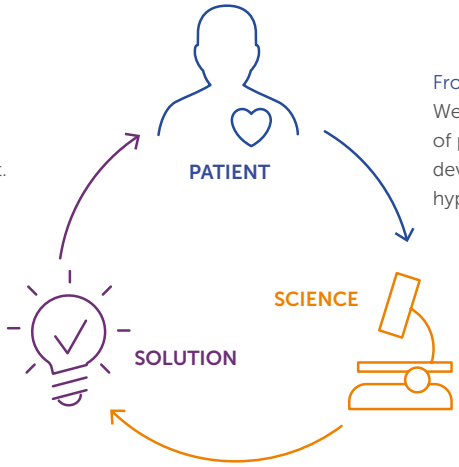
In 2015, UCB has embarked on a very important change journey guided by our Patient Value Strategy.

This evolution from the traditional pharma model was critical for us to remain competitive and sustainable for the long-term in an increasingly complex and value-focused healthcare environment. Our operating model from scientific innovation to clinical development and commercialization is based on understanding the patient environment to deliver compelling value propositions in partnership with stakeholders.

From Solution to Patient
We strive for a unique patient experience, providing solutions with the highest possible impact.



From Patient to Science
We pursue a deep understanding of patient sub-populations to develop an original scientific hypothesis.

From Science to Solution
We aim to translate scientific hypotheses into innovative solutions and engage patients in the journey.

Inspired by patients ...

We start research from the patients' perspective rather than commencing from a pure scientific point of view. We listen to patients to encompass the full impact of the disease: the unpredictability, the physical effects and the heavy social stigma... They affect every part of a patient's life, including their education, employment and independence. It also has a major impact on their family.

Understanding the patient's journey: from the first symptoms to the correct diagnosis can take years and patients go through a lot of emotions – both positive and negative. **By understanding the impact of their condition on their daily lives, we can all make a positive change in the lives of those who face similar challenges.**

> No matter how hopeless this battle might appear at first, it is possible to fight back and manage it.

Rebecca, living with rheumatoid arthritis

Even though there are similarities, a disease can manifest itself in different ways for different patients. Think about epilepsy: to date, more than 30 different types of seizures have been identified. One thing patients living with epilepsy have in common: they all want to get seizures under control – a primary goal leading to a higher quality of life. **We cannot go for a "one fits all" approach anymore.**

... Driven by sciences

Innovation is a key component of our strategy, generating insights that can be translated into clinical differentiation in the next step.

The discovery and development of new drugs is a lengthy and complicated process. Yet it is an essential part of what we do: our science has already delivered solutions for people with severe chronic diseases in the fields of immunology and neurology – but we know there is still a need for new treatments and cures. To fuel innovation, UCB continues to invest more than 20% of its revenue in "R&D".

However, UCB is also pragmatic and humble enough to recognize that one company, even one as dynamic as UCB, cannot conquer severe diseases on its own. We focus our resource where we can make a real difference and out-license pipeline assets in areas where UCB cannot lead. We collaborate in several hundred alliances, ranging from partnerships with European and U.S. academic groups to multiple industrial agreements, as well as memberships in major government-led consortia. Thanks to this network, UCB teams can share and gain knowledge – sometimes leading to acquisitions, such as Beryllium or Element Genomics, or spin-offs like Syndesi Therapeutics.

Our business model starts and ends with the patient.

We combine patient insights with science, translating them into solutions. However, to create value for patients we must also ensure they have access to UCB solutions! UCB's patient value strategy takes root in our ambition to improve patients' lives through dedicated treatments, medications – and services while adapting to specific dynamics and stakeholder influences in local patient environments. On our website, we provide information on our sponsored clinical studies giving patients the opportunity to make informed decisions about participating in UCB's clinical studies. We created UCBCares®, a dedicated service to support patients through their treatment journey beyond medical information.

With the Patient Value Strategy, UCB aims to deliver unique outcomes and the best patient experience to as many lives as possible within specific populations. UCB will only commercialize assets where we can have the biggest impact. If we are not in that position of strength, we will partner to unleash that value.

