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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, welcome to the UCB 2018 Half Year Financial Results Conference Call. For the first part of this call, let me remind you that all participants will be in listen-only mode, and afterwards there will be a question-and-answer session. [Operator Instructions] Please note that this conference call will be recorded, and that a replay of the webcast will be available later today on UCB's website under the Investor's section.

I am pleased to present Madam Antje Witte, Head of Investor Relations who will be the moderator of this conference. Madam, the floor is yours.

Antje Witte
Vice President-Investor Relations, UCB SA

Thank you very much indeed. So good afternoon and good morning from my side. Thank you, very welcome for our half year report conference call. This presentation to come up and the following Q&A is under the following disclaimer and Safe Harbor statement, which you'll find on page 2 of our presentation. The presentation itself, as you know, is available on the UCB website ucb.com at the Investor Relations section.

And I'm now happy to hand over to your key host actually, Jean-Christophe Tellier, our CEO.

Jean-Christophe Tellier

Chief Executive Officer & Executive Director, UCB SA

Thank you, Antje. Good morning, good afternoon everyone. It's a pleasure to welcome you on our half year report conference call. As you see this afternoon, I will be joined later by Dhaval who will give you an update on our pipeline, and then later on with Detlef that will go deeper into our financial first half results and outlook for the rest of the year. And for the Q&A who will be with me here in the room, Emmanuel Caeymaex, our Head of Immunology; and Jeff Wren, our Head of Neurology that will join us for the Q&A section.

So as you have seen this morning, UCB has delivered a solid first half 2018, both from a financial standpoint and from a pipeline perspective, which strengthened from our perspective our position for future growth. Through our patient value strategy, our ambition, as you know, is to deliver superior value for patients suffering from chronic disease, and not only through differentiated medicine, but also providing them with the best possible experience and access to our medicine. We plan to do that by a deeper understanding of the patients, and an ability to better connect the patient to science, and then the science to the solution, and the solutions back to the patient, and this is what you see in this slide.

I would like to quickly highlight few elements of achievements of this first half of the year that illustrate that our strategy delivers some concrete results for the patients. So if I start from the top right of the slide, you can see here some illustration of connection and better connecting the patient to science. Women of child-bearing age represent today one patient out of six who are bio-treated, and up to now they had no solutions if they want at the same time to control their disease and to plan to have a child. Now, having Cimzia® and with the ability of Cimzia®, because of the Fc-free, we have been able earlier this year to have a label both in the U.S. and Europe, which allowed these women to have at the same time a better control of their disease and an ability to plan for a family.

A certain example that Dhaval will comment also is our Tau antibody. Better understanding of patients suffering from a tauopathy, such as PSP or AD, lead us to this new monoclonal antibody that is now in first in human and Dhaval will comment more about that. Now, if I move down to the slide better understanding the science and connecting to a solution, *rozanolixizumab* is for us a good example of that where we had earlier also good results in our first Phase 2 trial. As you know, and Dhaval will also comment about that, there is a very large patients needs today for patients suffering from IgG driven disease who have today no other solution than go on a regular days into hospitals to be treated. Biologically treated with future solutions may help them.

And finally, from a solutions to a patient's standpoint, you have here a few example of our recent activities. Getting an extension of indications for Briviact®, and you know that we have had the pediatric extension both in Europe and in the U.S. for Briviact® earlier this year, with a faster access, is also an illustration of our ability to leverage advanced analytics in order to get earlier indication for our pipeline. Focused acquisition is also part of our strategy to be able to strengthen our offer in all targeting populations of patients that we aim to train and to treat. And you have seen earlier this year that, with the acquisition of *midazolam*, we have now in epilepsy not only a treatment that can allow patients to get control of their seizure on the long term, but we will have an ability now also to treat acute seizures with this drug, and we are very pleased to have been able to submit the filing in the U.S. earlier this year.

