UCB Half Year 2026 Earnings Call | 31st July, 2026

Yvonne Naughton:

Hello and welcome to UCB's half year 2026 presentation conference call and webcast for investors and analysts. I'm Yvonne Naughton, Head of investor relations. Before I hand over to Jean-Christophe and members of our executive team, I would like to cover some housekeeping items. Today's presentation is available for download on the investor relations section of our website. The presentation and Q&A session are subject to the Disclaimer and Safe Harbor statement contained on slide two of the presentation.

Moving to slide three, our speakers today are Jean-Christophe Tellier, Chief Executive Officer, Emmanuel Caeymaex, Executive Vice President and Head of Patient Evidence, Fiona du Monceau, Executive Vice President and Chief Commercial Officer, and Sandrine Dufour, Executive Vice President and Chief Financial Officer. Following our prepared remarks, we will open the line for questions. As usual, we will try to address as many questions as we can, so please limit your questions to allow others a fair chance to participate in the Q&A. And with that, I'll hand over to you, Jean-Christophe.

Jean-Christophe Tellier:

Thank you, Yvonne. Good morning, good afternoon, and good evening everyone. It's a pleasure to welcome you to our half-year result presentation, and thank you for joining. Next slide, please. As you have seen in our press release this morning, we are very pleased with the result that we have been able to deliver during the first half of the year, continuing to build on the strength of our growth that we had delivered in 2025. And if I want you to keep just one or two numbers illustrating this growth, I will look at the top left-hand side of this slide and show that basically, our big growth drivers, our five products that currently are driving our growth, are already delivering more than 50% of our revenue, which is quite exceptional. And that has been able to show more than 28% of growth at constant rate for our net sales.

So definitely a strong growth at the beginning of the year, built upon the portfolio of the growth driver that we have, which allow us to move on the right-hand side of the slide when you can see, and Sandrine will comment on that, that we have upgraded our guidance for 2026 versus what we had shared with you earlier. On top of that, we have also published this morning new big sales of BIMZELX about 7 billion of revenue. And that puts us in a quite unique position. And the reason why we are in this quite unique position is exactly summarized here, a group of products which are growing very significantly today already, and will help enjoy a period of growth without a loss of exclusivity. And this is what you see on the bottom of the slide. The first product that we lose exclusivity in the near future is Fintepla in 2033.

And the last one would be BIMZELX in 2037. So we still have ahead of us 10 years of growth with BIMZELX. Moving to the next slide, you can see that the growth that we see today is based, of course, of what we have been able to deliver, but the first half, we had also very good news to expand the growth beyond what we see today. And I would like to start with BE BOLD and with BIMZELX. For the first time ever, a product have been able to demonstrate superiority versus standard of care in our case versus an IL-23, Skyrizi. In psoriatic arthritis based on a very severe criteria, which is, or difficult criteria to reach, if I may say, ACR50. And we have been able to confirm with this study what we have been able to deliver already in psoriasis. And so this is the fourth superiority clinical trial achieved with BIMZELX.

And each of these results confirm the unique profile of BIMZELX. First onset of action, the case of BE BOLD, we see the difference already in the fourth week. The depth of the efficacy, ACR50 in the case of BE BOLD. The duration of activity, we see the curve continue to differentiate up to 24 weeks and will be beyond. And then the safety profile, which is comparable for the two products. So there is no difference in terms

of drop off treatment or treatment discontinuation between Skyrizi and BIMZELX. This is quite unique, and this is also what give us a very strong confidence moving forward with the potential growth of BIMZELX. Now, BE BOLD have been published in June 2026, but we have also a way to continue to maximize the value of our growth with the lifecycle extension. In the case of BIMZELX, for example, it's the extension to child and adolescents in HS and other rheumatoid disease.

But in Fintepla, we have already filed CDD, CDKL5 disease disorder, deficit disorder, and we are starting also a study in Turrets syndrome. But if we think about beyond this phase of the current growth that we have with our current portfolio, the first half has been also very rich for UCB in terms of preparing the future beyond 2035, 2037. In the case of our own pipeline, we have decided to move with bepranemab into a confirmatory phase two study. Despite the fact that our primary endpoint was not positive on the POC, we thought that we have a very strong signal in a subpopulation of low-Tau activity, and we have decided to do a confirmatory study phase two on this population that will start soon. On galvokimig, our bispecific IL-13 IL17A and F, after having done and started a clinical trial in atopic dermatitis where the recruitment is doing very well and faster than expected, we have decided to move on into respiratory and evaluating the product in two disease in phase two, COPD and non-cystic fibrosis bronchiectasis.

But on top of our internal pipeline, you have seen also that during the first half, we have moved into inorganic growth with four acquisition. And each of these acquisition will strengthen UCB for the long-term sustainable growth and success. IMIDomics is a Barcelona-based biotech company where we gave us access to more than 17,000 of DNA material that we can evaluate, target potentially and sub patient's population. Neurona is a biotech where, first of all, for us, first we will get in cell therapy in a very severe epileptic disease, a meso-temporal epilepsy. With cell therapy, we are an ability to reduce the level of the numbers of seizure and to significantly increase patients, so in our core of neurological focus. And in immunology, the in-licensing of an asset for antigen and the acquisitions of Candid Therapeutic give us a very solid now additions to our own pipeline in T-cell engagers and Emmanuel will comment on that.

So as a summary, a very strong first half of the year based on solid execution that give us huge leverage moving forward. Visibility and a unique position because a lot of exclusivity will come late, strengthening the data set that we have with BIMZELX in particular, continuing our developing our asset and pipeline and acquiring new companies and preparing the long-term future. This is in a nutshell, the summary of a very rich first half of the year. And with that, I hand over to Emmanuel. Thank you.

