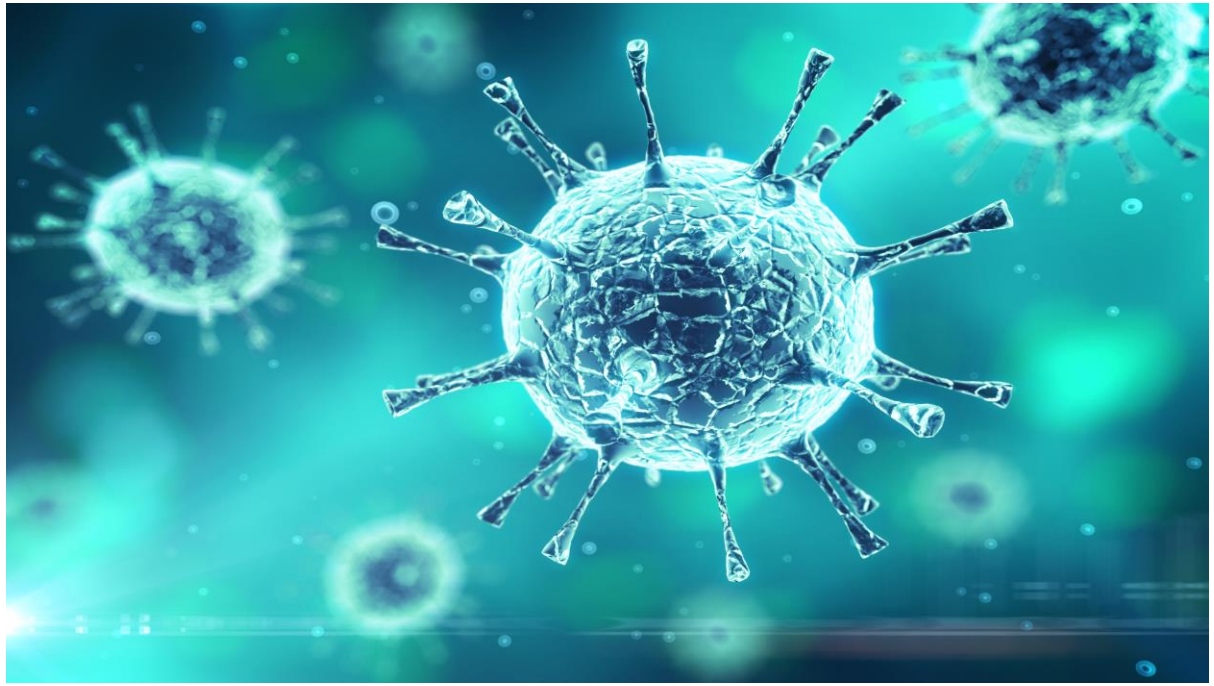
goetzpartners

STRATEGY I M&A I TRANSFORMATION



COVID-19 | goetzpartners' Pharma Industry Assessment

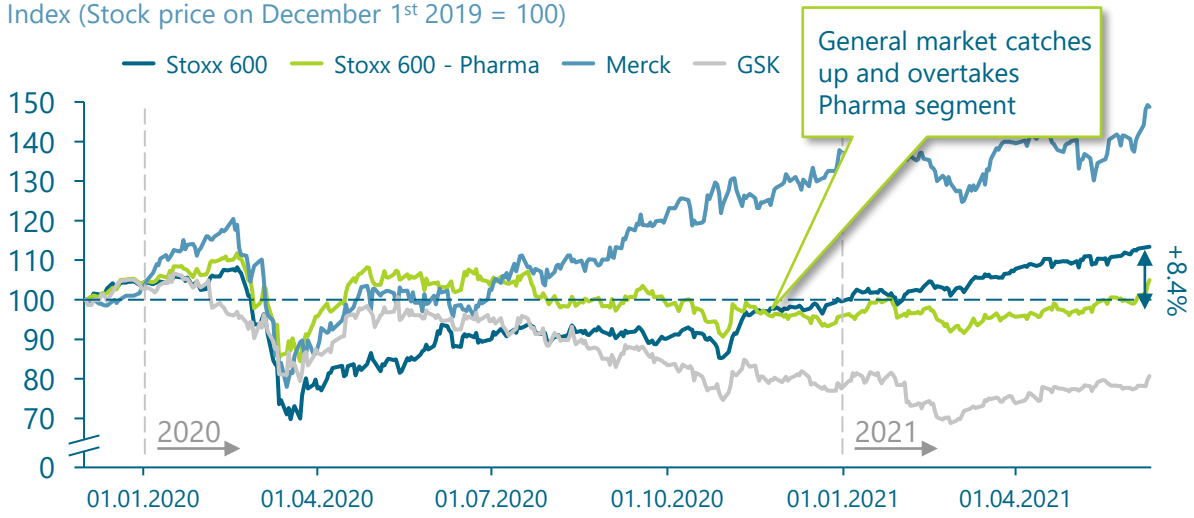
MUNICH, JUNE 2021

Pharma Industry | Shareholder Sentiment

After a clear outperformance by the European pharma industry for most of 2020, the European market has overtaken the pharma industry index and the "big pharma world" has been split in Covid winners, new emerging stars and losers

INDUSTRY STOCK PERFORMANCE

Index (Stock price on December 1st 2019 = 100)



- **General market recovery** after increasing vaccination progress and connected Covid-19 restrictions relaxations
- Continuous **high demand for Covid vaccines, production capacity and for diagnostics and reagents** drives revenue for respective pharma players (e.g., AstraZeneca, Merck)
- **High performers** continue to **profit** of their **Covid-19** related **solution offerings**, whereas the low performer seem to correlate more with non-Covid-19 related events
- Step-by-step **catch-up** of originally **postponed medical applications and elective procedures** due to the pandemic has a positive effect for the overall industry

COMPANY CRISIS MANAGEMENT

SELECTION

"Best practice": Merck KGaA

- **Chance and solution orientation:** proactive help in several COVID-19 related fields
- **Continuous expansion of businesses:** continuing of research and development activities
- **Formation of partnerships:** consolidation of expertise in numerous alliances with industrial and academic partners
- **Future-oriented investments:** in companies and start-ups via our Merck Ventures Investment Fund and Accelerator programs

48% increase in stock price[1]

Outperformed STOXX Europe Total Market Pharmaceuticals Industrials by **43%**[1]

"Worst practices": GlaxoSmithKline

- **Single product exposure:** Covid-19 has dented demand for Glaxo's biggest product, the shingles vaccine Shingrix
- **Unfavourable spin-off & divestures processes:** after a protracted process Glaxo's consumer health business will finally be spun off in second half of 2022
- **Covid-19 vaccination:** although being a global top-3 vaccine player, GSK failed to develop a vaccine to cope with the crisis

21% decrease in stock price [1]

Underperformed STOXX Europe Total Market Pharmaceuticals Industrials by **26%** [1]

Notes: [1] Stock price compared to December 1st 2019
Source: Investing.com, goetzpartners

Pharma Industry | The CEO's Agenda

The pharma industry has been instrumental in the fight against the COVID-19 pandemic – CEOs should consider defensive & offensive moves to leverage the opportunities in the new – more scientific, digital and cooperative - pharma world

LESSONS LEARNED FROM COVID-19 CRISIS

Product portfolio planning and **diversification minimise risk exposure**

Forming of **strategic partnerships accelerate R&D** efforts

Future oriented investments in start-ups enables insourcing of digital competence

Flexible ramp-up of production capacity to respond to alternating production levels

Rethink traditional product life cycle (PLC) concepts to consider shorter and asynchronous PLCs

Exploration of contingency plans to quickly recover from potential disruption since clinical trials

STRATEGIC CONSIDERATIONS

DEFENSIVE *(FINANCING, MARKET CATCH-UP)*

- Should capacities at CRO and CDMO companies for **flexible research** and **production ramp-up** be secured?
- Do you focus on the **new digital patient journey** of triage & symptom checkers, self-test/consumer diagnostics, web-based HCP locators, appointment/scheduling platforms, teleclinics, electronic prescriptions, DiGAs, online pharmacies?
- Should you pursue **collaborations** with **peers, NGO, biotech sector, and academia**?