Last but not least, you know that there a lot of changes in the clinical development. And through the partnership that we have with Science 37, we are now able to bring the clinical trials to the home of the patients instead of moving the patients to the hospitals to do a clinical trial. So these are a few examples that illustrate our patient value strategy in action, that allow us to make sure that we can continue to deliver, to provide and to help patients in the future. Now, if I translate these achievements with our priorities, and to give you a more complete view on

where we are at this time, we think that we are well on track on our delivery of the year. And you can see still here a lot of green in front of the different priorities that we have, which is always a good sign.
First, we had an ability to grow and for now fourth year in a row we continue to grow. And from an acquisition standpoint Element Genomics from a research standpoint and *midazolam* in the asset standpoint has completed what we have done for the first half of the year. So a strong first half, solid foundations that prepare future growth, and allow us to continue to confirm our 2018 financial outlook.

And now I hand over to Dhaval.

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

Thank you, Jean-Christophe. Nearly six months ago, I spoke with you for the first time in my role as Chief Scientific Officer of UCB, and spoke about the robust molecule generation engine, the engagement of the scientists, and my first impressions of the portfolio. Today, I will make brief comments about the status of several pipeline projects and later highlight two early stage projects that will likely be growth drivers for UCB in the mid to long-term.
The status of our clinical development pipeline is shown here.

As previously stated, UCB is the global leader in epilepsy, and we aim to keep and build on this leadership position. The acquisition of *midazolam* nasal spray is one component of our strategy, and the NewDrugApplication has been submitted to the FDA in May. *Padsevonil*, a unique molecule with a dual mode of action targeting both pre- and post-synaptic mechanisms of neural signal transduction, continues to progress in Ph2b.

Our goal is to build our neuroscience franchise. One pillar is to expand in neurodegenerative diseases. We have a multi-pronged approach, with first molecules in Ph1 testing, including the small molecule alpha-synuclein aggregation blocker UCB0599 and the anti-Tau mAb UCB0107.

A second new pillar is neuromuscular diseases, starting with myasthenia gravis. I will speak to this later.

Our Immunology pipeline continues to progress well, with a multi-faceted ongoing Ph3 program testing *bimekizumab* in psoriasis, with first readouts in Q4 2019. We anticipate starting Ph3 programs in PsA and Ankylosing Spondylitis in Q4 this year. There is nothing new to report here. We will also have results of the Ph2b study of *dapirolizumab* in SLE later this year. As you may notice, *seletalisib*, a PI3Kdelta inhibitor is no longer included in our pipeline. While we had positive Ph2a results in APDS and Sjogren's Syndrome, we have stopped further internal development of this molecule, to focus our effort and spend on projects we believe have greater potential benefit to patients.

One of the molecules we are very excited about in the pipeline is our anti-Tau mAb UCB0107. Recognizing that I introduced it to you already 6 months ago, I will be brief in discussing it again. However, based on the enthusiasm about this molecule in the academic and industrial community, I believe it is worth re-iterating it. You are well aware about the tau hypothesis for Alzheimer's disease, and the need for disease modifying therapies.

It remains unclear how effective therapies targeting Amyloid □ (A□) will be, with waxing and waning enthusiasm. There remains hope that targeting the Tau molecule will be effective, and recent scientific evidence has emerged that small aggregates of Tau that are released from dying neurons, as seen on the right-hand side of the slides, so-called Tau seeds, can infect other neurons and can propagate the disease by spreading. This led us to believe that an antibody approach to prevent the spread of these tau seeds could be effective in tauopathies.

So we developed UCB0107 to specifically prevent the spreading of tau seeds from human patient materials. And this is really the component that I believe separates us from the first generation tau autibodies. And I think we're calling this a second generation tau antibody.

We believe this has a competitive advantage to others, and I believe that others are also feeling the same. Phase 1 clinical studies are progressing well with no issues to date.

