July 25, 2024 / 08:00 (EDT) – 13:00 (BST) – 14:00 (CEST) - Half-Year 2024 UCB SA Earnings Call

C O R P O R A T E P A R T I C I P A N T S

Jean-Christophe Tellier – Chief Executive Officer
Sandrine Dufour – Chief Financial Officer
Emmanuel Caeymaex – Chief Commercial Officer
Iris Loew-Friedrich – Chief Medical Officer
Antje Witte – Head of Investor Relations

Antje Witte, UCB SA - Head of IR

Good morning, good afternoon, good evening. Welcome to the UCB Half Year 2024 Capital Market call. My name is Antje Witte. I'm the Head of Investor Relations at UCB. Before I introduce you to the agenda and hand over to the speakers today, I'd like to make some remarks. This video conference is being recorded. You can find the presentation in our download center on the website if you dial in by phone.

The presentation and the following Q&A session are intended for institutional capital market participants. If you're not, please disconnect now. This presentation and the following Q&A session are covered by the disclaimer and Safe Harbor statement, as stated on slide two of the slide deck. Please read this carefully. With this, I'd like you to introduce to our speakers today: our CEO, Jean-Christophe Tellier, Emmanuel Caeymaex - Chief Commercial Officer, our CFO, Sandrine Dufour, and our Chief Medical Officer, Iris Low-Friedrich, who will join for the Q&A session.

Jean-Christophe, over to you, please.

Jean-Christophe Tellier, UCB SA – CEO

Thank you, Antje. And, from my side also, a warm welcome to all of you. Thank you for joining us today for our, presentation of the Half Year results.

As you have seen in the press release this morning, we are pleased with the results that we have been able to deliver during the first half. It demonstrates a strong start into a decade of growth. And you will see in the next slide that when you look at where we were a year ago, that is in the middle of the of this slide. A year ago, I was telling you that we were at an inflection point, and then we were entering into this phase of growth. So, I'm very pleased to report that we are now in this period of growth. And if you want to keep just two numbers to illustrate that. Our net sales last year were declining -12% and -14% at constant rate. And we now deliver a net sales growth of plus 11% or plus 13% at constant exchange rate. So, you can see this change within a year - a big difference. And we are very pleased with that.

Of course, this is the result of the discipline, the rigor, and the quality of the executions, in particular behind our launches, and I will come back on that in a minute.

It's also on top of the numbers and the revenues, we have also achieved during the first half of the year, very significant progress into our filings and approvals. And you see this on the right-hand side. We have been able to launch worldwide ZILBRYSQ. And in particularly in the US, the launch of the ZILBRYSQ occurred in the second quarter. And outside of the US we have been able to launch RYSTIGGO, RYSTIGGO was launched in the US last year. Beyond the launches, we had already five approvals, RYSTIGGO & BIMEZLX in Hidradenitis Suppurativa in Europe, FINTEPLA in Lennox-Gastaut syndrome and BRIVIACT in

Japan and very recently BIMZELX in Ankylosing Spondylitis in China. And we are still waiting for the second half of the year. And we have filed during the first half the BIMZELX in five indications in the US, actually four indications plus a new presentation, as you see in the slide. So you see a very strong active and a very good delivery during the first half of the year. So how did we get there? I think I would like to highlight three components:

The first one is the result of years of focusing on innovation. And as you know, for us innovation means better connecting the patients and the human biology to science. And as you can see on the left side of this slide, because of this focus on innovation, because of this ability to better understand patients' biology, our five assets which will drive the growth of UCB for the next decade, each of them has unique elements that create unique value for the patient. And because of these elements of differentiation and because of this added value, we don't need to be the biggest to be successful.

The second element is: on top of focusing on our own innovations, we have been able to leverage strategic innovations to add assets into our portfolio, and these assets give us better bets for the future. Additional growth opportunity for the future.

Last but not least: resource allocation, discipline and rigor in our execution allow us to maximize the opportunity that we have in our hands. So, if we go now, as you will see in the next slide, I would like to illustrate maybe, a little bit more two components, one is H1 performance, And the second is - what can you expect in the second half, and in 2025.

So, if I take the first part of H1 2024, what are from my side, the key elements that I think for you would be important to keep.

I mentioned the growth already compared to last year. How to illustrate this growth. Well, you see here the revenue in the sales for each of our five growth drivers. They represent already today more than half billion of revenue, meaning that already almost one fifth of our net sales are coming from this new portfolio. And it's just the beginning, of course, because as you have seen, we have not launched everywhere. We have not had all of the indication yet. So, we are still into this acceleration of growth and ability to deliver more.