Emmanuel Caeymaex:

Thank you very much, Jean-Christophe and greetings everyone. Indeed, it's going to be my pleasure to give you some more details on our two acquisitions, namely Candid Therapeutics and Neurona. Clearly very good strategic fits, but also potentially paradigm shifting therapies. Now, before I do that, let me just set the scene. And on the next slide, you'll see that we really focused on shaping the next phase of growth with these acquisitions. And it started from, first of all, our purpose and our strategy to expanding the horizons of what's possible for patients and be ambitious in terms of the clinical endpoints that we're going after, moving from deeper clinical response where we are today, to an ambition of long-lasting, drug-free remission, and ultimately potentially even cure. And so if you take BIMZELX, for example, as a first modality, it's a dual cytokine inhibitor. In psoriasis, for example, BIMZELX has been able as the first drug ever to bring seven out of 10 psoriasis patients to a state of totally clear skin for a full year.

And that wasn't possible before BIMZELX. Likewise, BIMZELX in other indications may not be able to achieve such deep level of disease control and potentially remission. And so we've been continuing to look for solutions for diseases that are more heterogeneous than psoriasis. And galvokimig makes a good example where from the phase two study, we had EC90 achieved in about half of the patients. And that's probably only possible because we inhibit multiple pathways. And so really leveraging the power of

combinatorial biology in a well-informed manner represents another strategy to achieve deeper clinical response. Now, really for a step change, one needs to look at different technologies, and we've been observing the field of CAR Ts for quite a few years and have decided to invest in T-cell engagers, first with the licensing of anti-gene 201, and second with the acquisition of Candid Therapeutics, because those medicines really promise a transformative potential, meaning drug-free remission for potentially quite a long period of time in a manner that is scalable and scalable not just from an accessibility and a cost point of view, but also scalable from a safety and tolerability point of view.

With cizutamig we have a BCMA T-cell engager really going after autoantibodies about the autoantibody production. Very complimentary to the earlier license of ATG-201, which is targeted at CD19, which is a broader B-cell strategy. And so we are aiming to redefine the outcomes, and really, this can be our next step in immunology. It's a large market opportunity. I think we're still defining what B-cell diseases truly are, and that seems to be a pool that is expanding as we discover empirically what the impact is of those molecules and others. And this focus on B-cell-driven diseases is one that we're now pursuing. With cizutamig, we are focused on depleting pathogenic plasma cells, and it's really focused on deep depletion with potentially a best-in-class profile. And I'm referring here to the fact that the incidence of cytokine release syndromes and of neurotoxicity, ICANS, has been low and has been favorable and that's really been factored in our choice for Candid Therapeutics.

And so, this has been presented recently at the EULAR Rheumatology Congress where one has an overview of about 50 patients treated both in Europe and in Asia in phase one type studies, signal-seeking studies. And you see there's a variety of conditions here that are depicted. The efficacy has been remarkable. Not much of this is published, but more to come next year. What's really been of interest here is the favorable safety. So there's been no CRS higher than grade two, and in fact, only one grade two CRS. No death reported in those autoimmune studies despite, of course, dealing with very sick patients and no incidents of eye cancer at all. And that I think is the early clinical signal, let's say, that this balance between potentially revolutionary efficacy and the favorable safety and tolerability profile is achievable.

So with that, in 2026, we are planning to get cizutamig into phase two exploratory studies, one in myasthenia gravis and another one in interstitial lung disease that's associated with chronic rheumatology conditions. So very exciting times ahead for our autoimmune franchise. Likewise, on the next slide, you will see that we're equally excited with our acquisition of Neurona Therapeutics. Obviously, it's going to build on 30 years of UCB presence and leadership in epilepsy and take a resolute step forward to disease modification. So we've decided to focus on a technology and a potential therapy that can really address seizures and potentially, the underlying disease in patients that have failed on many, many of those oral anti-seizure medications. So rezanecel, as it is called, is an allogenic off-the-shelf GABA interneuron therapy. It is delivered in a one-time, minimally invasive intracranial procedure. And we've seen in the data published or available so far that there's been no serious adverse events related to the cells or the procedure. It's remarkable in terms of its results. And of course, as we were looking into the data, we were very impressed a few years ago reading about and hearing about this first patient who had about 30 seizures a month. And after that single administration of these intraneuron cells, the seizure account for disabling seizures went down to less than a handful. Really life-changing. And in fact, for this particular patient, the difference between staying at home feeling hostage to unpredictable seizures occurring to actually being at work. And if one looks at the broader data set that's available now, and you see that on the bottom of the right-hand panel, we see, for example, that in unilateral mesial temporal lobe epilepsy, that we have close to 90% of patients that 90% of seizure reduction as a median in 7 to 12 months into the therapy. And bilateral patients who are not even candidates for epilepsy resective surgery, so destructive surgery, the first patient there achieved 100% seizure freedom for a year.

And so this really tells us that this could be life-changing for many, many patients, and is definitely something that, from a patient point of view, will be potentially very attractive as an alternative to epilepsy surgery, which of course comes with the threat of cognitive and behavioral adverse events, let alone the waiting lists and the costs. So the regulators have recognized the promise of this investigational therapy with the RMAT and prime designations, and I'm pleased to announce that we will start phase three in the first half of next year. We regard this as a great opportunity for patients and also a way for UCB to continue to build on its leadership in epilepsy. And with that, it's my pleasure to hand over to Fiona now, who will take us to our growth drivers. Fiona.

