



STALLERGENES GREER FULL YEAR 2017 RESULTS

GLOBAL WEBCAST
22 MARCH 2018

OUR SPEAKERS TODAY



Fereydoun Firouz

Chairman and Chief Executive Officer



Matthias Vogt

Chief Financial Officer



Natacha Gassenbach

Global Head of Communications & Investor Relations

FORWARD-LOOKING STATEMENT

This document (including information incorporated by reference in this document), oral statements made and other information published by the company contain statements that are or may be forward-looking with respect to the financial condition and/or results of operations and businesses of the Company.

These statements can be identified by the use of forward-looking terminology such as 'believe,' 'expects,' 'project,' 'estimated,' 'forecast,' 'should,' 'plan,' 'may' or the negative of any of these, or other variations thereof, or comparable terminology indicating expectations or beliefs concerning future events. These forward-looking statements include risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

Without being exhaustive, such factors include economic situations and business conditions, including legal and product evaluation issues, fluctuations in currencies and demand, and changes in competitive factors. Actual results may differ from those set forth in the forward-looking statements, due to various factors. Save as required by applicable law, neither the Company nor any other person assumes any obligation to update these forward-looking statements or to notify any person of any such update.

TODAY'S AGENDA

2017 Business Highlights

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Chairman and Chief Executive Officer

2017 Financial Review

Matthias Vogt

Chief Financial Officer

2018 Priorities

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PURPOSE

To enable people with allergies to live normal lives

ASPIRATION

Change the treatment paradigm of allergy therapies by delivering curative medicines and innovative tools for patients, delivering double-digit year-on-year revenue growth

TARGETING SUSTAINABLE GROWTH AND PROFITABILITY



2015

Stallergenes SA and Greer Labs Inc merge

2015

Temporary suspension of production and distribution in Antony, France

2016

Organisational recovery and launch of RESTART

2017

Re-establish market leadership and focus on Driving Excellence to prime organisation for growth

2018+

Targeted investments and efficiency initiatives for next phase of growth

2017 RESULTS SHOW CONTINUED RECOVERY AND DELIVERY ON STRATEGY

CURRENT BUSINESS



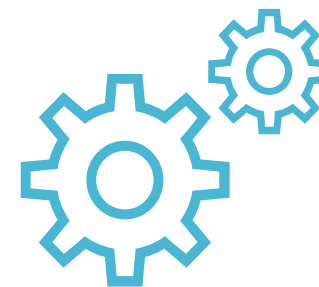
BUSINESS EXPANSION



INNOVATION



OPERATIONAL EXCELLENCE



40% year-over-year sales growth

Net sales of €260.2m

€89.8m EBITDA improvement

€21.9m in 2017 compared to a loss of €67.9m in 2016

2017 BUSINESS HIGHLIGHTS



CURRENT BUSINESS

- ORALAIR gained 6 points market share worldwide vs 2016¹
 - France: 38% share, +13 points
 - Germany: 34% share, +3 points
 - U.S.: 31% share, +15 points
- STALORAL continues to gain share in France and Germany
 - Top 14 references in France achieved 83% of 2014 sales
 - #1 product in the SLIT Trees market segment in Germany; regained 8 points market share versus last year
- Current business demand exceeds supply



BUSINESS EXPANSION

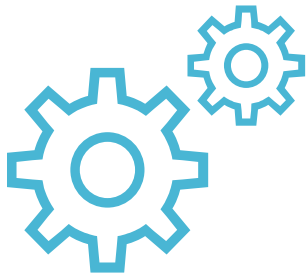
- BREATH study: First real-world evidence shows long term benefits of sublingual immunotherapy to control allergic rhinitis and potentially prevent allergic asthma
- ACTAIR approvals offer growth opportunities in Asia-Pacific region:
 - South Korea: First to market launch
 - Japan: Volume nearly doubled year-over-year
 - Australia: Market leader, volume tripled year-over-year
 - New Zealand: Launch in 2018 with focus on taking market leadership position

2017 BUSINESS HIGHLIGHTS



INNOVATION

- Patient enrolment completed for STAGR320, the largest Phase III study to treat house dust mite allergy
- Research completed on two biomarkers, abstracts to be presented at EAACI 2018



OPERATIONAL EXCELLENCE

- Industry's challenge: Upgrading manufacturing in response to regulatory requirements while continuing to supply the market
- Successfully completed 3 FDA inspections in the U.S.
- Remediation of the SCIT production area in Antony, France progressing; working closely with the ANSM