Two, we have to invest, of course, behind these launches in order to make them successful. So it's not a surprise to see an adjusted EBITDA that is a little bit in decline versus last year. However, we still have at 23%, which is where we aim to be. Finally, we are doing these investments as well as delivering on the growth while integrating more and more sustainability in our business, making sure that we can consider all stakeholders into our performance. And you can see here the improvement on some of the criteria that we have started to report to. One is the improvement of access. We reached 82% in June, and two - availability of products in low and middle income countries. That have given us an ability to increase our ESG rating as we wanted to. So that for the first half of 24, what to expect in the second half and in 25 in the next slide, well, you will see growth will continue with the five products that we have in our hands right now. And of course, we will continue to have substantial investments in order to deliver the growth. But the last thing I want to leave you with before handing over to Emmanuel, is that even behind these five products and behind this current performance that we are delivering, we continue to develop our pipeline. And in the second half of 24, we have a significant news flow coming from our pipeline with ten new patients' populations in ten projects that we will get. So, stay tuned. H2 24 will be rich in pipeline

news. But with that, let's go deeper into the performance of our launches. Thank you very much. And Emmanuel, I hand over to you. Thank you very much.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

Thank you Jean-Christophe. And I'm excited to be with all of you today. Thanks for dialing in. Over the next few minutes, I will give some commentary on the BIMZELX launch. And also on the RYSTIGGO and ZILBRYSQ launches.

So, of course, you're all interested to understand how BIMZELX has been doing in the US and that's where we will start: the performance and the sales, have reached €85 million for the first half of the year in the US. And you can see that, the uptake continues to be competitive. And really, what's underpinning that, is the strong execution across, not only sales and medical affairs, but also patient services, access and our direct to patient communications.

Underpinning that is good progress within the IL17 segment of the psoriasis market. And you can see that just six months into the launch, we were already at 18% dynamic share. And this is about half of where we're at a few years into the launch in other countries. So, it provides confidence of the great start in the US, despite, of course, the few delays that we had, up to the launch in November last year.

Now, many of you have been asking whether all those patients that are getting to benefit from BIMZELX are actually paid for and so what you see on the right hand side is that the proportion of paid to patients versus patients that are on our bridge, which is there to facilitate the access of commercial patients to BIMZELX in psoriasis - that proportion has continued to increase. It was 30% in Q1, 45% in Q2. And with that, we're already getting quite close to our target of 50% by Q4. I would say at this point, I think it's probably realistic to expect 50% for the second half of the year. Of course, that curve will be flattening, a little bit, unless there would be major access changes in the second half, which typically don't occur. It's more on January 1st kind of change that we would expect in this category these days. So, with that, we do have more than 5000 patients on BIMZELX in the US. So that's an average of two patients per prescriber. Remember in February I detailed that we had about 800 plus prescribers. So, you can see that the breadth of prescribers is growing nicely. And there's a wider set of physicians and nurses that are now prescribing BIMZELX for patients with psoriasis in the US. And then from an access point of view, we continue to be covered at double step edit or better with, about six out of ten, of the commercially insured lives.

Underneath that, there's of course, some movement in later lines. And it's something that we're working hard to continue to improve. And we'll give an update in the new year as this typically is the pivotal time for those changes to be announced.

So, moving forward, let's look at BIMZELX more globally. And you can see on the next slide that BIMZELX has reached 35,000 patients across the world and specifically in Europe. You will see that the market share of BIMZELX has continued to grow. So, what we're looking at, on this next slide in psoriasis is a 35% dynamic share, which translate in IL17 segment would actually translate into a 10% share across all therapies in the dynamic market. Meaning if you take all new patients and switch patients, regardless of whether they take a biosimilar, TNF, or a biosimilar Stelara, an oral product or antibodies, well, BIMZELX owns 10% of those switches, and that's highly predictive of what the TRx share will be in a few years. And so we're pleased with that. And of course, as Europe launched a little earlier, than the United States, you know, hopefully it's also charting a path for our largest market. But I should say also that in Europe, the

first six months of the year, we've had an 85% increase in patients. And the reason why that is the case is not only increasing the share within psoriasis, but it's also the fact that we now have expand PSA launched in several markets. The first one and the largest one is Germany. But we also have the UK. And what we see in all of those markets is that the dynamic share for BIMZELX is, nearing 30%, in fact, has exceeded that in Germany. And compared to the IL launches in rheumatology, that's a very clear beat. With 2500 patients in rheumatology on BIMZELX in Germany, similar trend in Japan. So, we're really, really pleased to see that - the performance in rheumatology continues to be strong.

Now, you'll probably wonder, where do we stand with rheumatology in the US? And remember, we said that this would be an event for the second half of the year. And so, we're getting ready to launch BIMZELX in the United States, there's probably a few more months to get closer to approval time. And, so far, so good. So, I'm looking forward to be able to update you about that in the near future and latest into the new year.

The third segment of my update, which will cover our Myasthenia Gravis portfolio. So you're aware that, UCB is the only company that has two different targeted therapies with different modes of actions for generalized myasthenia gravis. And that portfolio is differentiated and is there to meet the needs and provide choices to both physicians and patients. Myasthenia gravis presents in many different forms. Many times, patients are not as mobile as they would like to be, and for us to provide a portfolio which enables at home administration with ZILBRYSQ or physician administration at an infusion site or hospital, is clearly an advantage. Moreover, the field is still expanding and learning how to use those new targeted therapies at scale. And we're seeing quite an accelerated conversion from older products, steroids, immunosuppressants to targeted therapies.

So, for RYSTIGGO, the sales for the first half were 77 million euro. Remember, we launched RYSTIGGO in the United States about a year ago and more recently in Europe. So there is a global contribution also including Japan, to that number. RYSTIGGO provides us with a convenient infusion and, just a recall, it is the only agent of the first stage that's approved for the two types of antibodies positive for myasthenia gravis patients. Thank you.

Now, the majority of patients on RYSTIGGO, actually, were on either no treatment or one of those older treatment before, so we still contributing to enlarge the share of targeted therapies amongst the eligible myasthenia gravis patients.

ZILBRYSQ launch in the US is much more recent. We actually launched in April. And remember, there is a vaccination requirement, which means that, things are really starting now in terms of patients on treatment. We are very pleased with the number of referrals we've had. We're pleased with the speed at which physicians are registering and, getting certified into our REMS program, so that it's running really well. And, again, ZILBRYSQ is the first and only C5 inhibitor peptide. And this comes with a lot of advantages in terms of the administration at home, but also what it enables to do in potentially in concomitant use with, plasma exchange, for example or IVIG. So, we've generated interesting data for ZILBRYSQ as well, which will inform clinical practice as we move forward in the second half of the year.

Now, a last word is when we launched, in this field, we set out to provide the best experience to our customers. And I think that the ONWARD program, is a patient support program, is a very good example of that. And in fact, it was named as the best Patient engagement support CRM program in the United

States recently and really enables patients to navigate insurance reimbursements and get continued support by care coordinators that are assigned to individual patients.

So I'm very proud, about what the teams been able to accomplish over the last six months. And as Jean-Christophe was saying before, this is the results of many years of launch preparation, launch work, and, not just in the U.S, of course, but across the globe. And so, with this, I would like to hand over to Sandrine to look at our other brands and the financials. Thank you.

Sandrine Dufour, UCB SA – Chief Financial Officer

Thank you, Emmanuel, and good morning. Good afternoon. Now let me go through the first half results. They reflect a strong execution with the switch to topline double-digit growth and with substantial investments in our assets, so as to maximize the potential. And I will directly go to next page to start with the net sales.

So, we want to start with our key growth drivers at the top of the page. And we are very pleased with the launch trajectory of all these assets. The five assets combined BIMZELX, FINTEPLA, EVENITY, RYSTIGGO and ZILBRYSQ have delivered 330 million of incremental net sales in the first half, with BIMZELX representing 50% of that growth and RYSTIGGO being already the second driver.

So I will not come back on the assets that Emmanuel has just covered. And I will directly start with from FINTEPLA, you can see net sales grew by 51% to 154 million in every market, the team is improving on execution, focusing on helping patients get access to their medicines and the LGS indication has been approved in Japan in the first half.

On EVENITY, our partner AMGEN, which communicates at a later stage, and you can already see that in Europe net sales almost doubled to €46 million and the net contribution from all the other markets, which is disclosed further down in the P1L, in the other operating income line, grew by 47% to €228 million. Now moving to the bottom of the page, which covers our foundational medicine portfolio, on Cimzia, we still enjoy a volume growth of 4%, which contrasts with the declining anti-TNF markets, and we see a controlled erosion of net sales, which is driven by net price erosion. And I want to add that while it is off patent, there's no biosimilar competition is expected for several years. BRIVIACT delivered 20% growth, and we see growth in all regions and on top, BRIVIACT has just been approved in Japan. So with this first half performance, you see that BRIVIACT is on its way to surpass the peak sales guidance of €600 million already this year.

And last, the established brands performance reflects the decrease of NEUPRO as well as a small perimeter effect from the sale of the portfolio we did in Q1 last year. So overall, the combination of very strong growth of our launch assets and a solid foundation of our existing product portfolio led to switch to double digit growth in this first half. Let's now move to the next page and look at the full P&L.

So total net sales reached 2.6 billion, 13% increase at constant rate, and revenues achieved 2.971 billion, an increase of 10% at constant rate and 8% at actual rates. Other revenue went down as it included in 23, a milestone of €70 million linked to a partnership in Japan for VIMPAT, and it was partially offset this year by a milestone linked to the approval of LGS for FINTEPLA in Japan.

Adjusted gross profit was 2.152 billion, with an increase in line with revenues and adjusted gross margin was flat at 77%. And within this, we start to see the positive impact of product mix on adjusted gross margin, which is offset this first half by different elements, of which some, one-off effects.

Operating expenses increased by 23% to 1.6 billion, and this was the result of different components. First, and as announced, a significant increase of marketing and sales expenses, plus 25%, reflecting investments behind all the global launches and specifically for BIMZELX, a direct-to-consumer investment in the US in connection with the launch in psoriasis. R&D expenses grew moderately by 4%, with a total of 789 million, reflecting the continued investments in our clinical pipeline with ten different patient populations, as well as ongoing earlier research activities. And it ended up at 28% of revenues versus 29% last year.

And G&A, at €121 million, grew by 16%. This is linked to some one-off costs that are driven by the preparations and the extra external resources for the ongoing implementation of our new growth organization model, as well as the accounting effect of our long-term incentive plan, with the share price evolution. We are also initiating a long-term program with the migration of our current ERP to the latest SAP solution.

The other operating income went down to 249 million, following 316 last year. First, the net contributions from EVENITY increased, as I said, by 47% to 228 million. However, the other operating income was lower as the sale in Q1 last year of a portfolio of established brands in Europe did not reoccur in the first half of 24.

So, this higher revenue, higher operating expenses led to an adjusted EBITDA of €652 million compared to 801 last year, a decrease of 19% at real rate, and a decrease of 13% at constant rate. And EBITDA margin was 23%. So, moving to profits, profit amounted to €208 million, it's a 33% decrease this last year, and net financial expenses were flat. We benefited from lower negative currency results that compensated higher interest expenses, with higher average costs of gross debt. And effective tax rate decreased to 16% versus 22% last year. And what's reflected in this rate is the continued use of R&D incentives, as well as additional recognition of deferred tax assets on losses driven by the progress of the launched assets.

Core EPS was €2.09 compared to 2.63 in 23. And as mentioned by Jean-Christophe, we also improved our ESG rating in the first half. So, in summary, we delivered strong top line growth and we were able to significantly invest behind the launches in the frame of the guidance that we had given. Now, how does that play for the full year? And we can move to the next page.

With the trajectory we have seen in the first half, we are confident, very confident to reach the top end of our 24-revenue guidance, which was 5.5 to €5.7 billion. The dynamics of H1 net sales trajectory encourages us to continue to invest to drive long term growth, and we confirm our EBITDA margin guidance of 23 to 24.5%.

The key underlying drivers of revenue growth will be the same as for the first half, with of course BIMZELX number one, but then all the other FINTEPLA, BRIVIACT, RYSTIGGO, ZILBRYSQ and EVENITY. And we expect to see, as in the first half, some net price erosion on CIMZIA offsetting expected volume growth. And as for OPEX, trends in the second half should be directionally the same as what we've seen in the first half for marketing and sales and R&D, as we will continue to invest in our new launches and progress, the development of late stage and early development pipeline. EVENITY, will continue to strongly contribute to our EBITDA, and at the same time, we will remain disciplined with costs and continue to actively manage

our portfolio and divest some assets as we did last year. No change to core EPS, which is expected in the range of 3.70 to 4.40 euro, with a tax rate of around 15%. And on the right side of the slide, looking ahead to 2025, you can see that we reaffirm our 25 ambitious growth targets. We expect a revenue of at least €6 billion and EBITDA margin, which is in the lower end of our range of low to mid 30 as a percentage of revenue, with the same key drivers of revenue growth coming from the new launches and a strong increase of margin. Three key drivers that we confirm an expected gross margin improvement with a favorable product mix, operating leverage with higher revenues and lower marketing and sales and R&D as a percentage of revenues. And last, EVENITY contribution, continuing to be accretive on margin as well. So with this, let me thank you and hand over to Jean-Christophe.

Jean-Christophe Tellier, UCB SA – CEO

Thank you, Sandrine. Thank you, Emmanuel. I think, you have seen with this different presentation a little bit more in detail what we have been able to read this morning in the press release.

You have seen that we are in with a very good start to deliver on this decade+ of growth. This is builds on a portfolio of growth drivers that would be protected during the next decade. This is linked to the rigor in executions and resource allocation and also the ability to continue to invest in our pipeline and to develop future innovation for patients. So, this is the this is where we are today. And I'm very pleased, with this trajectory, of course. And now I would like to move to the Q&A and before that, as alluded by Antje, we will be joined by Iris. You know that Iris has been for many years a voice of UCB that you have been used to hear. She will leave UCB in the near future, later in 2024, but, I'm sure that you will appreciate this opportunity to engage with her today during the Q&A. Most of you, I guess, you have been able to build a personal relationship with Iris. it has been for all of us a privilege to have Iris in the team. She leaves the legacy, that will live much longer than her time at UCB. And, I would say the ability to explain complex things, the ownership of this patient value and patient proximity always have been at the very heart of Iris. And I feel really privileged and grateful, to have been able to work with her during the last ten years and a little bit more than that. So, with this in mind, let's move to the Q&A and welcome, Iris.

Antje Witte, UCB SA - Head of IR

Thank you so much, Jean-Christophe. So, we will now start the Q&A session. To ask the question, please indicate so by raising your hand and (we have a couple of raised hands already), we will call your name and then unmute your line. Please limit yourself to two questions. You can also type your question in the chat or if you prefer email me antje.witte@ucb.com and I would ask the question on your behalf to the presenters. So now let's go to the questions. And the first on the line is Xian Deng from UBS. And she will be followed by Brian Blachin from Jefferies. And please go ahead, Xian.

Xian Deng - UBS

Thank you so much. Can you hear me? All right.

Yes. Thank you. Two questions, please, if I may, both on BIMZELX.

The first one is, just wondering regarding the paid versus a free scrip ratio that target of 50:50 split by year end? Just wondering, given the bridge period might be different for, you know, refractory patients versus frontline patients.

Just wondering what your assumptions for let's say, you know, refractory versus frontline patient for select for that ratio please. That's the first question. And the second question is, BIMZELX and European performance, just wondering. I know it's very early days, just wondering if you could give us a sense of a split, in Europe between psoriasis versus other indications, please. I am just wondering, you know, how are the other indications doing especially HS, although this is very early days. And then just very lastly, for Iri. It has been a pleasure to work with you on the sell side and I wish you all the best in your future endeavors. Thank you.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

Thank you. Thank you very much. So, on BIMZELX and the assumptions behind, paid to bridge. You know, I would say that right now, what we're observing in the US is probably about 20 or 25% of patients, being bio naive and, the rest having failed on various medications. I would say most switches are patients that have recently been exposed to either IL17 inhibitors, but also IL23 inhibitors. And so I think that fact probably is underpinning the reason why the pay to bridge ratio has been more favorable than was generally expected. So going into the second half, I would say that things are probably going to remain relatively stable. We'll probably have some increase in the numbers of bio naive patients, but at the same time, we also have probably more government patients that will join the paid segment. And therefore, I would think that this ratio shouldn't be too far off our Q4 target. Then in terms of the utilization of BIMZELX per indication, where we're seeing that is probably about 80 at this point, probably about 85% of patients, worldwide that are psoriasis patients. But of course, that ratio is changing rapidly as psoriatic arthritis and axSpA are getting reimbursed, in a big part of the world. And then in terms hidradenitis suppurativa, right now, really, it's early days, right? We've launched less than three months ago in Germany, and the uptake is actually pretty rapid. If we look across, what's happened recently in the space. So we have a couple of hundred patients in less than three months, into launch in Germany. And we're pleased with that. And we think that it's a market that's showing all the signs of rapid development and sustained double digit, CAGR growth, probably for the next 5 to 10 years. Thank you.

Antje Witte, UCB SA - Head of IR

Thank you so much. So, the next one is Brian from Jefferies. And afterwards, Stacy Ku from Cowen. Brian, please go ahead.

Brian Balchin - Jefferies

Thanks. Brian from Jefferies. I'm not sure this is answered, but it's on BIMZELX. So the conversion looks to be tracking pretty well, I think maybe hit 50% by this quarter. So, the question is much more on timing and confidence around upgrading BIMZELX to the first line. Because I think I know you mentioned before that you'd need to get the first line set to get past the 50% ceiling. And I think you just said on the call that, that's more of a first Q of 25 event. So, if you could just help us on that. And then on the pipeline, if we could have a few updates, Staccato and RYSTIGGO MOG was pushed to 26. And Jean-Christophe, you said second half looks catalysts rich. So just hoping for what 2025 looks like. And then finally, if I could squeeze in, have you communicated the mechanism of action for the atopic dermatitis 1381, thank you.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

Thank you, Brian. In terms of coverage for BIMZELX and, and first line news and coverage, you know, I'd say the following.

So first of all, initially, when we looked at IQVIA data, we saw about 40% first line use. But then in our own books in the patient support program, we see that a lot of patients that are classified as bio naive actually have been on treatments in the past that qualify. And so therefore, we probably got a little more step-edited patient, covered that looked like first line patients to the external world. So that's one piece.

The second one is that it's probably going to be a journey to expand the preferred status for BIMZELX with payers, this could take 1 to 2 years in the sense that many payers would like to see the full range of indications approved first, to de-risk their own financial assets as they're making those decisions. And so, it's really individual. So, I would foresee a stepwise expansion to earlier lines. And I see that happening over the next 1 to 2 years, meaning that probably for the short term, the biggest part of our gross to net will be bridge and then the conversion to that becoming rebate. Mostly we'll probably take more than a year. So, we'll keep you updated because of course, now is the season for all kinds of negotiations with the GPOs / PBMs. And so it's impossible really to give any detailed guidance, as to what this will all look like on January 1st, thank you.

Iris Low-Friedrich, UCB SA – Chief Medical Officer

Yeah. Brian, thanks very much for recognizing the very strong news flow from our pipeline for the remainder of 2024. In 2025, you will see the results of the proof-of-concept study of our allosteric D1pam modulator in Parkinson's disease. And of course, you will see kind of the results of all of the work from this year, translating into further activities.

I also want to highlight that, before the end of this year, we plan to submit, the DoxTM dossier in the United States and in Europe. And as this is, recognized as a breakthrough, designated and prime designated asset, we also expect regulatory action next year. So there will be continued strong news flow, no question.

Antje Witte, UCB SA - Head of IR

Thank you so much. So, Stacy is getting ready to ask a question. And after her, Peter Verdult from Citi can make himself available. Stacy, over to you.

Stacy Ku - Cowen

Okay, wonderful. Hopefully you can all hear me. All right. I'm seeing Antje nodding. So, congratulations on the wonderful progress. And thanks so much for taking our questions. And really, really wonderful to see Iris on the call. Thank you so much for all the time you spent with us. We really appreciate it. So we have two questions. First, Emmanuel, can you just talk about the BIMZELX launch preparations in hidradenitis suppurativa. It’s kind of a multi-part question. So whether you're willing to provide thoughts on the ongoing Cosentyx launch, potential read-through to your launch. How much experience would you like to have before potentially revising peak guidance? So just kind of your thoughts on the HS launch, are there any updated thoughts there? And then one for Sandrine. You're guiding for the higher end of 2024 total revenue guidance. So just curious what might be driving the conservatism and what are the different dynamics to consider there? Thanks so much.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

Thank you, Stacy, and thank you for your questions. Yeah. So for the HS launch, I would say that first of all, it's really important to understand that HS is a completely different disease from psoriasis or atopic

dermatitis. Right? It's much more complex to treat. Many more patients are left up there without actually understanding the symptoms that they're having. And for many physicians, even understanding the biology, that sits behind those symptoms. So, there's a lot of work that is needed at the level of, first - education, and awareness for patients. And UCB has launched campaigns of disease awareness, touching patients. UCB is a proud sponsor of many educational activities touching HS for health care professionals. I think it's really a disease, a condition that is recognized as probably the highest unmet need in dermatology today. If you were to multiply prevalence by the depth of the individual unmet need, and that is increasingly recognized by scientific societies worldwide. I think the whole focus on health equity also matters. Because a lot of patients, have really gotten a raw deal, in the sense that, with their disease and treatment, the social stigma and the difficulties to lead a normal life, are accumulating, starting at a very young age and mostly for girls and young women to start with.

So, we're very committed to this. I think there's already an understanding with the medical and the scientific community that BIMZELX is a very exciting addition to the armamentarium. And so, we see that translating to prescriptions, of course, in Germany, but also as yourself and a few of your peers are conducting physician surveys, we see that the positioning of BIMZELX in the minds of physicians, based on those scientific exchanges, is already there, in terms of probably the most efficacious agent. The read-through from the Cosentyx, I would say is very positive because it does show that with improvements in solutions, in therapies, that more physicians are encouraged to start doing something about improving the lives of people suffering from HS. And we see that reading through BIMZELX. And we also know that people on Humira and Secukinumab, oftentimes lose the response or perhaps don't achieve a high enough response within a relatively short period of time. And so those would be the prime candidates to try BIMZELX, if and when it becomes available across the world. And so, yeah. I hope this answers your question. And if there's any aspect I haven't answered, then please let me know.

Stacy Ku - Cowen

We'll leave it there. That's perfect. Thank you.

Sandrine Dufour, UCB SA – Chief Financial Officer

And Stacy I'll take your questions. So, thanks. We said that we now expect revenue to be at the top end of the guidance and we are confident to be there. We are indeed very pleased with the trends of H1. As you know, we are in the launch phase. So, it's just the beginning of the journey. And if I may just remind that, you know, H2 last year was the beginning of the growth versus H2 2022, while as reminded at the beginning of the presentation, H1 in 23 was still in a decreased phase. So, the inflection point was felt in H1, between H1 and H2 last year. And so, despite a less favorable comparison basis in the second half, we still expect to grow in H2 this year, at least at the same growth level as what we've seen in the first half of the year.

Thank you so much.

Antje Witte, UCB SA - Head of IR

Thank you. So, Peter please. He has already muted himself; I see that. Thank you, Peter. And after him we have Thomas Vranken from KBC. Please Peter, go ahead.

Peter Verdult – Citi

Thanks. It's Peter our here Citi. Just one question is for Iris. Iris, thanks for putting up with us for the last two decades. And, good luck with your next chapter. But maybe you can sign off with some updated views on the dapirolizumab, in lupus. We're bullish on the UCB shares, but we have zero in our numbers for the dapirolizumab. Just wanted to get your thoughts into that upcoming data. What is your current level of enthusiasm for this asset, and can you remind us what you would consider to be clinically meaningful with respect to that big, clear response endpoint. Thank you.

Iris Low-Friedrich, UCB SA - Chief Medical Officer

Yeah, thanks very much, Peter. And of course, we are all eagerly awaiting the results of our first dapirolizumab phase three study. We have promised these results during this summer, and we will deliver these results during the summer. So, we are just two weeks away. We have talked over the years many times about, the inherent risk of clinical development programs in lupus.

I think you are all keenly aware, that this is a disease that is very heterogeneous. Every patient is different. The compilation of symptoms is very different, skin, joints, heart, kidneys, all can be affected. And we know from, from past experience across the industry, that even efficacious molecules might have technical difficulties to succeed in lupus development.

