UCB News

UCB Full Year Report 2014:

Core medicines grow by 24% while next wave of new potential solutions for patients advances

- Revenue of € 3 344 million, +7% or +8% at constant currencies. Cimzia®, Vimpat® and Neupro® combined net sales of € 1 468 million, +24%. Keppra® net sales reached € 665 million (-7%)
- Underlying profitability (recurring EBITDA) reached € 609 million (+14%) reflecting higher revenue partnered with lower overall operating expenses ratio – while R&D expenses increased
- Net profit of the Group increased 37% to € 199 million. Core earnings per share reached € 1.69
- Board of Directors proposes a two cent dividend increase to a gross dividend of € 1.06 per share
- R&D highlights: *brivaracetam* filed with US and EU regulatory authorities; *dapirolizumab pegol* (CDP7657), with positive Phase 1; three new molecular entities in phase 2 in 2015
- Financial outlook 2015: total revenue expected of € 3.55-3.65 billion; recurring EBITDA of € 710-740 million; core earnings per share in the range of € 1.90 – 2.05.

Brussels (Belgium), 27 February 2015 – 7:00 (CET) – regulated information –

"UCB continues its growth path with Cimzia®, Vimpat® and Neupro®, now accounting for 50% of our net sales. We continue to advance and prepare the launches of our next wave of potential new patient solutions: brivaracetam, epratuzumab and romosozumab. At the same time, we are very excited about the progress in our early pipeline," said Jean-Christophe Tellier, CEO UCB. "Our focus on superior and sustainable value for patients is also driving shareholder value – in-line with our aim to improve our profitability towards peer level by 2018."

Financial Performance in 2014

Total revenue in 2014 reached € 3 344 million a plus of 7% or 8% at constant exchange rates (CER) driven by the 24% growth of Cimzia®, Vimpat® and Neupro® reporting combined net sales of €1 468 million, while Keppra® reached € 665 million, a minus of 7%.

Cimzia® (*certolizumab pegol*) for inflammatory TNF mediated diseases continued its growth path and showed net sales of € 797 million, +34% (+35% CER), supported by continuously broadened patient access 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 and in Japan - with partner Astellas. Cimzia® grew by 33% (33% CER) in the U.S. reaching € 503 million and by 39% in Europe to € 232 million. Net sales in Japan grew by 50% to €29 million.

Vimpat® (l*acosamide*) for epilepsy reached net sales of € 471 million, an increase of 15% (+15% CER). In the U.S., where since September 2014 Vimpat® is also available for monotherapy treatment of partial onset seizures, net sales were € 344 million (+9%; 9% CER). In Europe growth was 28%, leading to € 112 million net sales.

Neupro® (*rotigotine*), the patch for Parkinson's disease and restless legs syndrome, net sales reached € 200 million, +10% (+10% CER). In Europe, growth of 7% led to net sales of € 138 million. In the U.S., net sales remained almost stable at € 39 million (-3%), reflecting stock returns. Net sales in Japan (partner Otsuka) increased by 89% (89% CER) to € 16 million

Net sales of the anti-epileptic drug Keppra® (*levetiracetam*) driven by generic competition in the U.S. and Europe continued to decline, reporting net sales of € 665 million, down by 7% (-5% CER).

Royalty income reached € 163 million (-5%). Other revenue in 2014 increased to € 243 million, after € 167 million in 2013, mainly due to the payments from partners, Sanofi and European Investment Bank (EIB).

Gross profit went up to € 2 291 million (+6%, +7% CER), following the increase in net sales. Operating expenses reached € 1 912 million, 2% higher, driven by 2% lower marketing & selling expenses of € 779 million, 5% higher research & development expenses of € 928 million (stable at 28% of revenue) driven by the advanced clinical pipeline, and 1% lower general & administrative expenses of € 201 million.

Underlying profitability -recurring EBITDA- showed a growth of 14% reaching € 609 million driven by higher revenue partnered with relatively lower overall operating expenses – while R&D expenses increased.

Non-recurring expenses reached € 107 million after expenses of € 34 million in 2013, mainly due to restructuring expenses and impairment charges related to the return of *tozadenant*. Net financial expenses went up by 14% to € 162 million, due to the valuation of financial liabilities, to impairments of investments, partially compensated by positive interest effect from the convertible bond conversion. Income tax expenses were € 6 million reflecting an average tax rate on recurring activities for 2014 of 8% compared to 37% in 2013.

Net profit of the Group reached € 199 million (+37%; +51% CER), of which € 209 million (+30%) is attributable to the UCB shareholders and a loss of € 10 million to the non-controlling interests. 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 € 1.69 per share based on 191 million weighted average shares outstanding from € 1.24 per share based on 182 million shares in 2013.

Dividend

The Board of Directors of UCB proposes a dividend of € 1.06 per share (gross), an increase by two €-cents or 2%.

Outlook 2015

UCB expects the continued growth of Cimzia®, Vimpat®, Neupro® to drive overall company growth. 2015 revenue should reach approximately € 3.55-3.65 billion; recurring EBITDA should increase to approximately € 710-740 million. Core earnings per share (EPS) are expected in the range of € 1.90 – 2.05 based on an average of 193.7 million shares outstanding.