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2017 - A SUCCESSFUL TURNAROUND YEAR

SALES

- Sales up by 40% in Euro
- Sales guidance delivered: reported €260m; €265m at constant fx¹

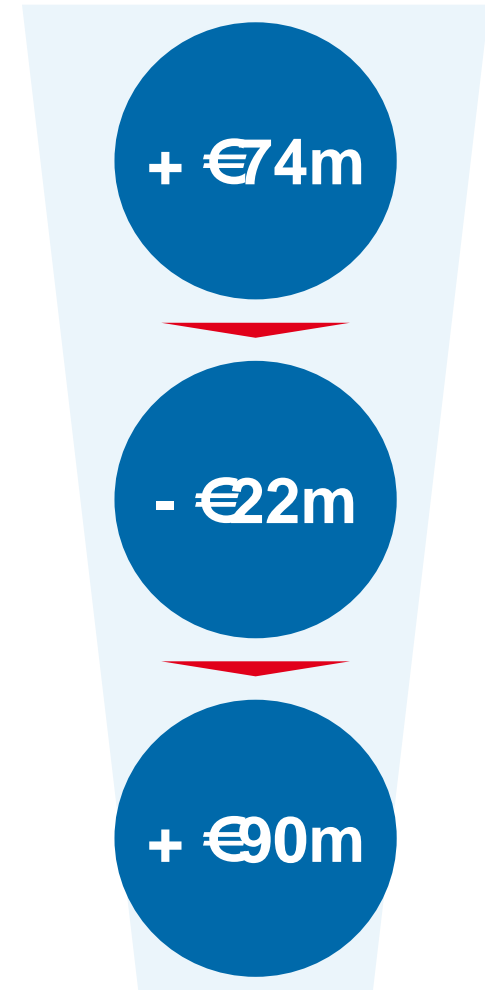
OPERATING COST

- Cost base in Operating Expenses adjusted: -12%
- Efficiencies in both SG&A and R&D

EBITDA

- Large swing back to positive EBITDA
- EBIT still negative

Vs. Prior Year



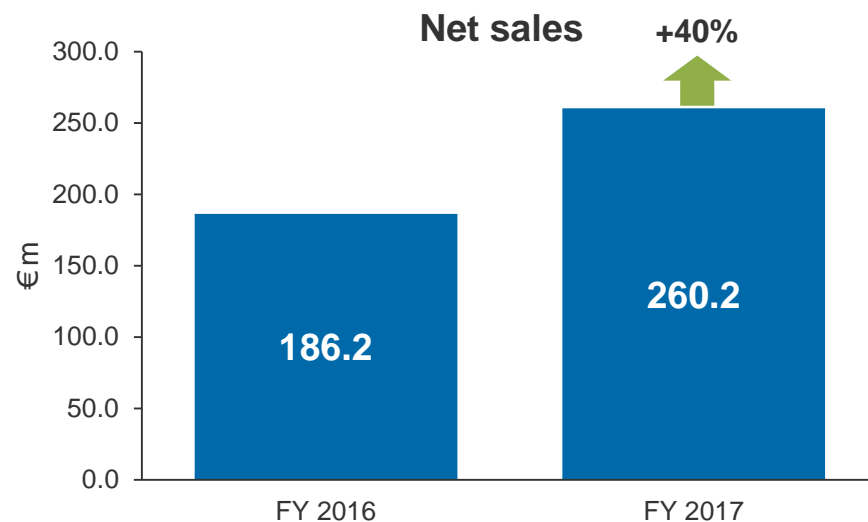
TURNAROUND REFLECTED IN 2017 INCOME STATEMENT

€m	FY 2016	FY 2017	% Change
Net Sales	186.2	260.2 ¹	+ 40%
Gross Profit	101.1	165.8	+ 64%
<i>Gross Margin %</i>	54%	64%	
SG&A	(148.2)	(131.9)	- 11%
Net R&D costs	(45.4)	(39.2)	- 14%
EBIT (Operating Result) ²	(96.0)	(5.4)	<i>n.a.</i>
EBITDA	(67.9)	21.9	<i>n.a.</i>
<i>EBITDA Margin %</i>	<i>n.a.</i>	8%	
Net loss	(60.5)	(9.9)	<i>n.a.</i>