I must say, for the dapirolizumab, we have a mechanism of action that is very, very promising. You know that the blockage of cd40 legend, really, into the communication of two major immune system lines, the T cells and the B cells. So, it should be a very effective blockage of immune reactions. You know that we have also taken utmost care to define a patient population that is as homogeneous as possible under the circumstances. We call it chronically active. So that dapirolizumab really has a fair chance to show what it can do. And of course, we have a 48-week observation period, which would give us also a view of the long-term efficacy, of the asset. We have, as you rightly mentioned BICLA as the, the primary endpoint. We have a long battery of secondary and exploratory endpoints that all together will give us a very comprehensive picture of what Dapimab can do in the population. As always, we would consider a 20% improvement, the minimum to be shown for clinically meaningful, efficacy over placebo. But again, take it with a grain of salt because lupus comes with many, many shades. And, we will have to look at the primary endpoint, of course. And that will be the key driver, but also at the consistency of secondary endpoints. I hope this helps. And again, we are not too long away from having final results and can end our speculations, then.

Peter Verdult – Citi

Thank you. And once again good luck. Thank you.

Antje Witte, UCB SA - Head of IR

Thank you very much. And small reminder from my side. This is a readout of a first phase three study and, not just the final end of the program. So we might have to do a second phase three study thereafter. So just if we manage the expectations.

Thomas, you're getting ready for asking your question. And afterwards, we have Yifeng Liu from HSBC. Thomas.

Thomas Vranken – KBC

Yes. Thank you very much. And congratulations as well on the on the very strong results this semester. Two questions from my side. Maybe first to start to pick up on some of the things that, that Emmanual, has mentioned during the presentation with regards to at the dynamic market share. For BIMZELX, 30% was mentioned in Europe. Just wondering to which extent that could be representative for the US. Do you expect similar trends and a similar pace there in in months and years to come? And the second question is more on the pipeline there. I was wondering if you could share a little bit more insights into the outcomes of the trials of the RYSTIGGO trials, in autoimmune encephalitis. And so, for later. Thank you.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

Yeah. Thank you, Thomas. Yeah, I think that 30% share is what ultimately, we're aiming for. What is clear, though, is that even within the markets outside of the US, there's probably two types. Those markets where access is very open, I think, France, Japan, Belgium. And then and then there's the other spectrum with markets such as the UK and some markets where there's a lot of provincial negotiations, etc.

And so, we tend to see higher dynamic shares in the open markets. And so, the US has probably more constraints. Of course, it's not so much government driven, but it's driven by the PBM formulary and the payer formularies. So, I would say that my sense would be that the U.S. would probably belong to that, to that category. So maybe on the lower end, and on the higher end, we have markets that exceed 35%. But everything that we've seen so far is really suggesting that the clinical need and the intention to use and the appetite, for BIMZELX across both dermatology both indications and rheumatology is very, very high. And clearly over time that always is what's, what kind of makes the day. So, I'm optimistic. Thank you.

Iris Low-Friedrich, UCB SA - Chief Medical Officer

Now, Thomas, as you all have seen, we have terminated the development program of rozanolixizumab in LGI1, IgG-mediated autoimmune encephalitis. We had a relatively small proof of concept study underway. But of course, also for proof-of-concept study, we have certain expectations in terms of efficacy, 20% over placebo, that we would want to see, before we progress with the program.

We have not seen the desired efficacy, in this study. And we are currently analyzing additional biomarkers. We don't know, at this stage whether the antibodies that are localized in the central, compartment of the brain, simply cannot be reached by a systemic, administration of Ro rozanolixizumab sufficiently. So we are looking into all of this, and we consider this an important contribution to the medical understanding of the disease. What I can say very clearly is rozanolixizumab has done what it's supposed to do. So Igg levels were reduced, in the expected level. And we have not had any safety issues, as you have already read. And as always, we will honor our transparency commitments and release the data, in appropriate scientific publications so that the scientific and medical community can benefit from the learnings.

Thomas Vranken – KBC

Okay. Thank you very much.

Antje Witte, UCB SA - Head of IR

Thank you. Yifeng you can unmute yourself to ask your question right here.

Yifeng Liu - HSBC

Thank you. You can hear me.

Antje Witte, UCB SA - Head of IR

Wonderful. And afterwards, I would ask a question on the behalf of Graham from Bank of America. Just a moment. So please go ahead.

Yifeng Liu - HSBC

Fine thank you. Thank you for taking my questions. And I have two on the pipeline, RYSTIGGO. I think, we've seen some new players come in, you know, in the gMG space, these, recently and notably nipocalimab phase three positive readout and with a potentially additional biomarker in the, in the population. Just wondering what your thoughts on the involvement of, of competition competitive landscape in gMG, and your confidence in RYSTIGGO in this space. And the second question is also on the RYSTIGGO but in MOG AD phase three trial, the second half of 2026 and you sort of expecting results, headline results. I just wasn't around in terms of recruitment there and so what so what's your recruitment targets I mean approved for 104 patients. just sort of roughly timeline that you expect to recruit those patients. And are there interim analysis planned? And maybe the last, if I may, on the staccato, alprazolam? I think there's the in the, in the half year report, there were some, recruiting challenges. Could you maybe expand that a little bit more on how you sort of looking to tackle that? Yeah. Thank you.