Fiona du Monceau:

Thank you, Emmanuel, and thank you for the update on the pipeline. I'll now focus on our five growth drivers with the title Winning Through Execution. If we go to the next slide, I'm really happy to share with you our revised peak sales potential of at least seven billion, like JC mentioned earlier today for BIMZELX. And this is very much based on the strong execution that we see again this half year. The teams out in the field, the very diligent mixed channel between field and other DTC, as well as using AI where appropriate, and expanding strategically our access. Second, our evidence-based. We now have four head-to-head superiority studies with most recently, as JC mentioned, the BE BOLD where we shared our data at EULAR back in June. It's a head-to-head study against Skyrizi. We are the only company who has shown superiority against a biologic in psoriatic arthritis. And on top of that,

Fiona du Monceau:

We measured it on ACR50, really raising the bar for our patients. We are increasing our real-world evidence. We now have five-year data for PSO, four-year data for psoriatic arthritis, and three-year data for HS. And the third lever is around expanding our indications. Our PPP trial is recruiting well and our pediatric studies as well. And as JC mentioned, you will have the top-line results for adolescent HS trial in H1 2027. So now let's focus on the execution with the next slide. So Bimzelx is continuing its great momentum. We have now approved in more than 50 countries. We have helped more than 135,000 patients, and our net sales for this half year are 1.5 billion twice from last year. On the IL-17 dynamic shares, we continue to progress with now 35% in PSO, 30% in our rheumatology indications, and more than 45% in HS.

And our net sales splits across the indications of 45 for PSO, 33 for HS, and 22 for rheumatology. I'd like you to pause and look at the top right corner with Bimzelx performance versus other analogs. And as you can see, we continue to have great momentum versus the others, and we're still very early on in our journey, in our growth journey. On the access side, back in February, we shared with you that we now have 80% of commercial lives that have access to Bimzelx across all indication, as well as the vast majority of Medicare and Medicaid patients. We've also progressed the mix on 1st of June across all indications. We have now first line with one of the PBMs. And we really think about this, what stage, which coverage to have with the access based on three dimensions. Sort of one, the experience we want to have with our physicians and our patients moving at the right time and at the right speed so that the access matches the prescribing line of our physicians.

Now, if we move to HS on the next slide, in the US, we continue to see great momentum after a temporary spike of biosimilars early January. We see the nice trend going back up with a 34% dynamic market share. And in the rest of the world where we launched earlier than in the US, we now have dynamic shares in Italy of above 60%, in Spain of above 55%, and in Japan above 70%. Our ambition is really to lead in HS. We are the best product for our patients. It's still a market that has huge potential to grow. It needs to grow, one, because a lot of our patients are lost in the system of finding it difficult to find the right

physicians to treat them. They are often sort of pushed away. And so it's really important that one, these patients get diagnosed earlier, get access to the right physicians as quickly as possible, and then are treated with biologics where there's huge room to progress. This all leads us to believe that the global market potential for HS by 2030 should be around the five billion. Now let's focus on the other four growth drivers. First, EVENITY. EVENITY is our bone builder, which we have in partnership with Amgen. It now has leadership in quite a few markets. It's treated more than 1.5 million patients since launch. The net contribution with our partner is 379 million. The net sales for UCB are above 88 million and shows a growth of 34% versus last year.

In the middle, you see our MG portfolio. As a reminder, UCB is the first and only company with a dual therapy portfolio. This enables us to tailor treatments to the right patients. The portfolio has now treated more than 4,100 patients with net sales of 330 and a growth of 38% year-on-year. And to finish, Fintepla with our long history in epilepsy, again here is treating more and more patients with strong differentiated data. 16,000 patients have been treated, net sales of 239 million and a growth of 18%. Really excited about the performance of our growth drivers and about the revised peak sales potential of at least seven billion for Bimzelx. And now I'd like to hand over to Sandrine who will cover the finance. Thank you very much.

Sandrine Dufour:

Thank you, Fiona. And good morning, good afternoon, everyone. Let me first comment on the first half performance and then we'll see how it translates for the year with an upgraded guidance. So if we move to the next slide, we continued our long-term sustainability journey for the first half of '26. We delivered strong top-line growth. We've expanded margins meaningfully as we actively invest behind our next phase of growth. The total net sales grew by 23% to 4.1 billion driven by the strong underlying demand of our growth portfolio supported by a solid performance of Cimzia. The combined net sales of our five growth drivers make up more than 50% of our total net sales. And Fiona just commented on the underlying drivers of growth. So beyond the five growth drivers, Cimzia delivered a solid performance of 954 million down 1%, but still growing by 4% at constant rate.

And performance was driven by volume growth as Cimzia continues to be the fastest growing branded anti-TNF across Europe, Japan, and international markets. And this reflected the differentiated profile of Cimzia as the only Fc-free TNF inhibitor and our ability to maintain competitiveness through the life cycle of our drugs. Briviact contributed net sales of 327 million down 13% and reflecting entry of generics in the US in February. We expect to see in the US an 80% decline in sales over the 12 months from the loss of exclusivity and 50% decline in Europe when losses of exclusivity is expected in August this year. And regarding sustainability, we continue to maintain our leadership position across ESG ratings with TIME and Statista recently recognizing UCB as one of the world's most sustainable companies. And this is reinforcing our commitments to long-term value creation. Now moving to the next slide and the financial performance and the profit drivers.

So on the top of the page, I'll start with the revenue. And we've highlighted the very good top-line momentum in the first half with total revenue increasing by 22%, 27% at constant rate to 4.3 billion. And this was driven by the net sales of 4.1 billion up 23%. And revenue in the first half also benefited from a number of phasing dynamics, which should be accounted for when considering the second half trajectory. And that includes the Briviact loss of exclusivity, which is second half weighted given the fact US went off patent late February and we expect the loss of exclusivity in Europe in August. Then the first half of '26 full portfolio and predominantly Bimzelx and Cimzia benefited from around 100 million prior year gross to net adjustment. And as every year, there's significant lags for some channels, and this is reflected in this amount.