Lastly, I'd like to discuss *rozanolixizumab*, which I'll call rozimab from now on, which is our anti-FcRn monoclonal antibody that works by lowering the levels of pathogenic auto-antibodies. It also aims to replace more burdensome therapies like plasma exchange and intravenous immunoglobulin for IgG autoantibody-mediated diseases, and these include things like immune thrombocytopenia, myasthenia gravis, and chronic inflammatory demyelinating polyneuropathy, which I'll also say CIDP from now on.

So we've already discussed that we have a positive proof-of-concept in ITP, with both the 4 milligrams and 7 milligrams per kilogram subcutaneous dosing of rozimab, and that's on the right-hand side. Roughly 50% of patients respond to this therapy, and this is a set of highly-refractory patients that we can include into these early trials, and so this is actually quite a good result, and it's very encouraging. We had stated last time that we expected a final readout by this time, however we've had the hope for problem that we've not reached a maximum tolerated dose yet. So we've actually added higher doses, and are continuing to study to test highest doses.

A little bit about the Phase 2 programs in myasthenia gravis in ITP. The myasthenia gravis program has 43 patients. In the first part of the study, half of them received active 7 milligrams per kilogram subcutaneously of *rozanolixizumab*, and in the second part of the study all patients were randomized to two doses, either 4 milligrams per kilogram or 7 milligrams per kilogram. So I believe we will have sufficient information on how our molecule behaves in myasthenia gravis to potentially go to a registration type study in Q1 of 2019.

We're testing multiple endpoints. The endpoint that the regulators have agreed is a registration endpoint, is the myasthenia gravis ADL, or activity of daily living score. We have included that, we're also including the quantitative myasthenia gravis score, QMG, as well as the myasthenia gravis composite score. The ITP study as I indicated is ongoing, and we will present the results at a similar time, hopefully by Q3 2018. So we believe we have enough information, or we will have learned enough that we can really go directly into a registration study shortly.

I won't go too much more into detail about myasthenia gravis ITP and CIDP, just to basically say that these are severe illnesses, and that the severe patients don't really have many choices. They often have to undergo plasma exchange therapy in the hospital, getting intravenous immunoglobulin in the hospital and often even surgery. So this is a real unmet medical need, and our hope is that we can help alleviate some of the burden, not only to the patient but to the healthcare system.

So I will stop here and hand over then to my colleague Detlef for the financial results.

Detlef Thielgen

Chief Financial Officer & Executive Vice President, UCB SA

I stay a second on that slide because I find it a wonderful slide, not only because of the patient but also because of the message, and it is an important message. So we had a very strong first half of the year, and that is really a great foundation. I won't talk about what makes this great foundation. But what it also means is it gives us the opportunity not only to reinforce our guidance but also to start with what we told you already in February, in terms of moving into a spent need for our products to come forward. And we have seen that we have an exciting pipeline with opportunities, and now we will move into this, and you will face it already – or we face that together already in the second half of the year.

When we look into the strengths, let's go a bit more in detail. First of all, which is very important and Jean-Christophe mentioned that, and I know there were a little bit of concern after quarter one, and we told you it's a temporary topic. I'm happy to say it was a temporary topic as planned, strong growth of our core products, and that is really reinforcing, and differentiation that we are so fond of, like explained on women of childbearing age, is driving some of these positive trends, while the markets and the product in its life cycle usually would start to show more mature course. So we are very happy about that this has been working, and that also the investment that we had put forward to drive that is now delivering for us.

The second is that we have done good expense management. We have been really pushing very hard to put the money where it's having the highest impact, which does mean starting to prepare for new launches, putting behind some of these growth areas, starting to drive our pipeline, and this will continue and will get much more heavy starting in the second half of 2018, and then moving into 2019 when we are having a good number of Phase 3 studies ongoing. But we feel for the reason of differentiation, and we're making trade-offs as we heard from Dhaval, and you are used to that from us, that we are making conscious decisions where we really see the opportunity and getting the money back. Therefore, our operating expenses have been even on constant rate growing less than top line and have been decreasing in actual rate. That has led to a very strong EBITDA that is driven by these two components. So very strong top line from our core products. And what I would say, good cost management to give us the basis in the second half to really accelerate the spending on the needed development of our products.