Iris Low-Friedrich , UCB SA - Chief Medical Officer

Yeah. Thanks very much. And, of course, our confidence in was to go in the gMG space is very high. You have seen how successful the launch is, conducted. And, you have, access to all of our data. And I would like to emphasize, as I'm always doing, the unique data that we have generated in the different dimensions of fatigue, which is the most bothersome, for patients living with generalized myasthenia gravis. And we are the only ones who have really demonstrated that we have a positive impact on all dimensions of fatigue, highly relevant for patients and of course, for the treating physicians.

Your next question was about, MOG AD and the phase three program. As you have ranked, we will need a bit longer to recruit those patients. We are talking about a rare disease. It's about one patient in 100,000 of the general population who are affected and we're talking about a disease that's not well recognized, not well diagnosed. And, we have worked very hard to get the appropriate referral networks up and running to the tertiary sites that take care of these patients. We have also, if you remember, structured the patient population that we want to recruit in a way that optimizes our chances of success. MOG AD can either be a mono phase disease, or it can be a relapsing remitting disease. So patients are diagnosed, treated, go into remission, relapse. This is the type of patients, that we want to address with a rozanolixizumab, up in this study, all of this together, the rarity of the disease, the need for referral networks and, the selectivity around the patient population, lead us to require more time, for recruitment.

If we look at the overall course, we are quite confident, that we will bring the study to a good conclusion and that we will have the desired results. But bear with us. It needs a bit of patience at your side.

And then you asked about staccato alprazolam. You know that with staccato, we are doing something very unique, and, quite innovative in the epilepsy space.

We are trying to provide an inhaled benzodiazepine alprazolam. Two patients who have, extended seizures, and we are trying to demonstrate the termination of these seizures in an output patient setting within 90s. And this is unprecedented. Has never done before. We're quite impressed with the unmet need that we're hearing from patients and from our investigators. But we also are very mindful that this is a technically very challenging study. So, imagine, you are a patient, you have an incipient seizure. You need to make sure that your caregiver is around, you need to unpack the inhaler that will deliver a problem. You have to manage a stopwatch that will measure the time to seizure medium to seizure cessation. So, all of this is a very complex technical process. And we have learned that not every patient can handle that perfectly the first time. Caregivers are not always available. So, there's technical complexities. And so, our learning is that from screening to randomization to availability of patients, we have the need for more time to be able to meet the objectives of the study. And, and again, its technicalities, but we need to take the time to provide adequate sample size of evaluable patients. I hope that helps.

Yifeng Liu - HSBC

Oh yes. Yes, absolutely. Super helpful. Thanks so much and also wish you all the best for future Iris.

Antje Witte, UCB SA - Head of IR

Thank you. Thanks very much. Thank you. So, Graham Parry from Bank of America asked me to ask on his behalf two questions. The first one goes to Sandrine. Is 25% growth in SG&A in the first half a good guide for the rest of the year? And will the growth of this line slow in 2025? And the last one is for, Emmanuel. Could we see the percentage rate for paid drug drop in 25 again, as new indications launch and more bio naive patients are starting in, psoriasis? Sandrine, thank you.

Sandrine Dufour, UCB SA – Chief Financial Officer

Yes. Well, thanks. And as I said, you know, directionally, what we expect in the second half is roughly similar trends in terms of a as Jenny Gross as what we've seen in the first half. And as for 25, I think is a bit premature for us to, you know, comment on the components of the underlying guidance. But for sure, in February, we'll come back with a more color.

Emmanuel Caeymaex, UCB SA – Chief Commercial Officer

So to the second question, I would say, of course, theoretically it's possible that the percentage rate could drop. However, with many payers, the new indications will be covered in the same line as psoriasis. because the molecules approved, and it's part of a same class. And typically, payers' contract for the entire class. And then all the indications not once.

So I don't think that risk is high. Also, in terms of the bio naive, of course there will be an increase in bio naive use. I would say that that's to be expected. And in Europe we probably have about 40% of the use of BIMZELX, in psoriasis that occurs in naive patients. However, we also expect formulary improvements, and so hopefully all of those nets out to, a pay to bridge ratio that continues to be, attractive. And that, ultimately serves patients well, but also enables us to sustainably maximize the economic value that we can derive from them. Thanks.

Antje Witte, UCB SA - Head of IR

Thank you very much. Brian, I assume you still have your hand up because you didn't put it down.

Yes. Thank you so much. So, this closes the call. Thank you. Thank you very much for your interest, for your questions. You know where to find us for any further questions. Looking forward to reconnecting with you after our quiet period. And for everybody else, have a wonderful summer. Thank you so much.