Administration (FDA) or any similar regulatory body, and is only distributed to authorized government buyers for use outside the U.S. This product is not distributed in the U.S.

Development Pipeline | Vaccines, Anti-Infectives, Antibody Therapeutics

Development Candidate	Threat	Partner	Priority Review Voucher[1]	Pre Clinical	Clinical Phase I	Clinical Phase II	Clinical Phase III
NuThrax™ AV7909 *(anthrax vaccine adsorbed with CPG 7909 adjuvant)*	CBRNE	HHS - BARDA	-				**2019[2]**
FLU-IGIV *(Seasonal Influenza A therapeutic)*	EID	-	-				**2020[2]**
Chikungunya *(Chikungunya VLP vaccine)*	EID	-	✓				**2020[2]**
Adenovirus 4/7 *(Live, attenuated vaccine)*	EID	DoD - DTRA	-				
ZIKV-IG** *(Zika Virus therapeutic)*	EID	-	✓				
UNI-FLU *(Universal influenza vaccine)*	EID	-	✓				
EBX-205 *(Broad-spectrum antibiotic)*	EID	-	✓				
GC-072 ***(EV-035 Series)*** *(Burkholderia antibiotic)*	CBRNE	DoD - DTRA	✓				
FILOV *(Pan-Ebola and Sudan Virus therapeutic)*	CBRNE	-	✓				
EBI-001 *(Pan-respiratory iminosugar antiviral)*	EID	-	✓				
rVSV-VHF *(Vector vaccine for viral hemorrhagic fevers)*	EID	CEPI	✓				

[1] Priority Review Program authorizes the FDA to award a voucher for priority review to the sponsor/manufacturer of a newly approved drug or biologic targeting a neglected tropical disease or rare pediatric disease.
[2] Target for First Subject Enrollment.

Development Pipeline | Drug-Device Combinations

Development Candidate	Threat	Partner	Priority Review Voucher[1]	Formative Studies	Registration Trials	Regulatory Application
D4 *(2PAM/Atropine)*	CBRNE	DoD - MCS	-			
SIAN *(Stabilized Isoamyl Nitrite)*	CBRNE	HHS - BARDA/SwRI	-			
Development Candidates from Adapt Pharma Acquisition *(Drug and Drug-Device Combinations)*	Opioid Overdose	-	-	**Multiple constructs in various stages of development focused on new treatments and delivery options for opioid overdose response**		

[1] Priority Review Program authorizes the FDA to award a voucher for priority review to the sponsor/manufacturer of a newly approved drug or biologic targeting a neglected tropical disease or rare pediatric disease.

Our Business

Robust and Growing CDMO Service Business

Marketed Services

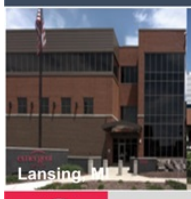
- Clinical and commercial scale
- Process development
- Analytical and laboratory services
- cGMP bulk drug substance
- cGMP final drug product
- Fill/finish + label/pack + distribution
- Bacterial + viral + mammalian
- Sporeformer/Non-sporeformer change -over
- BSL3 containment
- Stainless steel + single-use
- Regulatory + quality

Experienced Service Provider

- Producing or supporting manufacture of **>30** commercial products
- Contributed to development, production of **>200** clinical products
- Inspected by:
  - U.S. Food and Drug Administration (FDA)
  - Health Canada
  - European Medicines Agency (EMA)
  - Medicines and Healthcare Products Regulatory Agency U.K. (MHRA)
  - Federal Ministry of Health Germany (BMGS)
  - National Health Surveillance Agency Brazil (ANVISA)
  - Pharmaceuticals and Medical Devices Agency (PMDA)
  - Gulf Cooperation Council (GCC)

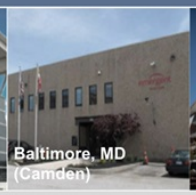
Government-Selected Solutions Provider: CIADM

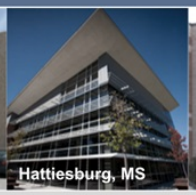
- One of three Centers for Innovation in Advanced Development and Manufacturing (CIADM) in the U.S.
- Public-private partnership with BARDA
- Surge-capacity ready, infrastructure for biologics-based MCMs
- Flexible manufacturing addresses biological threats, EIDs

