UCB News

UCB Half Year Report 2014:

UCB: solid performance and pipeline delivery

- Revenue of € 1 757 million, +6% or +10% at constant currencies. Cimzia®, Vimpat® and Neupro® combined net sales of € 672 million, a growth of 25%. Keppra® net sales reached € 339 million (-6%).
- Underlying profitability (recurring EBITDA) grew to € 391 million (+29%) despite headwind from foreign exchange rates reflecting higher net sales partnered with lower operating expenses – while R&D expenses remained stable.
- Net profit went up to € 113 million (+66%). Core earnings per share reached € 1.22.
- R&D highlights: Cimzia® with strategic collaboration in dermatology; *brivaracetam* with positive Phase 3 results; *romosozumab* in men with osteoporosis; UCB5857 and UCB4940 move to Phase 2
- Financial outlook 2014 confirmed: total revenue expected of € 3.5-3.6 billion; recurring EBITDA of € 740-770 million; core earnings per share in the range of € 1.90-2.05.

Brussels, Belgium – 30 July 2014 - 7:00am CEST– regulated information:

“I am delighted about UCB’s performance and that Cimzia® is now UCB’s leading product,” comments Roch Doliveux, CEO of UCB. “And I am very excited about the prospects for many more patients around the world to benefit from UCB’s medicines taking into account the good progress in both our early and late stage pipeline.”

“UCB continues its growth path and is tracking well towards our peak sales targets for our core medicines, Cimzia®, Vimpat® and Neupro®. In addition, we continue to drive operational excellence and reallocate our resources to the best impact," said Jean-Christophe Tellier, CEO-elect of UCB. "We’re getting closer to the next wave of new medicines from our rich late state pipeline thanks to the positive *brivaracetam* Phase 3 results reported last week. At the same time, we are very excited about the progress in our early and preclinical pipeline towards breakthrough – to benefit millions of people suffering from severe diseases.”

Financial Performance in HY 2014

Total revenue in the first six months 2014 grew to € 1 757 million a plus of 6% or 10% at constant exchange rates (CER) driven by the 25% growth of Cimzia®, Vimpat® and Neupro® reporting combined net sales of € 672 million, which more than overcompensated the Keppra® decline of 6% to € 339 million as well as negative exchange rate effects. In Japan, driven by newly launched medicines, net sales increased to € 114 million, +6% (+17% CER). In the emerging markets foreign exchange rates caused headwinds; however, at constant currencies net sales remained stable.

Cimzia® (*certolizumab pegol*) for inflammatory TNF mediated diseases continued its growth path and showed net sales of € 353 million, +30% (+35% CER), supported by continuously broadened patient access in Japan -with partner Astellas, to patients in the U.S. with active psoriatic arthritis or active ankylosing spondylitis and patients in the EU with active psoriatic arthritis or severe active axial spondyloarthritis. Cimzia® showed growth of 23% (29% CER) in the U.S. reaching € 214 million and 36% in Europe to € 106 million. While the net sales in Japan more than doubled, the emerging markets were stable.

Vimpat® (l*acosamide*) for adjunctive therapy for epilepsy continued its growth trajectory in the first six months 2014 with an increase of 17% (+21% CER) achieving net sales of € 217 million. In the U.S., where Vimpat® has achieved more than 200 000 patient exposures, growth was 13% (19% CER) to € 158 million and in Europe growth was 25%, leading to € 52 million net sales.

Neupro® (*rotigotine*), the patch for Parkinson's disease and restless legs syndrome, continued to grow, driven by broader patient access in the U.S. since 2012 and the launch in Japan in 2013 by partner Otsuka. In the first six months, net sales for Neupro® reached € 102 million, +27% (+29% CER). In the U.S., net sales went up by 50% (+56% CER) and in Europe, the growth continued with +11%.

As expected, net sales of the anti-epileptic drug Keppra® (*levetiracetam*) continued to decline, reporting net sales of € 339 million, down by 6% (-2% CER), driven by generic competition in the U.S. and Europe. However, E Keppra® in Japan - together with partner Otsuka, was showing strong growth of +48% (+66% CER). Growth in emerging markets was +12% (+23% CER).