On top of that, the profit of the group and core earnings per share are very strong. This was also driven by the third element that drove the very nice performance, the low tax rate. And before you get your hopes high just stay with our low 20s guidance. You will not be wrong on that, I think. But in this first half of the year we had a number of plans but also some positive add-ons. The plan was the phasing that you're seeing with the strong profitability, and while it sounds counterintuitive, that had a positive impact on our tax rate. And the second was, we took advantage of a one-off situation in the U.S. based on the rate change, and our tax department was able to use that opportunity for a one-off that is benefiting us this first half.

This will stay and has a positive impact in the year, but as you know, it will be much lower for the full year impact. So all-in-all, really a very solid foundation, and we mentioned to you that we want to drive and accelerate our pipeline. For that, the company also needs that solid foundation of the existing products doing well and good cost management. And I feel at this moment in time that we are in a good shape for that.

What is also important, and you have seen last year quite a number of activities on the divesting side, taking advantage of opportunities, getting good valuations for assets that are not in our core focus. We also added Beryllium which gave us additional capabilities that we want to have to complement our already good R&D capabilities. This year we continued a bit on the different tension for the first half of the year. We talked about the acquisition of *midazolam*, which we already heard is a wonderful addition to one of our core strength area, where we can get both capability synergies but also cost synergies, and helping us to win a nice product with high

differentiation to people. Second is Element Genomics, Jean-Christophe mentioned it and Dhaval. You cannot see him but I can see him nodding, it's a real nice addition because we are not only talking about today and sustainability in the mid-term, but sustainability in the long term and this is a good inroad into that.

At the same time, it's like with all the other decisions around portfolio, not everything can be done by ourself. But if it is attractive, there are other ways to make good use of that, and this way that we show here is a spin-off with Syndesi where we bought one of our compounds into this company and we'll participate through our participation as well as later on from this positive development. And last but not least, we have told you that it was probably a year-and-a-half ago that we would go into ventures really trying to get our hands around very early opportunities that would otherwise compete with later stage as it would never have a chance to be really considered. So we've ring-fenced investment to have this opportunity to get early insights, and in exciting science areas that are relevant for us, and after a phase of investing through others we are now starting the phase of individual investments ourselves, and learning very well in areas of our interest.

That leaves us with the outlook. From what I just have mentioned, you can deduct that we will confirm our guidance but also we will conform our guidance. And because we have better things to do with what we have been building in the first half than putting it really to the bottom line, we have investments to make, and we will make these investments and we expect that they will also grant a very good harvest.

No change also to our mid-term guidance, the mid-term profitability, 31% as mentioned earlier this year – or for 2021. And the peak sales, and I think you would probably follow us after the numbers that you have seen reassuring that the growth trend is unbroken, for our core products is also confirmed.

With that, I conclude on what I feel quite a good first half from the numbers side, and hand over to Jean-Christophe.

Jean-Christophe Tellier

Chief Executive Officer & Executive Director, UCB SA

Thank you, Detlef. So as you have seen, we are pleased with our first half where UCB has delivered on our promises, both from a financial side, and also we are pleased with the maturation of the pipeline. And the pipeline, just in a nutshell to wrap up what we have mentioned earlier, we have now two products, Evenity™ and *midazolam*, which are at the filing phase. We have *bimekizumab* progressing well at the Phase 3 in three different indications, one already in Phase 3, two about to start at the second half of this year, *padsevonil* in refractory epilepsy with a Phase 2b ongoing, and *rozanolixizumab* where we have a Phase 2a ongoing on myasthenia gravis when we should have some additional results at the end of this quarter.

So all of that plus the ability to, over the last years, have been able to continue to deliver on our growth, on our profitability targets, as you remember which was achieved ahead of time last year already, and reaching a level of debt that allows us good strategic flexibility, give what we think is a very strong foundation to invest in future growth and in our innovation with our pipeline that you have seen just there. And it's also a nice illustration and a positive illustration of our strategy in action where we aim to deliver the best possible solution for patient in the three areas that we are focusing on, which is for us the best way to deliver superior value for the shareholders also.