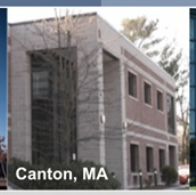

Lansing, MI


Baltimore, MD (Bayview) - CIADM

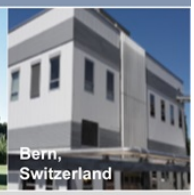

Winnipeg, Canada


Baltimore, MD (Camden)


Hattiesburg, MS


Canton, MA


Rockville, MD


Bern, Switzerland

emergent

Financial Profile

2018 Performance

Preliminary Unaudited Financial Results[1]	
Total Revenue	**$779M-$784M**
Pre-Tax Income	**$79M-$83M**
GAAP Net Income	**$60M-$64M**
Adjusted Net Income[2] *Margin*[3]	**$117M-$121M** ***15%***
EBITDA[2]	**$152M-$156M**
Adjusted EBITDA[2] *Margin*[3]	**$198M-$202M** ***26%***

Selected Operational Accomplishments

- ✓ Completed two revenue-generating acquisitions
- ✓ Submitted EUA filing for NuThrax™
- ✓ Increased pipeline to at least 4 product candidates in advanced development
- ✓ Secured licensure of BioThrax® in 6 additional countries
- ✓ Secured financing of up to $1.1B to support current and future M&A

[1] 2018 preliminary unaudited financial results shown in this presentation are only effective as of January 7, 2018, the date it was originally provided. Please see the appendix for non-GAAP reconciliation tables.
[2] See the Appendix for non-GAAP reconciliation tables.
[3] Assumes the midpoint of the forecasted range for each of the relevant inputs supporting this calculation.

Financial Profile

2019 Financial and Operational Goals

Full Year Financial Goals[1]		Operational Goals
Total Revenue	**$1,060M-$1,140M**	▪ Secure EUA approval for NuThrax™ and complete deliveries under existing BARDA contract ▪ Secure new multi-year ACAM2000® and raxibacumab procurement contracts to enable continuous deliveries to Strategic National Stockpile ▪ Continue programs to support awareness, availability and affordability of NARCAN® Nasal Spray 4 mg ▪ Progress 3 products into phase 3 or beyond
Adjusted Net Income[2] *Margin[3]*	**$150M-$180M** ***15%***	
Adjusted EBITDA[2] *Margin[3]*	**$280M-$310M** ***27%***	

[1] The financial forecast for 2019 shown in this presentation is only effective as of January 7, 2018, the date it was originally provided. Please see the appendix for non-GAAP reconciliation tables.
[2] See the Appendix for non-GAAP reconciliation tables.
[3] Assumes the midpoint of the forecasted range for each of the relevant inputs supporting this calculation.

Future Plans

Growth Drivers | Organic Business

Future Plans

Growth Drivers | Mergers & Acquisitions

Key M&A Considerations

- Revenue-generating/accretive opportunities
- Dual-market products
- Commercial products that leverage core capabilities
- R&D investing leveraging internal funds
- External funds from governments, NGOs and other partners

Recent M&A Success | Companies, Divisions, and Individual Products

ADAPT PHARMA — 2018 Company	PaxVax — 2018 Company	gsk — 2017 Product
Adapt Pharma First and only FDA approved nasal (non-needle) form of naloxone for opioid overdose (drug/device combination), development pipeline	**PaxVax** Multiple revenue-generating products; travelers' commercial sales infrastructure, commercial sales, manufacturing sites	**Raxibacumab** Anthrax monoclonal antibody
SANOFI — 2017 Business/Product	PHC — 2015 Platform	United Therapeutics — 2015 Product
ACAM2000® **Vaccine Business** Smallpox vaccine business, manufacturing sites	**Auto-Injector Platform** Military-grade auto-injector platform	**Iminosugar** Series of small molecules
cvolva — 2014 Product	CANGENE — 2014 Company	BRADDO — 2013 Division/Product
EV-035 Family of broad-spectrum antimicrobials	**Cangene Corporation** Multiple revenue-generating products; manufacturing and fill/finish sites	**HPPD** RSDL drug-device combination for neutralization or decontamination of chemical warfare agents on skin

Key Takeaways

We will continue to

- **Expand leadership position in select public health markets**
  - Leverage broadened product portfolio and extend into new and adjacent markets
  - Capture dual-market and commercial product opportunities
  - Further develop pipeline
  - Complement organic growth with acquisitions
- **Drive material top- and bottom-line growth in 2019**
  - Revenue > $1 billion, an increase of over 40% versus 2018
  - Adjusted Net Income growth ~ 40%
- **Leverage strong organizational culture and focused operational execution to continue to drive shareholder value**

Vision for the Future

Fortune 500 global life sciences company recognized for protecting and enhancing life, driving innovation and living our values

emergent biosolutions®

APPENDIX

37th Annual J.P. Morgan Healthcare Conference

Robert Kramer
President and COO

January 8, 2019

EBS LISTED NYSE

Appendix

Glossary of Terms

Term	Definition
ANVISA	National Health Surveillance Agency Brazil
BARDA	Biomedical Advanced Research and Development Authority
BMGS	Federal Ministry of Health Germany
BSL3	A biosafety level of biocontainment precautions required to isolate dangerous agents in an enclosed laboratory facility
CAGR	Compound annual growth rate
CBRNE	Chemical, Biological, Radiological, Nuclear, and Explosives
CDC	Centers for Disease Control and Prevention
CDMO	Contract development and manufacturing organization
CEPI	Coalition for Epidemic Preparedness Innovations
cGMP	Certified Good Manufacturing Practices
DHS	U.S. Department of Homeland Security
DoD	U.S. Department of Defense
DOS	U.S. Department of State
DTRA	U.S. Defense Threat Reduction Agency
EBITDA	Earnings before interest, tax, depreciation and amortization
EID	Emerging Infectious Disease

Appendix

Glossary of Terms

Term	Definition
EMA	European Medicines Agency
EUA	Emergency Use Authorization
FDA	U.S. Food and Drug Administration
GAAP	U.S. Generally Accepted Accounting Principles
HHS	U.S. Department of Health and Human Services
M&A	Mergers and acquisitions
MCS	Medical Countermeasure Systems
MCMs	Medical countermeasures
MHRA	Medicines and Healthcare Products Regulatory Agency U.K.
NGOs	Non-governmental organizations
PMDA	Pharmaceuticals and Medical Devices Agency
SwRI	Southwest Research Institute
USG	United States Government

Appendix

Reconciliation Tables

Reconciliation of Net Income to Adjusted Net Income

Unaudited

($ in millions)	Twelve Months Ended December 31,			
	2019 (Forecast)	2018 (Estimated)	2017 (Actual)	Source
Net Income	**$80.0 to $110.0**	**$60.0 to $64.0**	**$82.6**	NA
Adjustments:				
+ Acquisition-related costs (transaction & integration)	14.0	25.0	5.6	SG&A
+ Non-cash amortization charges	64.0	26.0	10.3	COGS, SG&A, Other Income
+ Impact of purchase accounting on inventory step-up	7.0	18.0	2.6	COGS
+ Exit and disposal costs	4.0	3.0	1.5	SG&A
Tax effect	(19.0)	(15.0)	(7.0)	NA
Total Adjustments	70.0	57.0	13.1	NA
Adjusted Net Income	**$150.0 to $180.0**	**$117.0 to $121.0**	**$95.7**	NA

Reconciliation of Net Income to EBITDA & Adjusted EBITDA

Unaudited

($ in millions)	Twelve Months Ended December 31,			
	2019 (Forecast)	2018 (Estimated)	2017 (Actual)	Source
Net Income	**$80.0 to $110.0**	**$60.0 to $64.0**	**$82.6**	NA
Adjustments:				
+ Depreciation & Amortization	106.0	65.0	40.8	COGS, SG&A, R&D
+ Provision for Income Taxes	30.0	18.0	36.0	Income Taxes
+ Total Interest Expense	39.0	9.0	6.6	Other Expense/ (Income)
Total Adjustments	175.0	92.0	83.4	NA
EBITDA	**$255.0 to $285.0**	**$152.0 to $156.0**	**$166.0**	NA
Additional Adjustments:				
+ Acquisition-related costs (transaction & integration)	14.0	25.0	5.6	SG&A
+ Exit and disposal costs	4.0	3.0	1.5	SG&A
+ Impact of purchase accounting on inventory step-up	7.0	18.0	2.6	COGS
Total Additional Adjustments	25.0	46.0	9.7	NA
Adjusted EBITDA	**$280.0 to $310.0**	**$198.0 to $202.0**	**$175.7**	NA