And finally, we secured meaningful new access for Bimzelx as Fiona mentioned, including one significant agreement effective as of 1st of June in first line in all indications. And this is expected to create additional net price pressure in the second half while the related volume benefits will take more time to build and contribute positively to growth. Now, if I turn to profitability, adjusted gross profit reached 3.5 billion up 27%, 33% at constant exchange rate, with the gross margin improving to 82%. And this was driven primarily by a more favorable product mix and also benefiting from the pricing effects, the prior gross net adjustment. And even if less pronounced than the first half, we still expect to see a net improvement [inaudible 00:29:20] 25 for the full year, thanks to favorable product mix more than compensating the pricing effects. Operating expenses were 1.9 billion up a limited 2%, clearly demonstrating strong operating leverage.

Marketing and selling expenses increased by 6% to 1.2 billion, reflecting our continued investment behind the growth drivers and including deeper market expansion. R&D expenses increased by 6% to 903 million reflecting continued discipline investments and pipeline prioritization. And we expect the full year R&D ratio to be closer to 25%, first as a result of some phasing as every year. And second, considering R&D expenses following the acquisitions of Neurona and Candid. And finally, G&A expenses increased 20% reflecting digital transformation programs across the value chain as well as some phasing effects. And we do not expect this level of increase to be representative of the full year trajectory. The other operating income was a positive 394 million driven by 379 million net contribution from our EVENITY partners and it's a growth of 34%. And altogether, this resulted in adjusted EBITDA of 1.7 billion up 68% or 79% at concentrate driven by strong top-line growth, the improved gross margin and significant operating leverage.

And the EBITDA margin reached 40.7% in the first half, also reflecting the phasing dynamics in net sales and the R&D investment timing that I have just outlined and should therefore be considered in the context of our full year guidance. Now moving to profit, group profit reached 1. 1 billion up from 475 last year. Net financial expenses declined to 69 million, of which 25 million of net interest expenses that is expected to increase following the recent debt financed acquisition while the hedging costs linked to the acquisitions included in other financial expenses will not reoccur. And we ended the period with a total net financial debt of 2.8 billion lower than one time EBITDA. Effective tax rate is 15% and as expected for the full year, reflecting strong business performance and partially offset by the continued use of R&D incentive and additional recognition of deferred tax assets on losses.

Core EPS reached €6.84, almost doubling year-on-year. So in summary, this first half was very strong and it gives us the confidence to upgrade our guidance for the year. And so moving to the next slide, we remained focused on sustaining our growth momentum at both top and bottom line, and we're increasing our full year guidance. So for revenues, we expect low teens to mid-teens growth at constant exchange rate. And the underlying drivers remain the same five growth assets with Bimzelx as the largest contributor. And year-on-year H2 evolution versus H1 growth will reflect the various phasing dynamics that I have explained. And moving to EBITDA, we expect mid-teens to low 20s growth at constant exchange rate. And this is the direct result of revenue growth. And it's also driven by continued investment behind our five growth drivers, focused R&D execution and integration of our recent acquisitions, Neurona and Candid.

EVENITY's contribution is expected to grow faster than the whole top line supporting further margin expansion. And we expect the core tax rate to be around 15%. And we have provided you at the bottom of this page with the sensitivity of the guidance to foreign exchange impacts on both revenues and EBITDA lines. And as a reminder, our guidance reflects the current rules and regulation. It does not include any impact from potential MFN or tariffs. So to conclude a very strong first half with continued top-line momentum, significant operating leverage, and a solid financial position giving us the confidence to

upgrade our full year guidance while continuing to invest behind our next phase of growth. So with that, I thank you and I hand back to Jean-Christophe.

Jean-Christophe Tellier:

Thank you, Sandrine. Thank you, Shanine. Thank you Emmanuel. And I think we have been able to cover the different part of this first half moving from strong executions to strengthening the portfolio and the confidence in the future, as well as the ability to deliver on the various line on the P&L of very strong performance. So next slide, please. What I would like to leave you with is a very simple message. The strategy of UCB always have been to concentrate on innovations and making sure that through innovation, we are able to deliver very unique patient value. And this is what we are delivering year after year and semester after semester like we are doing this time.

Two, with the space and the strategic flexibility that we are gaining through this execution, we are delivering not only strong data, but we are also investing in order to make sure that the pipeline continues to develop and that we are also able through inorganic growth to strengthen our offering so that in the end we are not able to be in the positions to deliver growth today, but to continue to deliver growth tomorrow and to be in the best possible solution for the long-term success of the company.

And so with that, we hope and that you have been able to be convinced by what we are sharing with you today because our job is to of course deliver sustainable value for our shareholders, for the patient and for society. And with that, I would like to thank you for your attention and move into the Q&A session. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin our Q&A session. If you have a question, we ask that you please use the raise hand function at the bottom of your Zoom screen. Once your name has been announced, you can ask a question. If you want to withdraw your question, please lower your hand using the raise hand function in the Zoom app. Thank you. Our first question comes from Peter Verdult from BNP. Please unmute your line and ask your question.

Peter Verdult:

Yeah, thanks. Pete Verdult, BNP. Just a few, some are very quick yes and no answers. But firstly, on the galvo AD data, you're calling out faster recruitment rates. If they continue, could we actually see that data next year? Question number one. Secondly, the only investor debate until February for your results is going to be Bimzelx volume price trends and competitor HS data sets. Now I know, JC, that you don't guide to individual drugs, but in light of today's share price reaction, perhaps you'll make an exception and describe your level of comfort with consensus expectations of three and a half billion euros in '26 and any potential for upside there. When you think BE BOLD will have an impact on trends and your thoughts on what looks like flattening NRx trends.

And then if I could, forgive me, you can always say no, squeeze in one just on an EVENITY, almost 25% of your profits. Yeah. In the past, I think Emmanuel, you've cited that could be a four billion drug. Just wanted to explore, is there any life cycle management opportunities to consider here that could extend life beyond 2033? Thank you.

