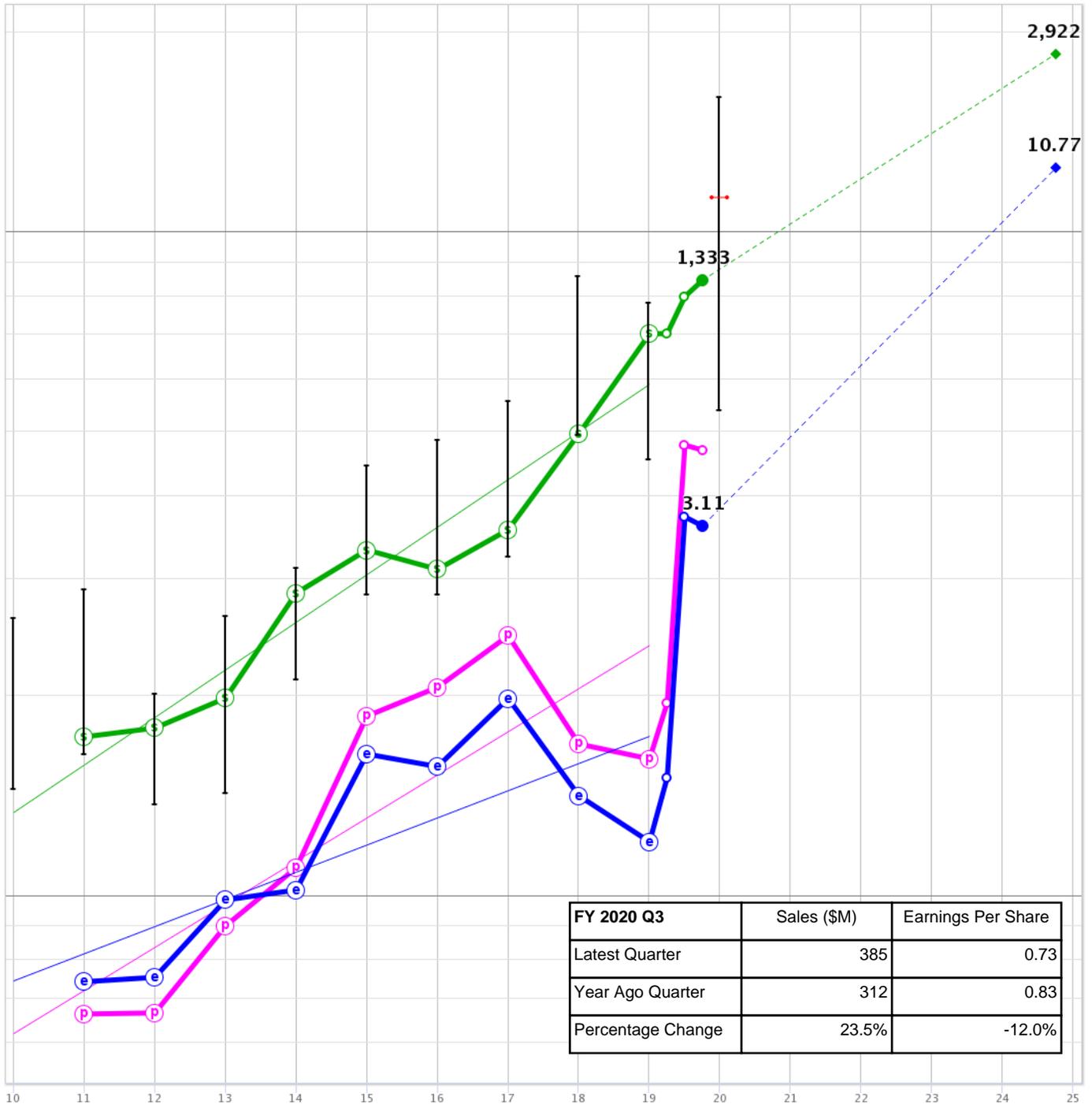


Company	Emergent BioSolution		Date	01/08/21	
Prepared by	FINN		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Drug Manufacturers - Specialty &		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	54.3		3.7	73.5	
Debt (\$M)	879.4	% to Tot Cap	41.3	% Pot Dil	2.5

# Stock Selection Guide

Symbol: EBS

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |  |       |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth       | 17.9% | (3) Historical Earnings Per Share Growth       | 9.9%  |
| (2) Estimated Future Sales Growth | 17.0% | (4) Estimated Future Earnings Per Share Growth | 28.2% |