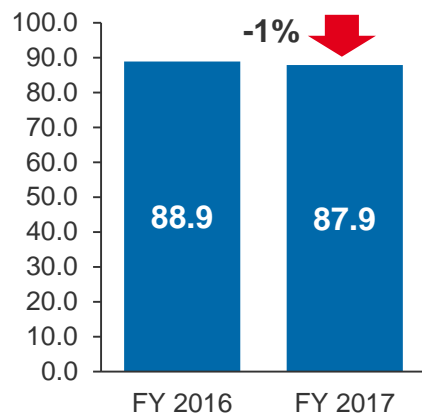
2017 NET SALES BY REGION

NET SALES BY REGION

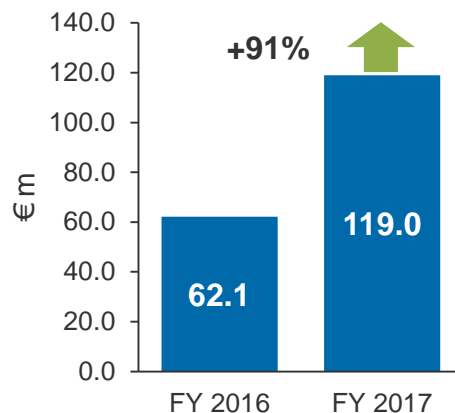
- Net sales up 40% vs. 2016 due to continued recapture of market share as well as success in new markets
- Remarkable recovery in Europe: +91% in Southern Europe and 45% in North / Central Europe vs. 2016
- U.S. net sales roughly stable vs. 2016 (+1% in local currency)