Royalty income reached € 81 million (-5%). Other revenue in the first six months 2014 increased to € 114 million, +8% due to payments from Sanofi and the European Investment Bank.

Gross profit growth was 5% to € 1 195 million (+10% CER), following the increase in net sales. Operating expenses went down to € 920 million, a decrease by 4%. Continuous improvement and constantly striving for improved resource allocation led to: 9% lower marketing & selling expenses of € 375 million, stable research & development expenses of € 446 million driven by the advanced clinical pipeline, and lower general & administrative expenses of € 102 million (-5%).

Despite headwind from foreign exchange rates, underlying profitability -recurring EBITDA- showed a growth of 29% reaching € 391 million driven by higher net sales partnered with lower operating expenses – while R&D expenses remained stable.

Non-recurring expenses reached € 47 million after expenses of € 19 million in 2013, mainly due to impairment charges related to the return of *tozadenant*. Net financial expenses went down by 7% to € 67 million, supported by the early redemption of the convertible bond. Income tax expenses were € 48 million reflecting an average tax rate on recurring activities for the first six months 2014 of 24% compared to 23% in the same period 2013.

Net profit reached € 113 million (+66%) reflecting the good performance. Core earnings per share, which reflect net profit attributable to UCB shareholders after tax effects of non-recurring items, financial one-offs and amortization of intangibles, reached € 1.22 per share based on 191 million weighted average shares outstanding from € 0.70 per share based on 182 million shares in 2013.

Financial outlook confirmed: 2014 revenue should grow to approximately € 3.5-3.6 billion; recurring EBITDA should increase to approximately € 740-770 million. Core earnings per share also reflect a higher number of shares and are therefore expected in the range of € 1.90 – 2.05 based on an average of 192 million shares outstanding. In early 2014, the full conversion of the convertible bond led to the issuance of 11 million new UCB shares, hence an increase in number of shares outstanding to 192 million.

Pipeline update:

In January, UCB and Biogen Idec entered into an agreement to develop and commercialize multiple sclerosis and hemophilia therapies in Asia. The relationship leverages UCB's expertise and presence in Asia to bring Biogen Idec's innovative therapies to patients in new markets.

In January, the New England Journal of Medicine published results from a Phase 2 trial evaluating *romosozumab* in postmenopausal women that showed significant increases in low bone mineral density at both spine and hip. In June, a Phase 3 study started with *romosozumab* in men with osteoporosis; first results are expected in H2 2016.

In March, UCB returned to Biotie the global rights to *tozadenant* (SYN115), a selective inhibitor of the adenosine 2a receptor for the treatment of Parkinson's disease. This decision was made following an assessment of UCB's early and late stage clinical development pipeline as well as its preclinical opportunities and does not reflect any concerns regarding safety or efficacy of *tozadenant*.

Additionally in March, UCB and Sanofi partnered for breakthrough innovation in immune-mediated diseases. This scientific and strategic collaboration for the discovery and development of innovative anti-inflammatory small molecules has the potential to treat a wide range of immune-mediated diseases in areas such as gastroenterology and arthritis.

Discussions with regulatory agencies in the U.S., the EU and Asia to move Vimpat® into Phase 3 development for primary generalized tonic-clonic seizures (PGTCS) support the decision by UCB to start the Phase 3 program early 2015.

In July, UCB and Dermira entered into strategic collaboration in dermatology to broaden patient access to Cimzia®. This collaboration, which gives Dermira exclusive rights to develop Cimzia® in psoriasis in the U.S., Canada and the EU, aims to broaden patient access and is driven by positive Phase 2 results in psoriasis and Phase 3 results in psoriatic arthritis.

Also in July, positive topline results from the latest Phase 3 study with *brivaracetam* showed reduced partial-onset seizure frequency and improved responder rates, both with statistical significance. The most commonly reported adverse events were somnolence, dizziness, fatigue and headache. This study was designed to evaluate the efficacy and safety of *brivaracetam* (100 and 200 mg/day, without titration) compared to placebo, as adjunctive treatment in adult focal epilepsy patients with partial-onset seizures, not fully controlled despite treatment with one or two concomitant antiepileptic drugs (AEDs). Submissions to U.S. and EU regulatory authorities are planned for early 2015.