## 2 EVALUATING Management

Emergent BioSolution

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	25.6%	11.7%	11.4%	13.9%	11.8%	17.2%	20.3%	21.2%	10.4%	7.0%	15.2%
% Earned on Equity	15.1%	6.0%	5.3%	6.7%	6.5%	9.2%	10.0%	12.7%	6.5%	5.2%	8.7%
% Debt To Capital	11.4%	12.6%	12.5%	11.2%	31.2%	27.7%	31.0%	1.5%	44.0%	42.7%	29.4%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

**CLOSING PRICE** 97.23 (01/08/21)

**HIGH THIS YEAR** 137.61

**LOW THIS YEAR** 46.37

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	38.2	24.5	1.41	27.1	17.4	0.00	0.0	0.0
2016	41.9	24.5	1.35	31.0	18.1	0.00	0.0	0.0
2017	47.9	27.9	1.71	28.0	16.3	0.00	0.0	0.0
2018	73.9	42.7	1.22	60.6	35.0	0.00	0.0	0.0
2019	67.5	39.1	1.04	64.9	37.6	0.00	0.0	0.0
AVERAGE		31.7		28.7	17.3		0.0	
CURRENT/TTM			3.11			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 23.0				CURRENT PRICE EARNINGS RATIO: 31.3				

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 28.7 X Estimate High Earnings/Share 10.77 = Forecasted High Price \$ 309.1

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 16.9 X Estimate Low Earnings/Share 3.11 = Forecasted Low Price \$ 52.6

(b) Avg. Low Price of Last 5 Years 31.7

(c) Recent Market Low Price 39.1

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 39.1

### C ZONING using 25%-50%-25%

Forecasted High Price 309.1 Minus Forecasted Low Price 39.1 = 270.0 Range. 25% of Range 67.5

Buy Zone 39.1 to 106.6

Hold Zone 106.6 to 241.6

Sell Zone 241.6 to 309.1

Present Market Price of 97.23 is in the **BUY** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{309.1 - 97.23}{97.23 - 39.1} = \frac{211.86}{58.12} = 3.6$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{309.1 - 97.23}{97.23} = 3.1789$  X 100 = 317.89 - 100 = 217.9 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

**A**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{97.23} = 0.0000 = 0.0\%$  Current Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{28.70} = 0.0\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{22.80} = 0.0\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 26.0 %  
Average Yield 0.0 %  
Annualized Rate of Return 26.0 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 20.4 %  
Average Yield 0.0 %  
Annualized Rate of Return 20.4 %

**Notes: EBS 1/8/2021**

Date	Subject	Description	Type
12/31/20	Best Small Companies 2021 - Manifest Investing	Selected by Manifest Investing as a Best Small Company to review for 2021.	Community
10/03/20	ValueLine Comment 10/02/2020	<p>We are initiating coverage of Emergent BioSolutions this week in The Value Line Investment Survey. The Maryland-headquartered corporation designs and manufactures products to civilian and military populations that address deliberate and naturally occurring public health threats. Presently, the company has about 10 offerings, including vaccines for Anthrax, Smallpox, Typhoid, and Cholera, as well as a lotion that neutralizes chemical warfare agents and an emergency treatment opioid overdoses. The equity has been quite volatile of late. After dipping in price during the coronavirus-fueled market decline in March, the stock surged over the following months, reaching an all-time high north of \$135 in August. The investment community's enthusiasm for EBS likely stemmed from the company's involvement in developing treatments for COVID-19.</p> <p>Specifically, Emergent has partnered with Novavax to provide development support for their prospective vaccine, and is also the U.S. supply chain partner for Johnson &amp; Johnson's vaccine candidate. It will also help J&amp;J with manufacturing and distribution. These potential opportunities are surely exciting for Emergent, and would likely lead to significant revenues and profits. However, the urge by stockholders to take profits was clearly too strong, and the issue is now trading about 30% below the recent high water mark. We anticipate ample profits this year and next. Our optimism can be directly tied to Emergent's COVID-19 business exposure. In addition to the partnerships mentioned above, it has inked vaccine manufacturing contracts with the U.S. Departments of Health and Human Services and Defense and AstraZeneca. Assuming a vaccine i</p> <p>developed over the near term, Emergent stands a good chance to benefit. All told, we are introducing 2020 and 2021 share-net estimates of \$5.70 and \$6.75, respectively. For comparison, EBS earned just \$1.04 per share in full-year 2019. Risk-tolerant short-term investors may want to take a look here. Emergent's coronavirus-related business, coupled with the recent price drop, are the basis of our favorable sentiment. However, for the long term, we are less excited.</p> <p>Ian Gendler October 2, 2020</p>	Community