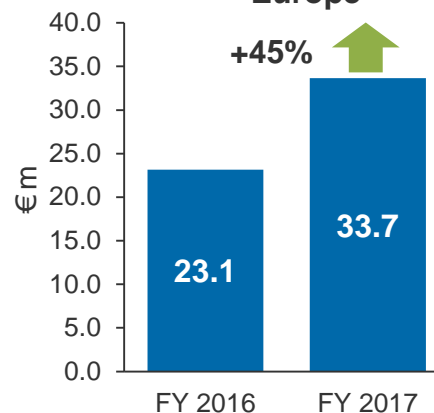
US



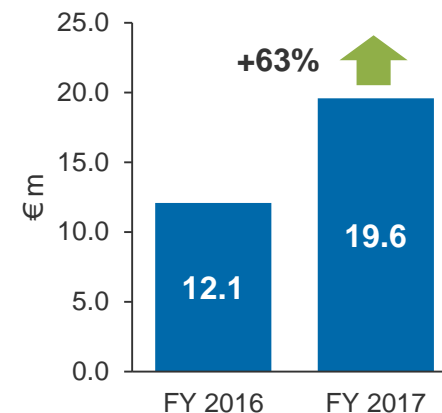
Southern Europe



North and Central Europe



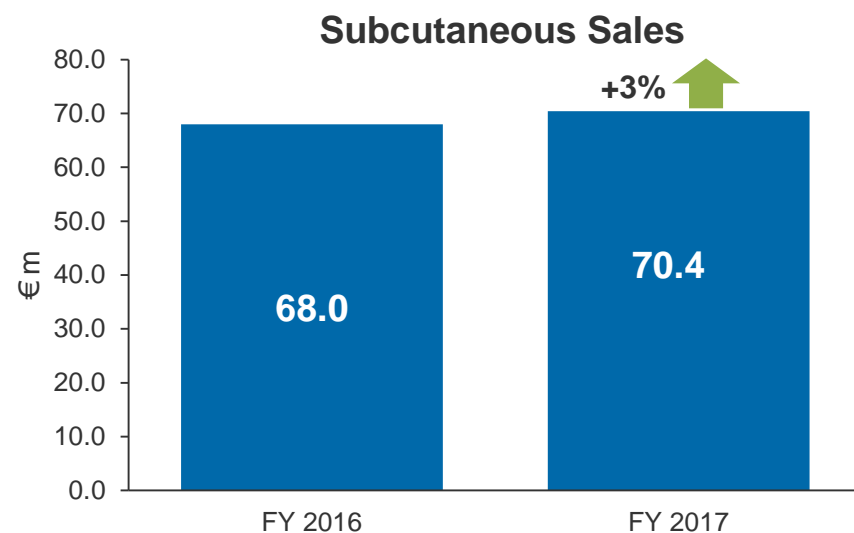
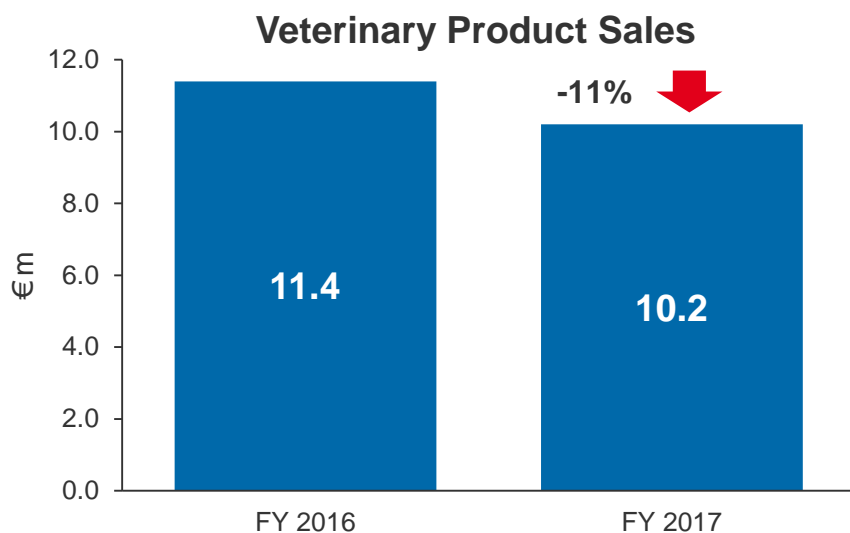
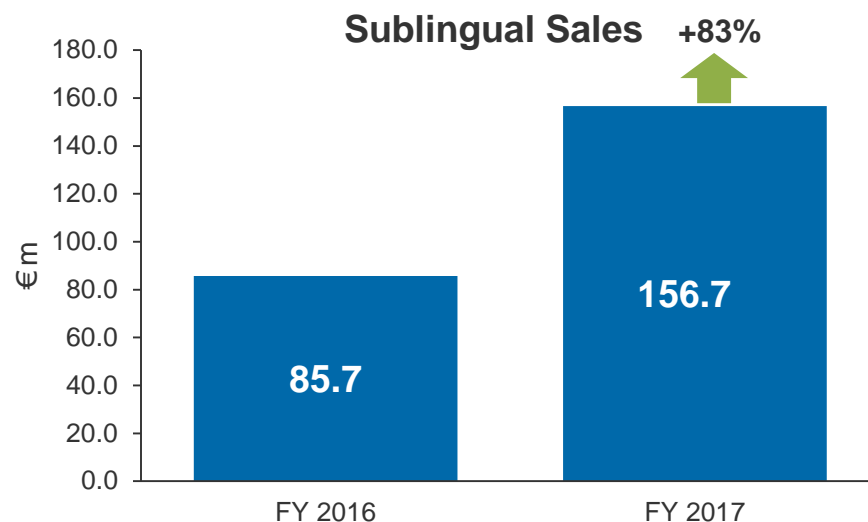
International markets



2017 NET SALES BY PRODUCT CATEGORY

NET SALES BY PRODUCT CATEGORY

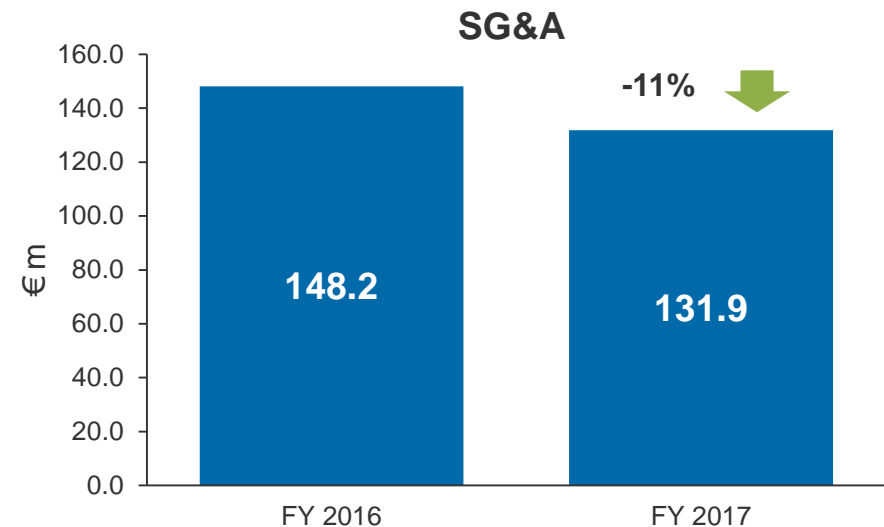
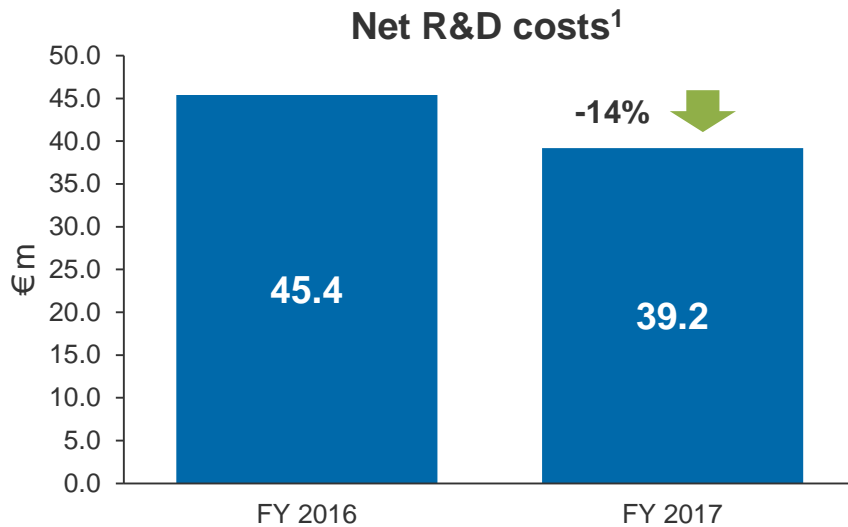
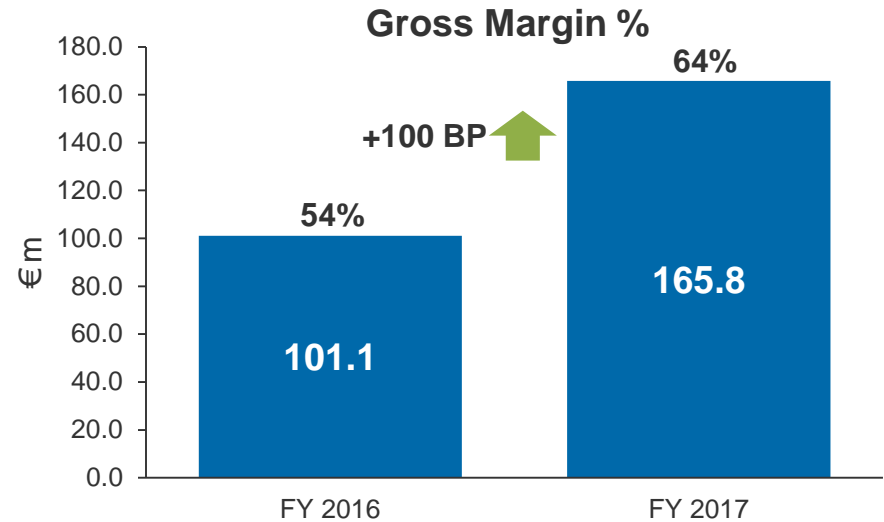
- Sublingual net sales recovered by +83%. Staloral (SLIT drops) was the main driver
- Subcutaneous remained relatively stable vs. 2016, delivering growth of 3%
- Veterinary sales decreased by 11% vs. 2016 due to increased activities by competition in the U.S.



COST MANAGEMENT INITIATIVES DELIVERING RESULTS

2017 COST MANAGEMENT HIGHLIGHTS

- Gross Margin recovered to 64% from 54% in 2016, primarily driven by higher volumes
- SG&A decreased by 11% in 2017 as a result of tight control of spend across all areas, in particular in Selling & Marketing
- Net R&D costs are primarily related to Phase III house dust mite allergic rhinitis study and decreased by 14% vs. 2016



2017 CASH FLOW HIGHLIGHTS

CASH FLOW SUMMARY

€m	FY 2016	FY 2017
▶ EBITDA	1 (67.9)	21.9
Net CF from Operating activities	2 (78.1)	(4.2)
Net CF from Investing activities	3 (5.1)	(10.2)
Net CF from Financing activities	4 4.4	(4.7)
Net change in Cash¹	(78.7)	(19.1)

CASH FLOW DRIVERS

- 1 EBITDA increase from sales increase and cost measures
- 2
 - ▶ Tax credit receivable
 - ▶ Working Capital: reduction in liabilities from recall provision
- 3
 - ▶ Mostly investments in Technical Operations and Quality
 - ▶ Acquisition payments
- 4
 - ▶ Debt repayment

2017 BALANCE SHEET HIGHLIGHTS

Shareholders' equity

€447m

At 31 December 2017

Shareholders' equity %

83%

(as % of balance sheet total)

Cash under tight control

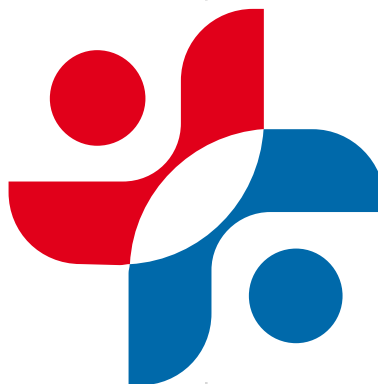
€51m

Cash position at 31 December 2017
(vs. €71m at 31 December 2016)

Insignificant external
financial debt¹

€5.2m

UBS Credit line draw-down
at 31 December 2017



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2018 PRIORITIES



CURRENT BUSINESS

- **Europe and International**
 - Refine value proposition of existing portfolio and continue momentum to gain share across markets
- **North America:**
 - U.S.: Hold SCIT leadership position and further develop Veterinary and Sterile Diluent/Sterile Empty Vial businesses
 - Canada: Use new platform to enhance value proposition



BUSINESS EXPANSION

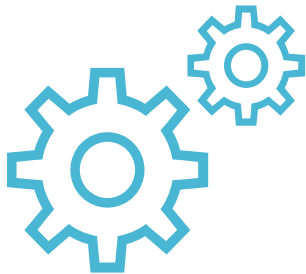
- Capitalize on growing demand globally
- Launch Actair in New Zealand and prepare for launches in Canada and U.S.
- Recalibrate Oralair strategy in the U.S. and expand offerings

2018 PRIORITIES



INNOVATION

- Utilize data to convey our value proposition and address reimbursement challenges:
 - STAGR320 on track for top line data in Q4 2018
 - BREATH, real-world evidence program on AIT: 5 studies
 - Germany Grass SLIT: Data Published
 - France Grass SLIT: Data submitted for publication
 - Birch Tree SLIT: Data submitted for publication
 - HDM SLIT (all ages): Presented at EAACI
 - HDM SLIT (children): Being submitted for publication



OPERATIONAL EXCELLENCE

- Continue operational excellence initiatives designed to reduce overall costs and fuel growth projects
 - Includes consolidation of administrative footprint
 - Continue manufacturing upgrades to ensure supply meets demand
- Work with ANSM to address observations related to the 4 January 2018 injunction

UPDATE ON TECHNICAL OPERATIONS

We continue to invest to ensure that all our products meet the highest product quality standards for patient treatment safety and efficacy

Europe/International: Antony

- ANSM injunction received on 4 January 2018 following Q4 inspection
- Injunction relates primarily to the quality management system and processes of SCIT
- Most of the observations have been addressed. Remaining open items include physical changes and implementation of new equipment
- Temporary shortages and delays expected for SCIT in Europe/International through 2018
 - Americas region not impacted
 - SCIT represented 4% of Europe/International sales
 - SLIT is not impacted – an alternative therapeutic option for physicians and patients

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2018 FINANCIAL OUTLOOK – MAIN DRIVERS

Sales up...



**Sales
Growth
Strategies**

- Further improve market share in EU/International
- Expected growth in U.S.: low to mid-single digits



- Continued attention on running a lean organization
- Investments behind Technical Operations, Quality and efficiency
- Focus on Working Capital and Cash Flow

**Efficiency
Improvements**



**& cost
down!**

Manage Risks:

- Regulatory uncertainty in France (Price/Reimbursement)
- Oralair performance in the U.S.

2018 FINANCIAL OUTLOOK

SALES

2018 Outlook

Net sales to grow
mid-single digit
percent in constant
currency



EBITDA

EBITDA to be
higher than 2017

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CHARTING THE COURSE FOR 2018

**Commitment
to our
Purpose and
Aspiration**



**Focus on
Revenue
Growth and
Profitability**

**Commitment
to Quality**

Q&A Session

UPCOMING EVENTS



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