Emmanuel Caeymaex:

Thank you, Peter.

Speaker 1:

Okay, great.

Emmanuel Caeymaex:

Perhaps I can start with the galvokimig question. So, as we've discussed in the past, our aim with Galvokimig's current Phase II study is to have a Phase III enabling study that really will inform potential comparator strategies, potential subpopulation strategies. Indeed, recruitment's been accelerating very nicely, and as of now, we are looking at early '28. Obviously, I'm not going to exclude that it could be earlier, and we'll give you an update at the next opportunity.

Sandrine Dufour:

I can take the question on the Bimzelx consensus, if that's okay. Yeah. So as you know, Peter, we do not guide for product net sales, but we can confirm that we are comfortable with where the visible alpha consensus is for '26 as published on our website.

Yvonne Naughton:

Fiona, do you want to take BE BOLD?

Fiona du Monceau:

Yes. So on the BE BOLD, it's still early days. The data came out at EULAR, which was in June, and response from the market and from physicians is very positive. It reinforces the strong efficacy, the long-term impact that it has in psoriatic arthritis, which as you know, is a really devastating disease. And if you don't treat it early with something strong, it has irreversible damage. It's really early days, but based on the initial reactions from physicians, some markets we can use it proactively. Other markets, we still have to wait for the publications. We're very confident that you will continue to see the great performance of Bimzelx.

And I think it's important to realize it's not only on the rheumatology, but one third of our PsO patients will progress to PsA, and so it has an impact there as well. Thank you for the question, Peter.

Yvonne Naughton:

There's one last question on Evenity. Do you want to take that, Fiona or Sandrine?

Sandrine Dufour:

I'm happy. Well, with the partner we have, we cannot guide on the long-term sales of Evenity, so we have not changed on that. But true, it's very strong growth contributing a meaningful part of our overall profitability, and has been so, and we are confident on the future growth trajectory as well of Evenity.

Fiona du Monceau:

And maybe, Peter, one thing to keep in mind that osteoporosis is slightly different than quite a lot of therapeutic areas where it's a really underserved market, and the market potential is really significant as you've got one out of three women and one out of five men who will have a fragility fracture. But the people don't take care enough of their bones yet. So it's really a market that can continue to grow over time. Thank you.

Peter:

Thanks.

Moderator:

Thank you. Our next question is from Sarita Kapila from Morgan Stanley. Please unmute your line and ask your question.

Sarita Kapila:

Hi, thanks for taking my question. Sorry if I missed it, but just to come back to the emerging competition in HS, how are you thinking about particularly Novartis's remibrutinib oral, and potentially coming in earlier than Bimzelx and AbbVie's lutikizumab, and the potential headwind that more entrenched players may create on pricing? Thank you.

Fiona du Monceau:

Go ahead, Emmanuel.

Emmanuel Caeymaex:

Yes, thanks for that question. So I think it's fair to say that Bimzelx with the dual IL-17A and F blockade is very central in terms of mechanism in HS. And from the data that we've seen so far from oral or antibody products in mid-stage development, there is nothing there that suggests stronger efficacy.

Then the question is whether an oral mode of action might represent an advantage, and also a broad mode of action. I think HS is, as we all know, a very heterogeneous disease. So I would foresee that patients will benefit from different approaches to the HS biology. Let's see how the Phase III studies read out. We've been there before with other products.

In terms of the anti-IL-1, I mean clearly the mode of action is promising. We know that IL-1 beta in particular is expressed in HS lesions. However, mid-stage study results do not suggest a deeper broad-based efficacy. However, there are probably segments of patients that will benefit from IL-1 blockade. And there's been reports anecdotally from trialists that patients not doing well on Bimzelx were responding well on such a product.

So to me, it's good news for patients, and hopefully an oral mechanism will also enable to accelerate the market growth. Thank you.

Moderator:

Thank you. Our next question is from Sophia Graeff Buhl-Nielsen from JPMorgan. Please unmute your line and ask a question.

Sophia Graeff Buhl-Nielsen:

Good afternoon. Thanks for taking my questions. One just on Bimzelx channel mix. So how much of a channel mix are you seeing year-on-year? Have you seen a meaningful step-up in the proportion of volume through government channels? And how much did your assumptions on this change from the beginning of last year versus the beginning of this year?

And then maybe just to this point on the heterogeneity within HS, are you gaining further insights into the patients which respond best to IL-17? And are you yourselves exploring other pathways, such as JAK-STAT, that could address some of the continued unmet need and the indication will be used in combination with Bimzelx? Thank you.

Fiona du Monceau:

So thank you for your question. We don't share details on exactly how our channel mix is split, but what I can say is that we're seeing progression across the boards. Both on our commercial and government programs. And again, I would say feedback from patients and physicians is really astonishing on the impact that Bimzelx is having on the HS patients.

From a heterogeneity, I think it's too early to say for the moment on where there may be a difference. We have as much, I would say, bio-naive as switched patients from different classes. And again, there we continue to see nice progression. Emmanuel, I don't know if you want to add anything from the pipeline perspective.

Emmanuel Caeymaex:

Yeah, I mean from an R&D point of view, we're continuing to interrogate tissues actually that we collect and to perform mechanistic studies to uncover segments of patients, and figure out how to best bring an approach that either serves more patients or helps patients that are difficult to treat to achieve the same high score and internal results that we've seen with Bimzelx in responders.

Moderator:

Thank you. Our next question is from Xian Deng from UBS. Please unmute your line and ask your question.

Xian Deng:

Hi, thank you very much for taking my questions. Two, please, if I may. So the first one is on Bimzelx, these improved mixed towards the frontline access. So just wondering if you could maybe give us a bit more color on this particular PBM. So as you mentioned, this is one particular player that actually have frontline for everything. So just wondering, is this the same PBM that used to have frontline psoriasis? Now it's just frontline for everything. Or it's from a different pair? So just wondering, just trying to understand how should we think about the net price erosion in the second half?

