
UCB News

## UCB Full Year Report 2013:

# Growth of core medicines in 2013 creates a strong foundation at start of new era

- Revenue of € 3 411 million. Cimzia®, Vimpat® and Neupro® combined net sales increased to € 1 187 million (+27%). Keppra® net sales of 712 million (-15%).
- Underlying profitability (recurring EBITDA) up to € 689 million (+1%) due to lower marketing & selling expenses supporting continued high R&D expenses, despite negative exchange rate effects. Net profit reached € 200 million reflecting higher tax expenses and core EPS € 1.93.
- Gross dividend of € 1.04 per share (+2%) proposed by Board of Directors
- R&D highlights: Cimzia® approved and launched in two additional inflammatory arthritis indications in U.S. and EU; Vimpat® filed for monotherapy in the U.S.
- Financial outlook 2014, impacted by IFRS 10: Revenue 2014 to grow to approx. € 3.5-3.6 billion. Recurring EBITDA to increase to approx. € 740-770 million. Core EPS expected in the range of € 1.90 – 2.05.

**Brussels (Belgium), 26 February 2014 – 7:00 AM (CET) - regulated information** -
UCB announced today its consolidated 2013 financial results and financial outlook for 2014.

"UCB's core medicines, Cimzia®, Vimpat® and Neupro® are continuing their growth path. This momentum, supported by continuous high investments in R&D, positions UCB particularly well to enter a new era fueled by our particularly rich late-stage pipeline and productive, innovative discovery research. In this new era, UCB continues to focus on delivering superior and sustainable value to patients, and to our shareholders," said Roch Doliveux, CEO of UCB.

### Financial performance in 2013

Revenue in 2013 reached € 3 411 million (-1%; +2% at constant exchange rates). Currency fluctuations brought net sales down 1% to € 3 049 million. At constant currency rates, net sales increased by 3% due to the solid performance of Cimzia® (*certolizumab pegol*), Vimpat® (*lacosamide*) and Neupro® (*rotigotine*) and net sales growth in emerging markets (+13%; +17% at constant rates) to € 313 million.

Cimzia® for inflammatory arthritis indications and Crohn's disease increased net sales by 27% to € 594 million (+32% at constant rates), growing 26% in Europe, and 18% in the U.S. supported by the launch of two new inflammatory arthritis indications in Q4 2013. In Japan, Cimzia® was launched in March 2013 in rheumatoid arthritis and reported net sales of € 20 million, while net sales in the emerging and other markets were € 6 and € 22 million respectively. Net sales of the anti-epileptic medicine Vimpat® increased to € 411 million (+23%; +27% at constant rates), growing 25% in the U.S. and 15% in Europe. Neupro®, the patch for Parkinson's disease and restless legs syndrome

increased net sales to € 182 million (+37%; +39% at constant rates). In the U.S., Neupro® was launched in the second half of 2012 and reported net sales of € 40 million (+172%). In Europe, where Neupro® has been available to patients since 2006, growth continued with +13%. In Japan, Neupro® was launched in February 2013 by UCB's partner Otsuka and reached net sales of € 9 million.

The anti-epileptic medicine Keppra® (*levetiracetam*) reached net sales of € 712 million, down 15% over last year (-12% at constant rates). The continued post-exclusivity expiry erosion in Europe (-30%) and the decrease in North America (-5%; -2% at constant rates) were partly compensated for by strong growth in Japan (+32%; +67% at constant rates) and in the emerging markets[1] (+12%; +16% at constant rates).

Royalty income & fees grew slightly to € 172 million (+2%). Other revenue in 2013 reached € 190 million, -15% due to milestone payments received in 2012 which did not reoccur in 2013.

Gross profit reached € 2 297 million, 3% lower than in 2012; +2% at constant rates in-line with the revenue evolution. Total operating expenses decreased by 4% to € 1 856 million (+1% at constant rates) reflecting lower marketing & selling expenses of € 802 million (-8%), continued high, but stable research & development expenses of € 856 million due to the advanced late-stage pipeline with three projects in Phase 3, the last development phase. General & administrative expenses were € 205 million (+3%) due to expansion in emerging markets[1] and IT-investments.

As a result, underlying profitability, recurring EBITDA, is 1% higher than in 2012, reaching € 689 million, reflecting adverse exchange rate impacts, lower marketing & selling and stable R&D expenses.

Total non-recurring expenses amounted to € 39 million, up from € 26 million in 2012, mainly due to restructuring expenses. Net financial expenses were € 121 million, down 22% while 2012 was impacted by one-off effects. Income tax expenses increased to € 87 million from € 35 million in 2012[2]; the average tax rate on recurring activities for 2013 was 29% versus 11% in 2012.

Due to the higher tax expenses, net profit amounted to € 200 million versus € 244 million in 2012[2]. Core earnings per share (EPS), which reflect the after tax effects of non-recurring items, financial one-offs and amortization of intangibles, reached € 1.93 based on 182 million weighted average shares outstanding in 2013 from € 2.10 based on 179.3 million shares in 2012.

## Dividend

UCB's dividend policy considers the long-term potential of UCB. The Board of Directors of UCB recommends a gross dividend of € 1.04 per share (+2%).

## Outlook 2014 - application of IFRS 10

In 2014, UCB expects the continued growth of Cimzia®, Vimpat®, Neupro® and emerging markets to drive company growth. Under application of IFRS 10, 2014 revenue should grow to approximately € 3.5-3.6 billion; recurring EBITDA should increase to approximately € 740-770 million. Core earnings

[1] Brazil, Russia, India, China, Mexico, Turkey
[2] Restated

per share (EPS) reflect also 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.

## R&D update central nervous system (CNS)

In February, Neupro® (rotigotine) was launched in Japan by Otsuka Pharmaceutical Co., Ltd. for early and advanced Parkinson's disease (PD) as well as restless legs syndrome (RLS).

In March, Vimpat® (lacosamide) generated positive results in the Phase 3 U.S. monotherapy study in patients with partial onset seizures. The data have been submitted to the U.S. Food & Drug Administration (FDA) as part of its supplemental New Drug Application (sNDA) and were accepted for filing early October 2013. Vimpat® for adjunctive epilepsy in children started the Phase 3 in September 2013, first results are expected in 2017. The Phase 3 clinical trial in Asia, as well as the European monotherapy Phase 3 development program in partial-onset seizures are on-going. Discussions with regulatory agencies for Phase 3 development for primary generalized tonic-clonic seizures (PGTCS) are on-going.

In May, UCB and Otsuka received regulatory approval in Japan for E Keppra® as adjunctive therapy in the treatment of partial-onset seizures in pediatric patients with epilepsy, aged four years and older.

The phase 3 program for *brivaracetam* as adjunctive therapy for the treatment of partial onset seizures in adults with epilepsy is on track for first results during the second half of 2014.

## R&D update immunology

In March, UCB and Astellas, its immunology partner in Japan, launched Cimzia® in the treatment of rheumatoid arthritis (RA).

In October, the European Commission granted the amended marketing authorization for Cimzia® in adult patients with severe active axial spondyloarthritis (axSpA) comprising ankylosing spondylitis (AS) and axSpA without radiographic evidence of AS (nr-axSpA).
In September and October respectively, the FDA approved Cimzia® for the treatment of adult patients with psoriatic arthritis (PsA) and for the treatment of adults with active ankylosing spondylitis (AS).
The FDA also issued a Complete Response Letter for the supplemental Biologics License Application of Cimzia® for the treatment of adults with active axial spondyloarthritis (axSpA).

In July, UCB entered into a world-wide exclusive license grant to R-Pharm, a privately owned pharmaceutical company based in Moscow, Russia, to develop and commercialize *olokizumab* in all indications, including rheumatoid arthritis.

For CDP7657, a CD40 ligand antibody under development in partnership with Biogen Idec, UCB started a Phase 1b study in SLE. First results are expected in H2 2014.

A new small molecule entered the clinical development pipeline in Phase 1: UCB5857, a selective and potent small molecule for the potential treatment of multiple immunological indications. First results are expected in Q2 2014.

Other clinical development projects like the Phase 3 program *romosozumab* in osteoporosis in post-menopausal women with first results in H1 2016, the Phase 3 program for *epratuzumab* in systemic lupus erythematosus (SLE) with first results in Q1 2015 and UCB4940 in Phase 1 are progressing.

## 2013 – Financial highlights

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

| € million | ACTUAL | | VARIANCE | |
|---|---|---|---|---|
| | 2013 | 2012 (resated)[1] | ACTUAL RATES | CST RATES |
| **Revenue** | **3 411** | **3 462** | **-1%** | **2%** |
| Net sales | 3 049 | 3 070 | -1% | 3% |
| Royalty income and fees | 172 | 168 | 2% | 5% |
| Other revenue | 190 | 224 | -15% | -12% |
| **Gross profit** | **2 297** | **2 378** | **-3%** | **2%** |
| Marketing and selling expenses | -802 | -875 | 8% | 4% |
| Research and development expenses | -856 | -861 | 1% | -2% |
| General and administrative expenses | -205 | -198 | -3% | -5% |
| Other operating income / expenses (-) | 7 | 0 | n.s. | n.s. |
| **Recurring EBIT (REBIT)** | **441** | **444** | **-1%** | **12%** |
| Non-recurring income / expenses (-) | -38 | -26 | -50% | -53% |
| **EBIT (operating profit)** | **403** | **418** | **-3%** | **9%** |
| Net financial expenses (-) | -121 | -155 | 22% | 22% |
| **Profit before income taxes** | **282** | **263** | **7%** | **28%** |
| Income tax expenses (-) / credit | -87 | -35 | > -100% | > -100% |
| **Profit from continuing operations** | **195** | **228** | -14% | 2% |
| Profit / loss (-) from discontinued operations | 5 | 17 | -74% | -74% |
| **Net profit** | **200** | **245** | **-18%** | **-3%** |
| Attributable to UCB shareholders | 207 | 249 | -17% | -4% |
| Attributable to non-controlling interest | -7 | -4 | -52% | 35% |
| **Recurring EBITDA** | **689** | **684** | **1%** | **9%** |
| Capital expenditures (including intangible assets) | 353 | 221 | 60% | n.a. |
| Net financial debt | 2 008 | 1 766 | 14% | n.a. |
| Cash flow from operating activities | 298 | 355 | -16% | n.a. |
| **Weighted average number of shares - non-diluted** | **182.2** | **179.3** | **2%** | **n.s.** |
| **Core EPS (€ per weighted average number of shares - non diluted)** | **1.93** | **2.10** | **-8%** | **1%** |

[1] Restated for R&D tax credits previously recorded as income tax expenses are reclassed to R&D expenses and related to the Meizler business pharma combination in Brazil

"The statutory auditor has issued an unqualified report with no emphasis of matter paragraph dated 25 February 2014 on the company's consolidated accounts as of and for the year ended 31 December 2013, 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."

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26 February 2014 at 14.00 (CEST) – Analysts' and investors' conference call/webcast.
Link to the webcast available on http://www.ucb.com/investors/Full-year-financial-results .

**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 8700 people in approximately 40 countries, the company generated revenue of € 3.4 billion in 2013. 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. UCB is providing this information as of the date of this press release 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.

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