So with that, I would like now to give the floor back to you, and we are here to answer to your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator instructions] The first question is from Peter Verdult of Citi. Please go ahead, sir.

Peter Verdult
Analyst, Citigroup Global Markets Ltd.

Q

It's Peter Verdult from Citi. Just a couple of questions, please. Just for either JC or Emmanuel, just on Cimzia®. You've exceeded your sales target guidance that you gave many years ago. You've got the benefit of label expansion going forward, but also the counter of increased competition and the indirect impact from biosimilars. So when you put it all together, a very simple question maybe for Emmanuel is, we know the growth of Cimzia® will probably slow from the second half. When you think about Cimzia® from 2019 and beyond, do you accept that that franchise is likely to decline, or do you still believe or are you still planning on a base case assumption that you can still grow Cimzia® from 2019?

And then on the pipeline, just on roza, could you just talk about how you see the profile of the product stacking up both to other FcRn competition that's out there as well as the offering from subcutaneous IG? Thank you.

Maybe one follow up, just on your plans in CIDP. Could you give us some sketch as to when you might be in a position you feel to file or approach the market with roza in that indication? Thank you.

Emmanuel Caeymaex
Executive Vice President & Unit Head-Immunology Patient Value, UCB SA

A

Peter, thank you. It's Emmanuel here. So on Cimzia®, as mentioned earlier, we are reiterating our guidance to peak sales for our core products, which means that we are confident to exceed €1.5 billion at peak for Cimzia®. Obviously, with the expected advent of Humira biosimilars in Europe, we will face an environment in Europe with not only more competition for first-line use in rheumatology, but also a pattern of price decreases which will happen market by market.

Now, that concerns Europe, not really the U.S. where only *infliximab* is subject to biosimilar competition right now. And as you know, we have had the approval for Cimzia® in psoriasis, as well as the women of child-bearing age label, and we have positive results in the U.S. for Cimzia® for non-radiographic axSpA. So taken all of these together, I do think that we have an opportunity to significantly continue to grow volumes, and net-net at the global level further continue to increase Cimzia® as a brand.

You will also have seen from the half-year results today that our international markets are doing very well with Cimzia®, and there's always a lag between the launch of new indications, new labels, between U.S., Europe and international markets.

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

A

So I'll take the questions on rozimab. First of all, the question of profile versus other FcRn-based approaches, I believe that they're all going to be very similar, that there is no real differentiation based on the mechanism of action, or the molecules that are using the mechanism of action versus subcutaneous IG. This is also a volume play. You have to have a large volume of subcutaneous IG. So the question will be, can we move this to a home-

based therapy, and that is our goal. Regarding CIDP plans, we are planning to start our Phase 2 study in CIDP at least by quarter one of 2019. I do not want to commit to timelines for registration yet, because it will depend on the results.

Peter Verdult
Analyst, Citigroup Global Markets Ltd.

Q

Thank you.

Operator: Thank you. The next question is from Trung Huynh of Credit Suisse. Please go ahead.

Trung Huynh
Analyst, Credit Suisse Securities (Europe) Ltd.

Q

Hi, guys. Thanks for taking my questions. I have three, if I may. Firstly, we have seen moves by the Trump administration to scale back protections in place that allow rebates between manufacturers, insurers and PBMs. For Cimzia®, in a world without rebates, and you have some competitors with some very big rebates, do you feel that this could have a meaningful effect on your market share? Secondly, can you comment on the level of investment within the business that you're discussing? You have *bimekizumab* and *padsevonil* leading the way for the next wave of launches. And how will this impact your margin expectations in the mid-term? And finally, can you just let us know what the late tax windfall in the U.S. was? Thanks very much.