And then the second question is, if I may ask maybe a bit on the Bimzelx peak sales, the seven billion peak sales. So if we look at the consensus, which is already almost towards eight billion, which is. Let's say, three billion each for HS and psoriasis, and then one billion each for PsA and axSpA.

So just wondering, from your internal projection, just wondering, is there any of the indications that you are actually very different in either way from consensus? Thank you very much.

Fiona du Monceau:

Thank you very much for your question. So first on the access. Just to remind everyone, we had an increase of 36 million lives back in January, and then this move 1st of June across all three indications in one of the large PBMs. You will see the impact on net price in the second half, but we are assuming the growth of the volume will come with that. And I think it's really important as we think about both the short-term and the long-term, we're here for the long-term. This is a marathon, and so we want to make sure that we're constantly improving the experience that our physicians and our patients are having and making it easier to use Bimzelx, particularly as they start to prescribe it earlier and earlier in their prescription patterns.

On your question around peak sales, our intention is at least seven billion. We will see where the market takes us. We're seeing strong progression across all three indications. Of course, the three indications are at different stages from a competition perspective and from a penetration. And we don't share, for the moment, how that split will be across our peak sales. But thank you very much for the question.

Moderator:

Thank you. Our next question is from Charles Pitman-King from Barclays. Please unmute your line and ask your question.

Charles Pitman-King:

Hi, thanks so much for taking my questions. Maybe a first one, just to try and push you a little bit more on the Bimzelx pricing. I mean, this has been a key component of the debate today in the market. I understand you're here for long-term volumes, but just, are you able to give us any indicative change in the net price you are expecting on a global or a US level into the 2H? Just noting the change seen in 1H. Just anything else you're able to give us in terms of trying to quantify that net price change.

And then secondly, just on R&D, noting the strong acquisitions that have been made by UCB over the first half, you obviously have to fund the various trials. They indicated 25% for the full year, imply the high 20s R&D rate by the end of this year. Just wondering, is this a sensible exit rate that we should be assuming for R&D going into 2027? Or should we still assume some phasing on 1H/2H? Just how should we think about the R&D that's necessary to support your expanding pipeline given the primary readouts of the Phase III trials aren't expected till 2028? Thank you.

Sandrine Dufour:

Yeah, I can take this question. So on the net price dynamic, we are not giving trends on the net price, but I think the way to look at it is really the net price is clearly reflecting the access coverage mix, and it's ranging from double-step edit to single-step edit, and now to first-line. And maybe to add on what Fiona said earlier, the improved one large contract for first- line for all indication is coming from a position where there was no first-line previously.

So that gives you the difference there is in terms of net price between double-step edit and first-line. And so you can certainly form a judgment of what it can mean on how the improved access first weigh on the price and then of course drive volume growth.

Then on your question on R&D. So we have a midterm view of... Our focus is really strongly on differentiation and innovation. So our midterm view of our R&D as a percentage of net still is around 25%. Of course, depending on organic/inorganic can move slightly. Historically, we've seen indeed that there was a phasing between H1 and H2. Typically, that's how we operate decision internal. We tend to design the phase and then start them in the second half.

And when I look at '26, there's a lot of life cycle and new phases starting plus the acquisition. But I will not give elements regarding '27. It's too early. But directionally, I think the 25% as a percentage of net sale for R&D is a good indicator.

Charles Pitman-King:

Thank you so much.

Moderator:

Thank you. Our next question is from Charlie Haywood from Bank of America. Please unmute your line and ask your question.

Charlie Haywood:

Hi, Charlie Haywood, Bank of America, thanks for taking the questions. First one's just trying to understand the implied second half EBITDA margin step-down in your guidance. So I guess first it assumes no gross to

net in second half. And then on... Two questions, so gross margin and OpEx. So gross margin commented to expansion year-on-year. Any magnitude we should consider after what we've seen in 1H and how do you expect gross margin to evolve over the years to come as your growth drivers increase as a percent of mix?

And then secondly, on the total OpEx growth, we've seen 2% reported growth, or mid-single digit CER growth for 1H. Is that a good proxy for how we should think of second half, ex your acquisitions? And then any sort of magnitude of dilution in terms of total R&D we should expect from the acquisitions to hit in second half? Thank you.

Sandrine Dufour:

Okay. So on the dynamic of H1 and H2, I think you really need to take into account what I've said earlier on the elements which are going to be impacting the difference between H1 and H2 trends. And on the net sales, of course, Briviact loss of exclusivity is really second half weighted. If you think about the fact that Europe will be off patent in August, and US went off patent at the end of February. So I think that's one key element when you measure the two semester.

Then what I've mentioned on the gross to net prior year adjustments, that's also an element. But the other, I would say, potential element to reflect is this improved market access. Because the 1st of June contract, as I said, translates first in a higher pricing erosion while the volume benefit takes a bit more time to build. So once you look at these different elements, you can better understand the underlying trends between H1 and H2.

And then the translation on the margin, and in the gross margin, is reflected as well because some of the big increase in the first half is linked to this pricing effect, which we'll not see in the second half. However, as I said, overall, we expect to see an improved gross margin for the full year compared to last year, which means that the mixed product effect more than compensate the pricing dynamics.

And then if I go to OpEx, I will not comment line-by-line on the trends. I think what you should keep in mind is that there was certainly phasing elements linked to R&D. So even excluding the integration of the new acquisition, we expect more R&D spend in the second half. And then we will continue to support the growth of our assets, and we will continue to invest in terms of marketing and DTC in the second half. And so that's why there is also a difference and an asymmetry between the first and the second half expected margin. Thank you.

Moderator:

Thank you. Our next question is from Kerry Holford from Berenberg. Please unmute your line and ask your question.

Kerry Holford:

Hi there. Thank you for taking my questions. Maybe just digging on the margin, clearly we saw that just exceed 40% in the first half of the year. I was wondering if you're prepared to talk about what a long-term sustainable margin? It's like UCB is going forward, what's an appropriate level there longer term?

Second question here on myasthenia gravis, slightly softer performance than we're expecting in H1. Wonder if you can give an update on your two key brands there and the future growth potential from line extensions and how you intend to grow that position in this increasingly competitive market?

And then if I may just squeeze in one final one, a broader point on BD. You've been very busy clearly since the start of the year with various M&A and in-licensing. What's your appetite and capacity as we look forward from here? Thank you.

Sandrine Dufour:

So I'll start with the margin, and I think I answered in the previous question that the strong H1 margin should be read as a phasing related rather than a new run rate, and I hope I explained the factors, explaining what's expected in the second half.

Now, in more long-term perspective, as you know, we're not providing long-term guidance on the margin, but if I look at our 25 last year margin level, we aim to continue to improve our margin level over time, we aim to continue to grow our top line, and improve our margin level over time in a more gradual way, and clearly reflecting also the higher base from which we are now operating compared to where we were a few years ago. But clearly an ambition to continue to grow top line and margin.

Fiona du Monceau:

On the MG portfolio, so as mentioned earlier, we have a year-on-year growth of 38%. I think the fact that we have two differentiated therapies, both in the FCRN and the C5 class, that positions us uniquely to address the heterogeneity of the patients, the snowflake patients as we call them, with really strong and robust molecules, who also can be tailored to both the physician's preference, but also patient's preference with self-admin versus physician administration. Our intent is to serve over time 20,000 patients annually as we progress.

Jean-Christophe Tellier:

Yeah, I may take the questions of the BD appetite and capacity, if you will. So thank you for the question. As you said, the first half of the year have been quite busy on that extent. From a strategic standpoint, as we were, and we still are with a very strong execution phase, we dedicated our focus more on the early stage and trying to make sure that we can either strengthen and diversify our platform and modalities, and integrated asset in our portfolio at a relatively earlier stage, which is what we did with IMIDomics and with the T-cell engager. Neurona it's a little bit different, but it's a very small niche.

So with that in mind, I think you need to reflect about our ability to engage furthermore with these two components. One is the ability to integrate and to execute. I mean, we have quite a busy now pipeline and portfolio to develop clinically. And so monitoring first our ability to manage that through the P&L, as well as understanding what is the best way to phase our future growth as we are relatively well-equipped until 2035 plus.

And the second element is opportunity. So we still have a huge flexibility from a strategic standpoint. Sandrine mentioned it. So despite this recent acquisition, we still have an ability to execute on others. So we will not say no to something which is really significant, but we need to pay attention to the ability to integrate to absorb the impact on the P&L and making sure that it's strengthening our long-term view.

Moderator:

Thank you. Thank you. Our next question is from Rudy Lee from Wolf Research. Please unmute your line and ask your question.

Rudy Lee:

Thanks for taking my question. First, maybe just a quick follow-up to the BD question. Will you continue to focus on early stage products, or do you consider commercial stage assets, especially for epilepsy? And secondly, it's about your seven billion peak sales guidance, maybe can you provide additional color on your current key assumptions and what can drive additional upside to that number? Thanks.

Jean-Christophe Tellier:

Thank you. So I can take the first one as a follow-up of the previous one on the BD. As I said earlier, the reason why we are focusing on the early stage was two. First, it was the ability and the willing to continue to execute on what we have today. We have five growth drivers at relatively early stage that we want to push in different indications and different patients' population, and that keep us quite busy. So we need to pay attention to the phasing of adding new patients populations on new assets moving forward.

And two, it was also the timing of the additional growth that we were needed. So that was the region of the early stage at that stage. We don't see in the near future an appetite to move to commercial-ready asset with the current portfolio that we currently have.

Fiona du Monceau:

And maybe on the Bimzelx, the at least seven billion, it's really based on the three key drivers. So one, of course, execution every day out in the field, as well as across all the different channels, DTC, improving our access in a strategic systematic way. Two, it's the key data. We've recently published the BE BOLD, but we continue to enhance our real-world evidence and improve the insights that we get with Bimzelx. We have a long room. I mean, for the moment, it's still held sometimes as sort of the best for last, and we know that these diseases need to be treated early with something very effective. The combination of IL-17A and F really makes a difference in these different indications. And then finally, the life cycle that we're working on. So PPP, of course, and the adolescent indications. Thank you very much for the question.

Rudy Lee:

Got it. Thanks for the color.

Moderator:

Thank you. Our next question is Michael Leuchten from Jefferies. Please unmute your line and ask your question.

Michael Luchen:

Oh, thank you. It's Michael Leuchten from Jefferies. Two questions, please. One on the DTC campaign around Bimzelx. Looking at the NBI scripts, it looked like it had an impact and then it kind of stopped doing it. I just wondered if there's anything special in here that is unusual, or whether you have reduced the DTC intensity that would be reflected as such in the NBRx trends. And then a question on your decision to take the tau antibody forward in context of the Biogen data that we just saw at AAIC, your thinking around antibodies versus other platforms, internal tau versus external tau. It's an expensive program. Just interested in that as a debt capital allocation decision. Thank you.

Fiona du Monceau:

I'll take the DTC one. So yeah, we heavily invest in DTC. We did have a quiet period back in November, which may explain what you're suggesting, but we're back in full blast, and we'll continue to have significant investment in DTC for Bimzelx across all indications. And Emmanuel, maybe you want to answer the tau?

Emmanuel Caeymaex:

Yeah, for sure. So indeed, we've decided to take bepranemab in a phase 2 study. I think the Alzheimer's space is really moving into an area of future precision therapies. Over the last year or so, it's become more

and more clear that tau is a target of choice, that there is space for anti-amyloid plaque products as well as anti-tau products, potentially sequentially, potentially in some patients even concomitantly.