UCB4940 and UCB5857, both for immunological diseases, have successfully passed Phase 1. In June, UCB4940 has started Phase 2 with first headline results expected in H2 2015. Phase 2 for UCB5857 is scheduled to begin in early 2015. A new compound has entered Phase 1: UCB7665, a large molecule for immunological diseases.

All other clinical development projects in neurology and immunology are advancing as planned.

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HY 2014 – Financial highlights

A full financial report on the consolidated results is available on the UCB website:
http://www.ucb.com/investors/Financials/Interim-reports

For the six months ended 30 June[1] € million	Actual		Variance	
	2014	2013 (restated)[2]	Actual rates	Constant rates
Revenue	**1 757**	**1 657**	**6%**	**10%**
Net sales	1 562	1 466	7%	11%
Royalty income and fees	81	85	-5%	-6%
Other revenue	114	106	8%	9%
Gross profit	**1 195**	**1 139**	**5%**	**10%**
Marketing and selling expenses	-375	-413	9%	5%
Research and development expenses	-446	-444	0%	-2%
General and administrative expenses	-102	-107	5%	3%
Other operating income / expenses (-)	2	3	-7%	-8%
Recurring EBIT (REBIT)	**274**	**178**	**54%**	**74%**
Non-recurring income / expenses (-)	-47	-19	>-100%	>-100%
EBIT (operating profit)	**227**	**159**	**43%**	**64%**
Net financial expenses (-)	-67	-72	-17%	6%
Profit before income taxes	**160**	**87**	**83%**	**121%**
Income tax expenses (-) / credit	-48	-22	>-100%	>-100%
Profit from continuing operations	**112**	**65**	**71%**	**100%**
Profit / loss (-) from discontinued operations	1	3	-58%	-58%
Net profit	**113**	**68**	**66%**	**100%**
Attributable to UCB shareholders	137	59	>100%	>100%
Attributable to non-controlling interest	-24	9	>-100%	>-100%
Recurring EBITDA	**391**	**303**	**29%**	**40%**
Capital expenditures (including intangible assets)	91	152	-40%	n.a.
Net financial debt	1 729	2 000	-14%	n.a.
Cash flow from operating activities	174	2	>100%	n.a.
Weighted average number of shares (million - non-diluted)	**191**	**182**	**5%**	**n.a.**
EPS (€ per weighted average number of shares - non diluted)	**0.72**	**0.32**	**>100%**	**>100%**
Core EPS (€ per weighted average number of shares - non diluted)	**1.22**	**0.70**	**75%**	**92%**

1 Except for the net financial debt, where 2013 relates to the situation as published in the audited consolidated financial statements as at 31 December 2013, restated.
2 Restatement related to IFRS 10.

"The statutory auditor has issued an unqualified review report dated 29 July 2014 on the company's condensed consolidated interim financial statements as of and for the six month period ended 30 June 2014, and has confirmed that the accounting data reported in the press release is consistent, in all material respects, with the accounts from which it has been derived."

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About UCB
UCB, Brussels, Belgium (www.ucb.com) is a global biopharmaceutical company focused on the discovery and development of innovative medicines and solutions to transform the lives of people living with severe diseases of the immune system or of the central nervous system. With 8 700 people in approximately 40 countries, the company generated revenue of EUR 3.4 billion in 2013. UCB is listed on Euronext Brussels (symbol: UCB).

Forward looking statements
This press release contains forward-looking statements based on current plans, estimates and beliefs of management. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, political, regulatory or clinical results and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions which could cause actual results to differ materially from those that may be implied by such forward-looking statements contained in this press release. Important factors that could result in such differences include: changes in general economic, business and competitive conditions, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, product liability claims, challenges to patent protection for products or product candidates, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws and hiring and retention of its employees. Additionally, information contained in this document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. UCB is providing this information as of the date of this presentation and expressly disclaims any duty to update any information contained in this press release, either to confirm the actual results or to report a change in its expectations.
There is no guarantee that new product candidates in the pipeline will progress to product approval or that new indications for existing products will be developed and approved. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to differences between the partners. Also, UCB or others could discover safety, side effects or manufacturing problems with its products after they are marketed.
Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement.