

STALLERGENES GREER DELIVERS 2018 SALES AND EBITDA IN LINE WITH RECENT OUTLOOK

- Net sales reached €277.0 million in reported currency, a 6% growth year-over-year (+8% in constant currency)
- EBITDA was €40.2 million, a significant increase compared to €21.9 million in 2017 and in line with recent outlook, despite certain non-recurring charges. Adjusted EBITDA was €43.3 million after €24.4 million in 2017.
- Net profit and free cash flow turned positive in 2018
- In keeping with ongoing turnaround, continued investments in innovation. Released results of the Phase III trial for STAGR320 to treat house dust mite-induced allergic rhinitis and completed two Real World Evidence studies as part of our BREATH program
- Continued close collaboration with the French National Agency for Medicines and Health Products Safety (ANSM) to meet the requirements stated in its injunction dated 4 January 2018, in particular with respect to its injectable products.
- 2019 outlook: Net sales in the range of €290 million and €300 million; EBITDA in the range of €50 million and €60 million (excluding one-off costs)

London (UK), March 21, 2019 – Stallergenes Greer, a biopharmaceutical company specialising in treatments for respiratory allergies, today published its full-year results for the twelve-month period ended 31 December 2018.

FY 2018 Financial Highlights

(in € million)	Full Year (audited)			
	2017	2018	Var. (€m)	% change
Net sales	260.2	277.0	+ 16.8	+ 6%
Gross profit	165.8	179.1	+ 13.3	+ 8%
Gross margin	64%	65%	n.a.	+ 1 point
EBITDA	21.9	40.2	+ 18.3	+ 84%
EBITDA margin	8%	15%	n.a.	+ 7 points
EBIT (Operating Profit)	(5.4)	17.6	+ 23.0	n.a.
Net profit/(loss)	(9.9)	12.8	+ 22.7	n.a.

Michele Antonelli, Chief Executive Officer of Stallergenes Greer, commented:

“Stallergenes Greer sustained the ongoing recovery of its business in 2018 and we regained leading positions in many key markets.

We delivered meaningful growth and continue to invest in our product pipeline and manufacturing capabilities. Net sales and EBITDA were in line with our recent outlook and we showed steady growth across our main regions and products. We delivered substantial EBITDA margin expansion as a result of strong operating efficiencies.

Stallergenes Greer’s business fundamentals are robust and provide the means and so confidence to continue enhancing our competitive profile, advancing our pipeline and further investing in technical operations and quality. Going forward, we will remain focused on providing patients and the medical community with a broader portfolio of innovative and high-quality allergy treatments and ultimately seek to deliver on our purpose of enabling people with allergies to live normal lives.”

FY18 net sales increased 6% as a result of continued growth across main products and regions, in line with outlook

Unaudited In € million	Reported Currency				Var %
	FY-17 (12m) (€m) % Sales		FY-18 (12m) (€m) % Sales		
Southern Europe	119.0	46%	136.5	49%	15%
Northern & Central Europe	33.7	13%	33.5	12%	0%
International markets	19.6	8%	15.7	6%	-20%
United States	87.9	33%	91.3	33%	4%
Net sales	260.2	100%	277.0	100%	6%
Sublingual products	156.7	60%	172.9	63%	10%
Subcutaneous products	70.4	27%	70.1	25%	0%
Veterinary	10.2	4%	9.4	3%	-8%
Other products	22.9	9%	24.6	9%	7%
Net sales	260.2	100%	277.0	100%	6%

Constant Currency		
FY-18 (12m) (€m) % Sales		Var %
136.4	48%	15%
33.8	12%	0%
16.5	6%	-16%
95.5	34%	9%
282.2	100%	8%

The 6% increase year-over-year in full-year net sales reflects positive growth in Southern Europe and in the United States. U.S. revenue was negatively impacted by the foreign currency exchange rate in 2018. The region delivered 9% net sales growth year-over-year in local currency (US\$). Staloral was Stallergenes Greer's main growth driver in 2018 across all its major markets. In addition, the Company regained share with Oralair in the grass tablet segment in some of its key markets.

Operational efficiencies delivered margin improvement

The Group's full-year 2018 gross margin of €179.1 million represented 65% of net sales, compared to 64% in 2017. The Group reported 2018 EBITDA of €40.2 million, compared to €21.9 million in 2017. Reported EBITDA increased overall by €18.3 million as a result of a €16.8 million increase in sales and a 8% decline in Selling, General and Administrative expenses, from €131.9 million in 2017 to €120.7 million in 2018. The Group benefited from the reduction of its operating expenditures and costs associated with its operations in the U.K., France and the United States in 2018.

Reported 2018 EBITDA came in near the low end of the outlook range, mostly due to a re-assessment of the research tax credits in France for fiscal years 2014-2017; non-recurring charges related to the change in leadership effective from January 2019 and costs associated with streamlining of the Company's operations.

For the first time in three years, the Group generated a positive net profit and a positive cash flow. In 2018, net profit was €12.8 million compared to a net loss of €9.9 million in 2017. Free cash flow was positive € 23.1 million versus a negative €20.4 million in 2017.

As a result of the business performance and robust measures to contain costs, Stallergenes Greer continues to have a solid balance sheet. At 31 December 2018, the Group's shareholders' equity represented 82% of the balance sheet total. Cash balance stood at €74 million.

Continued investments in innovation translated into significant achievements in 2018

Stallergenes Greer is committed to developing innovative therapies for major respiratory allergies and invested €38.4 million in Research & Development in 2018, primarily to fund STAGR320, the Group's phase III global multi-centre clinical trial for house dust mite (HDM)-induced allergic rhinitis. In November 2018, Stallergenes Greer announced that this phase III trial achieved its primary endpoint. The study also achieved all key secondary endpoints and showed a comparable

safety profile to that observed in other clinical studies with STAGR320. The randomised, double-blind, placebo-controlled study, which recruited more than 1,600 patients from 231 participating investigative sites in 13 countries, was the largest phase III clinical trial conducted to evaluate the treatment of house dust mite allergy. Whilst certain hurdles remain, the results provide a basis for regulatory submissions in Europe and the United States and an assessment of the commercial viability of this new product.

In addition, Stallergenes Greer announced positive results from two real-world evidence studies regarding the use of allergy immunotherapy compared to the use of only symptomatic treatments in patients with respiratory allergies as part of the BREATH real-world evidence program designed to understand the real-world benefits of allergy immunotherapy outside of a clinical trial setting. These studies, conducted in France and Germany, further substantiated the long-term benefits of AIT to significantly reduce the need for allergic rhinitis and asthma medications in patients suffering from grass pollen and birch tree pollen-induced allergies.

Investments in Technical Operations and Quality to continue

Stallergenes Greer pursued investments in Technical and Quality Operations capabilities at all its manufacturing sites in 2018 to strengthen its quality culture across the organisation and to ensure product quality and patient safety for all released and distributed products.

Stallergenes Greer continues its ongoing improvements of the manufacturing facilities in France and closely collaborates with the French National Agency for Medicines and Health Products Safety (ANSM) to meet the requirements stated in its injunction dated 4 January 2018, in particular with respect to its injectable products.

In the United States, Stallergenes Greer continued to strengthen its quality system and introduced state-of-the-art manufacturing technologies and advanced initiatives to increase capacity.

2019 Business outlook

Stallergenes Greer anticipates further progress will be made in 2019. This includes investing in growth opportunities and delivering cost efficiencies across the organization. The Group expects:

- Net sales to be in the range of €290 million and €300 million, and
- EBITDA to be in the range of €50 million to €60 million (excluding one-off costs)

Stallergenes Greer plc recognised non-cash impairment with no impact on Group consolidated accounts

As part of its annual reviews, Stallergenes Greer plc has performed an impairment analysis of its “investments in subsidiary undertakings” on its statutory accounts based on the latest business plan and risks associated to it and an impairment of €47 million was recorded. The impairment in the statutory accounts for Stallergenes Greer plc has no impact on the Group consolidated accounts, its 2018 operating result, EBITDA or Equity¹.

¹ For more details please refer to the Group Financial Review and Stallergenes Greer plc. Financial statements

WEBCAST AND CONFERENCE CALL INFORMATION

Stallergenes Greer will host an Investors and Analysts meeting today, 21 March 2019. The event will be available via live webcast at 10:30 am GMT / 11:30 am CET / 5:30 am EST. The webcast will be available via the following link: <https://edge.media-server.com/m6/p/vtdehysm> and on the company's website, <http://stallergenesgreer.com/financial-calendar-events>.

Participants UK / International : +44 (0) 2071 928000

Participants France: 0805103028

Participants United States: 18669661396

Conference ID: 9197292

Participants are asked to connect at least 15 minutes prior to the conference to register, download and install any necessary audio software.

FINANCIAL CALENDAR

- 17 April 2019: First 2019 Quarter Sales Publication
- 13 June 2019: Annual General Meeting
- 29 August 2019: H1 2019 Results

ABOUT STALLERGENES GREER PLC

Headquartered in London (UK), Stallergenes Greer plc is a global healthcare company specializing in the diagnosis and treatment of allergies through the development and commercialization of allergy immunotherapy products and services. Stallergenes Greer plc is the parent company of Greer Laboratories, Inc. (whose registered office is in the United States) and Stallergenes SAS (whose registered office is in France).

TRADING INFORMATION

Name: Stallergenes Greer

ISIN: GB00BZ21RF93 1 - Ticker: STAGR

ICB Classification: 4577

LEI: 213800CYVZA7GJQEME86

Market: Euronext Paris regulated market

Additional information is available at <http://www.stallergenesgreer.com>.

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. These and other factors are more fully described in the Company's 2018 annual report published on 21 March 2019 on the Company's website www.stallergenesgreer.com. 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.

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The financial information set out above does not constitute the Group's financial statements for the period-ended 31 December 2018 but are derived from those statements. The annual report for 2018 will be made public on 21 March 2019 and delivered to the UK Companies House on or before 30 June 2019. The auditor has reported on those statements. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under Section 498 (2) or (3) Companies Act 2006 or equivalent preceding legislation. While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement itself does not contain sufficient information to comply with IFRS.

The Group published full financial statements that comply with IFRS that are available on its website at <http://stallergenegreer.com/half-year-report>.

The financial statements were approved by the Board of Directors on 20 March 2019.

Consolidated income statement as of 31 December 2018

€ thousands	31/12/2018	31/12/2017
Net sales ¹	276,954	260,195
Other revenues	99	36
Total revenues	277,053	260,231
Cost of goods sold		(94,458)
	(97,917)	
Gross margin	179,136	165,773
Distribution costs	(10,806)	(11,413)
Selling and marketing expenses	(47,738)	(60,624)
Administrative expenses	(57,378)	(57,588)
Other general expenses	(4,768)	(2,281)
Selling, general and administrative expenses	(120,690)	(131,906)
Research and Development expenses (R&D)	(38,429)	(45,630)
R&D related income	865	6,412
Net R&D expenses	(37,564)	(39,218)
Operating profit / (loss) (EBIT) before transformation costs	20,882	(5,351)
Transformation costs	(3,322)	–
Operating profit / (loss) (EBIT)	17,560	(5,351)
Financial income	109	20
Financial expenses	(1,000)	(1,817)
Net financial expense	(891)	(1,797)
Profit / (loss) before tax and associates	16,669	(7,148)
Income tax	(3,910)	(2,145)
Share of loss from associated companies	–	(578)
Profit / (loss) for the period attributable to:		
Owners of the parent	12,759	(9,871)
Non-controlling interest	–	–
Group share of net profit / (loss)	12,759	(9,871)

1. The 2017 net sales figure includes a €5,112k unused reversal of the recall provision against sales.

Consolidated balance sheet as of 31 December 2018

<i>€ thousands</i>	31/12/2018	31/12/2017
Goodwill	202,723	195,187
Other intangible assets	65,093	70,913
Property, plant and equipment	76,148	69,138
Non-current financial assets	2,736	3,957
Deferred tax assets	27,276	26,754
Other non-current assets	237	237
Non-current assets	374,213	366,186
Inventories	58,453	56,793
Trade receivables	33,025	33,199
Current financial assets	772	684
Other current assets	9,192	9,231
Current income tax receivable	2,997	611
Research tax credit and subsidies receivable	21,704	22,708
Cash and cash equivalents	73,946	50,849
Current assets	200,089	174,075
Total assets	574,302	540,261
Share capital	19,788	19,788
Share premium	539	539
Merger and contribution premium	342,149	342,149
Revaluation reserve	(348)	(236)
Retained earnings	109,067	85,086
Group shareholders' equity	471,195	447,326
Non-controlling interests	-	-
Total shareholders' equity	471,195	447,326
Provision for employee retirement obligations and related benefits	3,708	3,442
Non-current provisions	860	514
Non-current financial liabilities	6,318	6,318
Deferred tax liabilities	3,815	6,283
Non-current liabilities	14,701	16,557
Trade payables	21,680	19,793
Current provisions	1,264	2,115
Current financial liabilities	12,437	12,204
Income tax payable	2,566	1,313
Other current liabilities	50,459	40,953
Current liabilities	88,406	76,378
Total equity and liabilities	574,302	540,261

Consolidated cash flow statement as of 31 December 2018

€ thousands	31/12/2018	31/12/2017
Cash flow from operating activities		
Group share of net profit / (loss)	12,759	(9,871)
Share of loss from associated companies	–	578
Income tax	3,910	2,145
Net financial expense	891	1,798
Amortisation and depreciation charges	21,529	23,404
Change in provisions	(195)	(1,904)
Share-based compensation	2,363	2,429
Capital losses from disposal of assets	1,156	4,466
Financial losses excluding interests	(73)	(35)
Operating cash flow before changes in working capital	42,340	23,010
Current income tax paid	(5,722)	(3,768)
Change in subsidies and R&D tax credit receivables	(1,614)	(7,240)
Change in working capital of operating activities	6,731	(16,231)
Change in deferred income	(55)	11
Net cash flow from operating activities	41,680	(4,218)
Cash flow from investing activities		
Purchase of non-current assets	(24,863)	(12,643)
Acquisition of investments in consolidated undertakings, net of cash acquired	(123)	(1,403)
Proceeds from sale of non-current assets	5,652	5,269
Change in working capital of investment activities	816	(1,400)
Net cash flow from investing activities	(18,518)	(10,177)
Free cash flow after investing activities	23,162	(14,395)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	–	–
Treasury shares transactions	169	(72)
Net financial interest paid	(822)	(1,407)
Use/(repayment) of bank overdrafts	(4)	(227)
Repayment of borrowings	(5,522)	(15,054)
Proceeds from borrowings	5,502	12,095
Net cash flow from financing activities	(677)	(4,665)
Change in cash and cash equivalents	22,485	(19,060)
+ cash and cash equivalents – opening balance	50,849	71,262
+/- effect of translation adjustment on foreign currency denominated cash	612	(1,353)
= cash and cash equivalents – closing balance	73,946	50,849

Reconciliation of net income to EBITDA and adjusted EBITDA

€ thousands	2018	2017
Group share of net loss	12,759	(9,871)
Add back:		
Tax expense	3,910	2,145
Net financial expense	891	1,798
Amortisation and depreciation	21,529	23,404
Capital losses and impairments	1,156	4,466
EBITDA	40,245	21,942
Transformation costs, not already considered in amortization, depreciation and capital losses	687	–
Share-based compensation	2,363	2,429
Adjusted EBITDA	43,295	24,371

To supplement our financial information presented in accordance with IFRS we use the following financial measures to clarify and enhance an understanding of the company's performance: EBITDA and adjusted EBITDA. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance. We further believe that these financial measures are useful financial metrics to assess our operating performance from period-to-period by excluding certain items that we believe are not representative of our core business. We define our core business as those operations relating to the Group's ongoing performance. We use these financial measures for business planning purposes and in measuring our performance relative to that of our competitors. We utilise both EBITDA and adjusted EBITDA as primary measures of performance.

EBITDA consists of net income before interest, taxes, depreciation and amortisation. Adjusted EBITDA consists of EBITDA adjusted for (i) certain non-cash items included within net income, specifically share-based compensation, (ii) items the Group does not believe are indicative of ongoing operating performance, specifically transformation and significant transaction costs. We believe that making such adjustments provides investors meaningful information to understand our operating results and ability to analyse financial and business trends on a period-to-period basis.