The German government will not get exclusive access to Curevac’s Covid-19 vaccine as part of its 23% stake purchase, the company insists.

Perhaps there was some truth behind reports of a strategic Covid-19 vaccine deal between the Trump administration and the German biotech company Curevac, resoundingly denied three months ago. The German government has bought a 23% stake in the mRNA researcher for €300m ($338m), it was revealed today.

The investment is not tied to any sort of exclusive access or supply arrangement over Curevac’s Covid-19 vaccine candidate, the company’s finance director, Pierre Kemula, told Evaluate Vantage. However it seems likely that alarm at the highest levels at the implications of such an arrangement – real or otherwise – had helped persuade the German government into this move.

“When Covid-19 appeared we had meetings with the government and said we could do with some support,” Mr Kemula said. The investment was “triggered by Covid, but it is not related to Covid directly”.

He did not rule out deals that might involve access in the future – for example when it comes to figuring out how to fund the large and expensive trials that will be required to test the company’s vaccine candidate thoroughly. For now, however, the government will remain a large shareholder, with no board seat or any say over the company’s strategic direction.

Curevac’s mRNA-based vaccine candidate is poised to start trials in healthy volunteers. Speculation that the company’s former chief executive had talked about an exclusive supply agreement with the US sparked uproar in Germany back in March, and upheaval at the company (Crisis, what crisis? Curevac denies everything, March 17, 2020)

**Long-term thinking**

The €300m investment, which will be made via the country’s state-owned development bank, Kreditanstalt für Wiederaufbau, is a first for Germany. Partly it has been driven by a realisation that the country’s healthcare sector needs supporting; this has not “shined as brightly” as other parts of the economy, Mr Kemula said.

The money will be used to support Curevac’s research into various disease areas, but it seems clear that the German government is thinking both long and short term here. In a press release on the deal a German minister acknowledges that the Covid-19 pandemic has made securing medical supply chains a national security issue.
What the deal says about Curevac’s valuation is another question. The terms put the company’s worth at €1.3bn. This sounds low: an earlier financing was said to have been done at a $1.7bn valuation, and the market caps of mRNA peers Moderna and Biontech are substantially higher.

Mr Kemula declined to discuss what the company might be worth, but pointed out that its lead project, a prostate cancer vaccine, failed in early 2017. Such an event would certainly knock a valuation, although the subsequent revival in interest in mRNA would surely have helped Curevac to recover since then.

Either way, the company’s majority shareholder, the serial German biotech investor Dietmar Hopp, apparently supports the new financing. His 80% stake will be diluted accordingly.

As a decades-long and very generous backer of the country’s biotech scene Mr Hopp has always exhibited an ability to look long term. And, from his point of view, welcoming a deep-pocketed new partner to the party on generous terms could pay dividends in the future.