As to the recent Biogen results, on the one hand, we see them as supportive of the tau hypothesis. On the other hand, there's clearly a dose response question, and it's probably comforting our hypothesis that going for extracellular pathogenic tau is an approach that makes sense. I think that's the strategy we've been following, and I think that study is encouraging, but also is asking a few questions.

Now, we haven't waited for that Biogen study outcome to actually make our decision. So we've been in contact with the four large regulators worldwide over the last six months to really align on what the features should be of a program and also align on the CMC aspects of such program. And that is why we're now in a position to announce that we're taking bepranemab in phase 2. Thank you.

Moderator:

Thank you. If our next questions are from the last four people, if you could please limit yourself to one question so we have time for everyone. Thank you.

Our next question is from Rajan Sharma from Goldman Sachs. Please unmute your line and ask your question.

Rajan Sharma:

Hi, thanks for taking my question. I just wanted to go back to that new contract that you secured in June for Bimzelx. Could you just help us understand the volume uplift there? And when you reported four-year earnings in February, you mentioned a 25% increase in covered lives since 2025. Has there been a change there? Thank you.

Fiona du Monceau:

So back in February, we mentioned a 25% increase because that was sort of the first win with the PBM. Here, what we're saying is we're improving the positioning within one of the PBMs. I hope that answers your question. Thank you.

Rajan Sharma:

Yeah, I was just wondering if there's been an increase in the Covered Live X that contract.

Fiona du Monceau:

No, so we're at 80% for covered lives.

Rajan Sharma:

Okay, thank you.

Moderator:

Thank you. Our next question is from Stacy Ku from TD Cowen. Please unmute your line and ask a question.

Stacy Ku:

Hi, thanks so much for taking our question. Just to follow up on the payer comments, can you further clarify what's happening with the HS third payer that at least for the first half was not covering? And when

you talk about the favorable dynamics related to gross to net, maybe can you talk about that in the context of the roughly 40% of HS patients treated with Bimzelx that are bio-naive? And again, related to the payer dynamics, if you're able to comment on 27, believe these conversations are now ongoing to just help us understand your strategy in HS and whether it's going to be related to any competitive entrants. Thanks so much.

Fiona du Monceau:

Thank you for your question. So on the HS, as for the moment, the situation hasn't changed. But with the strong efficacy of the drug, we do get a lot of medical exceptions, as well as we have our bridge program, which ensures that we're continuing to ensure physicians are getting more and more experience with the drug, and that patients have access to it.

As you can imagine, we're under negotiation on a constant basis, and we will see how we progress things. However, for us, it's really important to find that right balance between when do we trade off price versus volume. And we'll do that in a very, I would say, cost-mindful way.

Stacy Ku:

Understood. And the favorable dynamics for gross to net, whether it's related to the HS patients that are bio-naive?

Fiona du Monceau:

You mean from last year?

Stacy Ku:

From last year that were applied to the first half this year.

Fiona du Monceau:

So I'd say that we don't go into the detail of where it comes from, from which PBM and which indications.

Stacy Ku:

Okay, understood. Thank you so much.

Fiona du Monceau:

Thank you.

Moderator:

Thank you. Our next question is from Qize Ding from Rothschild & Co Redburn. Please unmute your line and ask a question.

Qize Ding:

Hi, thanks for taking my question. Just a quick follow-up question on the seven billion peak sales guidance for bime. Can you give some color on how much of that is from the new indication PBP and also the pediatric expansion opportunity? And maybe just can I squeeze a second question? On the BCMA bispecific antibody you acquire, can you talk about the rationale for choosing those two indications? Also,

do you think there would be some potential indication expansion opportunity for this bispecific antibody? Thanks.

Fiona du Monceau:

So maybe let me take the first one, and then Emmanuel, I'll hand over to you for the second one. So on the at least seven billion for Bimzelx, it's a mix of course, the indications that we have now, the market's growth potential of each of those indications and the further penetration, as well as our three adolescents and PPP.

I'm not going to speculate exactly on how those are going to progress, but if you take, for example, NHS, significant amount of patients are actually, their first symptoms take place during the adolescence. So as we progress the market awareness and how people are treated with this disease, it will have an increasing impact over time. But thank you very much for the question. Emmanuel?

Emmanuel Caeymaex:

Yeah, thank you. So on cizutamig, these decisions really are based on data, and the quality of the data, the transformative potential of this molecule in MG and in SARD-ILD. And as we look forward, there are many opportunities that are very sizable that we're obviously continuing to study. And so this is a start, but we'll continue to be very data-driven, and to keep an eye on the quality of the opportunity. And of course, therefore the unmet need.

Qize Ding:

Okay, thanks.

Moderator:

Thank you. Our final question is from Xian Deng from UBS. Please unmute your line and ask your question.

Xian Deng:

Hi, thank you very much, again, for a quick follow-up on the net price Bimzelx comment. So just wondering, if we think, let's say this industrial average amount of rebate in autoimmune, let's say give or take is around 50%, five-zero, for the longer term. Just wondering, because if I remember correctly, this time last year you already said your bime rebate is broadly, broadly comparable to that. So just wondering, is your target a bit higher than the, let's say, sector average because of HS? And then whatever that level is, just wondering, are you actually very far from that by now? Yeah, thank you.

Fiona du Monceau:

Thank you for the question. I'm not going to come into detail, but what I will say is we are in the industry average depending on the, of course, if you're first line, second line, or double-stepped edit or excluded. So I will let you make the calculation across the indications and the channels. Thank you very much.

Moderator:

Thank you. That was our final question. This concludes today's call. Thank you everyone for joining. You may now disconnect.