Emmanuel Caeymaex
Executive Vice President & Unit Head-Immunology Patient Value, UCB SA

A

Trung, thank you. So for your first question, in general, UCB is pursuing a strategy that is focused on creating more patient value based on clinical differentiators, creating a better experience for patients, and making sure that the patient that most need our drugs actually have access to those drugs. So a move to diminish the importance of rebates in the U.S., in general, would be a positive for UCB, not just for Cimzia®, but also for *bimekizumab*. Now, if we consider the likelihood of this happening, I would say that in Medicare Part D, over which the government has more control in the U.S., it is something that can indeed be contemplated short to medium term. Currently, Cimzia® has low volume and low rebates, if not minimal rebates in Medicare Part D. So I would expect a significant positive effect there. In the rest of the market, the commercial market, it's much less likely to happen. But of course, if it did happen, it could be a net positive for a company like ours.

Detlef Thielgen
Chief Financial Officer & Executive Vice President, UCB SA

A

I can take the two other questions. I start with the tax question. So the one-off was $23 million for this half year and will not change anymore in the second half. And the question concerning the investment, as you already heard in the earlier comment, we are going through our portfolio. We are looking at the different value propositions. There are still some results to come this year that we will have to consider. So at this moment in time, it's not credible to give you a concrete number, but it will be meaningful. We are talking a few percent points that you will see an increase, which does mean also probably a few percentage points of decrease on the overall profit margins.

And that is very aligned with what we said before with taking a dip, and then working back to the 31%. And we feel very comfortable on that. What we will have to see is how strong we can accelerate. I mentioned before that this year the strong foundation of the first half of the year, we will push very much on all the different types of investments, not only on the R&D side but also in the market to accelerate growth where we can accelerate growth and Emmanuel gave some examples. So that might also have an impact because we are talking relative

numbers, but I would think it's a meaningful number that we will have to spend to really drive the value that we want to achieve.

Trung Huynh
Analyst, Credit Suisse Securities (Europe) Ltd.

Q

Thanks very much.

Operator: Thank you. The next question is from Laerke Engkilde of JPMorgan. Please go ahead.

Laerke Engkilde
Analyst, J.P. Morgan

Q

Hello. Laerke speaking on behalf of Richard. Thanks for taking my questions. Most have been answered. But just if you could please provide some color on when exactly you expect to see an impact from biosimilars on Humira, that would be very helpful. Thanks.

Emmanuel Caeymaex
Executive Vice President & Unit Head-Immunology Patient Value, UCB SA

A

Yes, thank you. So impact on Humira it's likely expected to impact as soon as October. I think that the impact of indirect competition of *adalimumab* biosimilars on Cimzia® will take some more time to effect, and there's two reasons for that. If we consider price, various states, various countries in Europe have different rules and different calendars to adjust prices. Insurance companies in Germany, for example, may anticipate some of this. So some of it might already be visible today. But essentially, it's not going to be a one-off. It's going to be, I think, visible in 2019. And in terms of volume, we can look at what's happened with *etanercept* biosimilars. Today in Europe, if you look at dynamic scripts, there's at most half of the dynamic scripts for *etanercept* and Enbrel® that are actually filled by biosimilars. So we can see that while some markets are very quick to adopt biosimilars, some others also are slower, or allow for the originator to adapt their own practice and services, et caetera, to provide better value. So I'm not expecting a big impact for Q4 this year, if that was the question behind the question.

Laerke Engkilde
Analyst, J.P. Morgan

Q

Thank you.

Operator: Thank you. The next question is from Michael Leuchten of UBS. Please go ahead.

Michael Leuchten
Analyst, UBS Ltd.

Q

Thank you very much. Thanks for taking my question. Two, please. One, given your label extension for Cimzia® in the U.S., was the Q2 number an in-market number, or is there a degree of inventory build coming off a weaker Q1 number? And the second question, going back to rozimab, is there a particular profile for the Phase 2a trial in myasthenia gravis in terms of the QMG score or the ADL score that you outlined as endpoint? Is there an improvement number that you have in mind as a hurdle for the Phase 2a study?