R&D update

In September 2014, Vimpat® (lacosamide) was approved in the U.S. as monotherapy in the treatment of partial-onset seizures in adults with epilepsy. The U.S. authorities also approved a new single

loading dose administration option for all formulations of Vimpat®.
In October 2014, UCB reported positive results for the Phase 3 study evaluating Vimpat® as adjunctive therapy in the treatment of Japanese and Chinese adult patients with partial-onset seizures. Regulatory submissions in Japan and China are planned in 2015. To support this expansion, in November 2014, UCB entered into an agreement with Daiichi Sankyo to jointly commercialize lacosamide in Japan.
Vimpat® is scheduled to move into Phase 3 development for primary generalized tonic-clonic seizures (PGTCS) in H1early 2015. The phase 3 study for the EU for Vimpat® as monotherapy in the treatment of partial-onset seizures in adults with epilepsy has completed patient recruitment; first results are expected in Q4 2015.

In July 2014, 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.
In January 2015, the US and EU regulatory authorities have accepted for review the new drug application and the marketing authorization application respectively for brivaracetam as adjunctive therapy for the treatment of partial-onset seizures in patients from 16 years of age with epilepsy.

December 2014 - UCB0942, (PPSI), a small molecule in development for highly drug resistant epilepsy is scheduled to start phase 2 proof of concept study in H2 2015.

In June 2014, first patients were enrolled in a Phase 3 study to assess the efficacy and safety of romosozumab in men with osteoporosis and high risk of fracture; first results from this study are expected in H2 2016. The phase 3 program evaluating romosozumab in post-menopausal osteoporosis (PMO) is ongoing as planned with initial results expected in H1 2016.

Dapirolizumab pegol (CDP7657), an anti-CD40L pegylated Fab being developed in systemic lupus erythematosus (SLE) jointly with Biogen Idec, completed a clinical Phase 1b study at the end of 2014, showing that dapirolizumab pegol was well tolerated. The compound is scheduled to progress to Phase 2 in 2016.

In January 2015, for Cimzia® (certolizumab pegol), Dermira and UCB announced the start of the Phase 3 program in psoriasis. Top-line data from this program are expected in 2017.

Also in January, Neuropore and UCB entered into world-wide collaboration in the development of a small molecule disease modifying treatment option for people living with Parkinson’s disease. A Phase 1 study is scheduled to start in 2015.

In February 2015, the Japanese regulatory authorities approved E Keppra as monotherapy in the treatment of partial-onset seizures in people living with epilepsy aged four years and above.

All other clinical development programs are continuing as planned.

FY 2014 – Financial highlights

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

€ million	Actual		Variance	
	2014	2013 (restated)[2]	Actual rates	Constant rates
Revenue	**3 344**	**3 133**	**7%**	**8%**
Net sales	2 938	2 795	5%	6%
Royalty income and fees	163	171	-5%	-7%
Other revenue	243	167	45%	45%
Gross profit	**2 291**	**2 168**	**6%**	**7%**
Marketing and selling expenses	-779	-793	2%	1%
Research and development expenses	-928	-886	-5%	-5%
General and administrative expenses	-201	-203	1%	1%
Other operating income / expenses (-)	-4	11	na	na
Recurring EBIT (REBIT)	**379**	**297**	**28%**	**35%**
Non-recurring expenses	-107	-34	>-100%	>-100%
EBIT (operating profit)	**273**	**263**	**3%**	**11%**
Net financial expenses	-162	-142	-14%	-14%
Profit before income taxes	**111**	**121**	**-9%**	**8%**
Income tax expenses (-) / credit	-6	-54	89%	86%
Profit from continuing operations	**105**	**67**	**55%**	**84%**
Profit / loss (-) from discontinued operations	94	78	21%	21%
Net profit of the Group	**199**	**145**	**37%**	**51%**
Attributable to UCB shareholders	209	160	30%	43%
Attributable to non-controlling interests	-10	-15	34%	29%
Recurring EBITDA	**609**	**536**	**14%**	**17%**
Capital expenditures (including intangible assets)	161	344	-53%	n.a.
Net financial debt	1 611	1 998	-19%	n.a.
Cash flow from continuing operations	497	267	86%	n.a.
Weighted average number of shares (million - non-diluted)	**191**	**182**	**5%**	**n.a.**
Core EPS (€ per weighted average number of shares - non diluted)	**1.69**	**1.24**	**37%**	**46%**

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 and Kremers Urban divestiture decision.

"The statutory auditor has issued an unqualified report with no emphasis of matter paragraph dated 26 February 2015 on the company's consolidated accounts as of and for the year ended 31 December 2014, and has confirmed that the accounting data reported in the accompanying press release is consistent, in all material respects, with the accounts from which it has been derived."

For further information

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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 more than 8500 people in approximately 40 countries, the company generated revenue of € 3.3 billion in 2014. UCB is listed on Euronext Brussels (symbol: UCB). Follow us on Twitter: @UCB_news

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.

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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.