OFFENSIVE *(ACQUISITION, CARVE-OUT)*

- Is the overall **strategy** focusing enough on **science** and **agile organizations** that trigger to work in **distributive and collaborative models**?
- Is the **portfolio strategy** living up to its expectations in terms of risk **diversification, synergies**, and a **balance of cash generation** and **investment opportunities**?
- Which **product areas** are expected to **spike** (e.g., vaccines and antivirals) and is the company well prepared to **demand increases**?

Source: goetzpartners

Contact us

crisis-taskforce@goetzpartners.com

Dr. Gunnar Binnewies
Partner
Head of Corona Crisis Taskforce
+49 151 17141083

Prof. Dr. Jochen Vogel
Managing Director
Restructuring, Turnaround
+49 151 17141033

Philipp Widmaier
Managing Director
Debt Advisory
+49 151 18236115

Stefan Sanktjohanser
Managing Partner

Dr. Stephan Goetz
Managing Partner

Dr. Wolfram Römhild
Managing Director
Strategy & Industrials

Axel Meythaler
Managing Director
Orga. & Transformation

Dr. Jan-Hendrik Röver
Managing Director
Energy, Oil & Gas

Christian Muthler
Managing Director
Indust., Autom. & Bus. Serv.

Dr. Klaus Grellmann
Managing Director
Energy

Dr. Gerrit Schütte
Managing Managing Director
Portfolio Perf. & Carve out

Ivo Polten
Managing Director
Technology, Industrials

Ulrich Kinzel
Managing Director
Healthc., Pharma, MedTech

Günther Schermer
Partner
Healthcare

Garrett Whitmore
Partner
Digital

Gerwin Weidl
Director, Munich
Chemicals, Industrials

Andreas Hering
Director
Digital, Media, Tech, VC

goetzpartners offices

DUBAI
Central Park Towers OT 37 Floor 37, DIFC
PO BOX 507270 Dubai,
United Arab. Emirates

DUSSELDORF
Rather Straße 49d
40476 Dusseldorf, Germany

FRANKFURT
TaunusTurm, Taunustor 1
60310 Frankfurt/M., Germany

LONDON
goetzpartners securities Limited
The Stanley Building
7 Pancras Square
London N1C 4AG, UK

MADRID
Calle Marqués de Urquijo n 30°, piso 1°
28008 Madrid, Spain

MILAN
Piazza Fontana, 6
20122 Milan, Italy

MOSCOW
Starokonyushenny lane, 10/10, bld. 1
119002 Moscow, Russia

MUNICH
Prinzregentenstr. 56
80538 Munich, Germany

NEW YORK
250 Greenwich Street, Suite 4620
New York, NY 10007, USA

PARIS
19, Avenue George V
75008 Paris, France

PRAGUE
Melantrichova 17
110 00 Prague 1, Czech Republic

SHANGHAI
Unit 2104-05
1045 Middle Huaihai Road
200031 Shanghai, China

ZURICH
Kantonsstraße 1
8807 Freienbach/Zurich, Switzerland

www.goetzpartners.com

Disclaimer

This presentation has been prepared by goetzpartners Management Consultants GmbH, Munich (hereafter referred to as "goetzpartners") exclusively for the benefit and internal use of the recipient and does not carry any right of publication or disclosure to any other party. This presentation is not and must not be considered as a prospectus. Neither this presentation nor any of its content may be used for any other purpose without the prior written consent of goetzpartners.

The information in this presentation reflects prevailing conditions, to the best of our knowledge, as of this date, all of which are accordingly subject to change. In preparing this presentation, goetzpartners has relied upon and assumed, without independent verification, the accuracy and completeness of all information from public sources or which was otherwise reviewed by us. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, goetzpartners, its members, directors, employees, representatives, and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this presentation or for any decision based on it.

© 2021 goetzpartners. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of goetzpartners.