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

A

So – sorry, you take the Cimzia® one first. I was ready, just itching.

Emmanuel Caeymaex
Executive Vice President & Unit Head-Immunology Patient Value, UCB SA

A

So again, thank you for your question. The inventory impact is really minimal. I would say negligible. So this is about two things; first, the market itself is healthier in Q2 versus Q1. And every year that trend is being reinforced at market level. And then, indeed, we have had the label change regarding women of child-bearing age towards the second half of March, which means that the actual promotion of that change is subject to occur on the start of the second quarter, and you can see the ensuing results. Dhaval?

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

A

Yes. So for rozimab in the Phase 2a data, we're looking for MGADL and QMG in the same area as was already seen by the Argenx compound, by *eculizumab* and also by IVIg's in previous studies. And that's roughly about a change of 1.5 milligrams in the MGADL and roughly 3 milligrams in the QMG.

Michael Leuchten
Analyst, UBS Ltd.

Q

Thank you very much.

Operator: Thank you. The next question is from Sandra Cauwenberghs of KBC Securities. Please go ahead.

Sandra Cauwenberghs
Analyst, KBC Securities NV

Q

Hi. Thanks for taking the questions. My first question is really still on the rEBITDA with regard to the expenses that we can expect in the second half of 2018, a read through in 2019. If you can give a bit more granularity with regards to R&D launch. I understood a large marketing expense coming up as well. Second question still on *rozimab*, with regard to the deepness and the duration of responses in comparison to competitor drugs, and how you see this running through into different disease types potentially, and in line with safety. And then the third question is on *padsevonil*. So we will see the first results popping up in the first half of 2020. Is it possible to indicate on what the earliest time point would be for the drug to enter the market? Thank you.

Detlef Thielgen
Chief Financial Officer & Executive Vice President, UCB SA

A

Okay. I can start with the granularity on the spend. Let me reiterate that we will put our money behind on the marketing side, WOCBA and PSO, the preparation of Evenity™ that we are looking forward to. Then on the R&D side, it's *bimekizumab*, it's *padsevonil*, it's *rozimab* mainly that is driving that. And when you look into the impact that I'm expecting, our guidance for EBITDA is € 1.3 billion to € 1.4 billion. We are now roughly at €800 million. So you can see that in the second half we are only expecting to be between € 500 million and € 600 million just by calculation. So that is what you could expect, and then very concretely we will give you more insight for 2019 in the beginning of next year.

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

A

Okay. For the *rozimab* questions, if I got it correctly, you're looking for our view on the depth, the duration and the safety compared to other FcRn based therapies and what's available in the clinic today. Regarding the depth, our expectation is we will be at least as deep in IgG and autoantibody lowering as other FcRn based therapies and as

well as plasma exchange. We cannot compare to IVIg because that is not the way that you can measure IVIg response.

As far as the duration of response, I would say that for the FcRn therapies that have been tested today, the myasthenia gravis study that we are completing has the longest duration of exposure. So we will certainly be looking at a duration of response also. Safety absolutely is an important question, and it should be in line with available therapies today and all other FcRn therapies.

Jeff Wren
Executive Vice President & Unit Head-Neurology Patient Value, UCB SA
A

And just in regarding the *padsevonil* question, so we're excited to give you a timeline as far as our results first half 2020 on our Phase 2b study. But at this point, it's just too far out to comment on expected approval and market launch. Just rest assured that we are accelerating the study recruitment and are excited about sharing the results in first half of 2020.

Sandra Cauwenberghs
Analyst, KBC Securities NV
Q

Okay. Thank you very much.

Operator: Thank you. [Operator instructions] The next question is from Wimal Kapadia of Bernstein. Please go ahead.

Wimal Kapadia
Analyst, Sanford C. Bernstein Ltd.
Q

Thank you very much for taking my questions. Wimal Kapadia from Bernstein. So quick question number one is, you mentioned EU price decreases earlier for Cimzia® with the launch of Humira®. So what we saw with the launch of Remicade® biosimilars was a large step down in pricing in the EU, which was higher than we saw with the step-down in pricing with the launch of Enbrel® biosimilars. So should we think of an even lower impact on pricing with the entry of Humira® biosimilars, or do you think that the impact will be more dramatic?

And then question number two is, could you give us a little bit of color around U.S. 2019 contracting, in particular for Cimzia®? Now, what are the payers' feedback? Is it still relatively tough? And how are they thinking about the label updates that you've had this year in terms of contracting for 2019?

And then my final question is just on Neupro®. Just looking at the sales and volume trends, I'm struggling to see how we reached the € 0.4 billion peak sales potential for the product. So is this still your expected target to reach that peak sales number? Thank you very much.

Emmanuel Caeymaex
Executive Vice President & Unit Head-Immunology Patient Value, UCB SA
A

Thank you. With regards to the price decreases in Europe, I do believe that with the number of *adalimumab* biosimilars that will hit the market, that within that segment, within that molecule, the decreases will be significant. However, as it relates to Cimzia®, the fact that we have this women of child-bearing age label differentiation enables us to somehow mitigate that impact. In addition, a lot of the price decreases in Europe are set by the states. So it's not always a negotiation. It may just be a rule. And so in that sense, it's independent of the number of biosimilars that hit the market.

With regards to U.S. contracting 2019, let me perhaps raise two points: first, women of child-bearing age. For some health plans, this is the trigger to review the medical policy around how the formulary applies to this sub-population, and that's obviously is favorable because it decreases the amount of paperwork for the physician's offices and it also makes it smoother for the patient to access Cimzia® if that is the prescribed product.

Some other plans are happy to go with medical exceptions which, in their large majority, are being honored. As far as psoriasis is concerned, the difference of the launch of Cimzia® in psoriasis with new brands is that Cimzia® has an existing access footprint. And so for many plans this is an extra indication that can add volume, and therefore strengthen the existing contract that UCB has with the plan. But of course psoriasis offers an opportunity together with the women of child-bearing age label to re-discuss the positioning of the brands within plans where we currently do not hold a favorable position. And so that could be an upside, as you know, it's a competitive market. So far we haven't been prepared to rebate too deeply in order to gain access. I think we've kind of reached a certain balance here. And so what we're looking is, we're looking for quality coverage and quality contract.

Jeff Wren
Executive Vice President & Unit Head-Neurology Patient Value, UCB SA

A

Yes. So just to be clear, the peak sales for Neupro® would be € 203 million to € 400 million and we confirm that peak sales number. We still have strong growth taking place in Europe, especially at a unit level. And also, you've probably seen the announcement of Neupro® approval in China as well, that will help accelerate our growth. So we still confirm the € 400 million Euro peak year sales.

Wimal Kapadia
Analyst, Sanford C. Bernstein Ltd.

Q

Great. Thank you very much.

Operator: Thank you. The next question is from Stéphanie Put of Degroof Petercam. Please go ahead.

Stéphanie Put
Analyst, Banque Degroof Petercam SA

Q

Hi. Thank you. I have one question left on *rozimab* please. With the potential large applicability in IgG driven disease, would you in the short term be looking to add additional indications on top of the three that you are evaluating today?

Dhaval Patel
Executive Vice President & Chief Scientific Officer, UCB SA

A

Yes. Thank you for the question, and recognizing the broad potential. CIDP is our next indication expansion, and we are currently looking at further expansions depending on if it makes sense. So yes.

Stéphanie Put
Analyst, Banque Degroof Petercam SA

Q

Thanks.

Operator: Thank you. We have no further questions.

Antje Witte

Vice President-Investor Relations, UCB SA

So thank you very much from my side for your time, for your questions, and spending your time with us. For any follow up you know where to find us. And for everybody else, I wish you a wonderful summer. Thank you very much.

Operator: Ladies and gentlemen, thank you for attending. This conference has been concluded. You may now disconnect.