Entering the 2nd phase of our strategy

UCB has a clear long-term strategy to realize its ambition of becoming the Patient-Preferred Biopharma Leader. In 2019 we will enter the second phase of this strategy, named **"Accelerate & Expand"**. We continue our dialogue with patients and healthcare professionals to ensure our solutions will truly make a difference, with a strong focus on specific patient groups who will benefit most from UCB medicines.

Grow & Prepare
(2015-2018)

- More than 3.3 million patients use our core medicines compared to 2.3 million (2015).
- We progressed our pipeline assets:
  - Briviact® was launched in 2016
  - *romosozumab* evolved from Phase 3 to filing stage
  - *bimekizumab* completed Phase 2b and entered Phase 3
  - *padsevonil* completed Phase 2a and entered Phase 2b
- We paved the way:
  - Cimzia® in psoriasis – preparing for *bimekizumab*
  - *romosozumab* in osteoporosis
  - *midazolam* in acute repetitive seizures
- We enhanced our financials and strategic flexibility:
  - Revenue grew by 20%, from € 3.87 billion (2015) to € 4.63 billion (2018)
  - recurring EBITDA went up from 21% (2015) to 30% (2018)
  - Net debt went down from € 921 million (2015) to € 237 million (2018)
- We stayed focused, invested in and divested some activities
- We set ambitious targets to reduce our environmental footprint

Accelerate & Expand
(2019-2021)

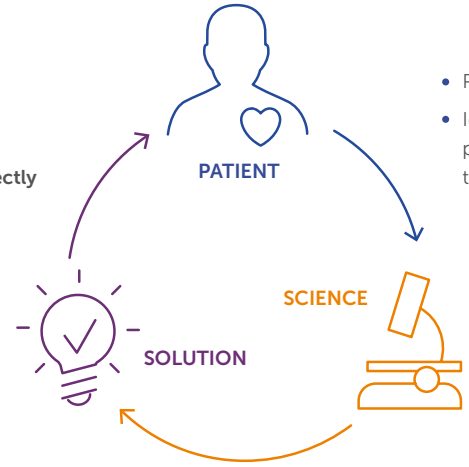
- We seek to maximize the number of lives we can positively impact, focusing on patients that can benefit most
- Pending regulatory decision, we plan to bring:
  - Evenity™ (*romosozumab)* to patient living with osteoporosis at high risk of fracture, in close collaboration with Amgen
  - *midazolam* to patient living with clusters seizures
- We continue the development of our late-stage assets:
  - *bimekizumab* in psoriasis, psoriatic arthritis and axial spondyloarthritis
  - *padsevonil* for drug resistant epilepsy patients
  - *rozanolixizumab* for patients living with IgG-mediated autoimmune disease
- We strengthen our R&D to deliver new innovative compounds in shorter cycle time
- We identify and act on potential opportunities outside UCB – whether acquisition or divestment

Breakthrough & Lead
(2022-2025)

- We broaden patient access to Evenity™ and *midazolam*
- We hope to bring *bimekizumab*, *padsevonil* and *rozanolixizumab* to patients while mitigating the loss of exclusivity of Cimzia®, Vimpat® and Neupro®
- We deliver breakthrough solutions

1 From Patient Value Strategy to action in R&D

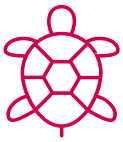
- Thanks to innovative extrapolation, getting **faster access to patients**
- **Bringing clinical studies directly into patient's home** via our Partnership with Science 37



- Patients play an active role
- Identifying sub-group patient populations where we can have the biggest impact

- Design patient-friendly clinical trials
- In-house development or partnership, out-licensing, spin-off

The discovery and development of new drugs is a long and complicated process.



It is lengthy:
from the first test to the approval, it takes an average 12 years

It is costly:
each R&D project costs approximately € 2 billion

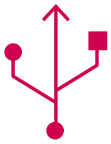
It is risky:
out of 10 000 potential molecule only 1 or 2 project(s) will make it to the patients

The evolving health ecosystem, along with pressures to reduce complexity, time and cost, make the old development model unsustainable.

To tackle these challenges, **UCB initiated the *New Development Paradigm* (NDP)** to support our Patient Value Strategy and enhance our drug development approach in order to reduce the development time,

bring down the development cost, and create differentiation and value. It is UCB's aim to create novel routes to rapid patient access and maximize patient value throughout the drug development lifecycle, in line with 3 well-defined objectives:

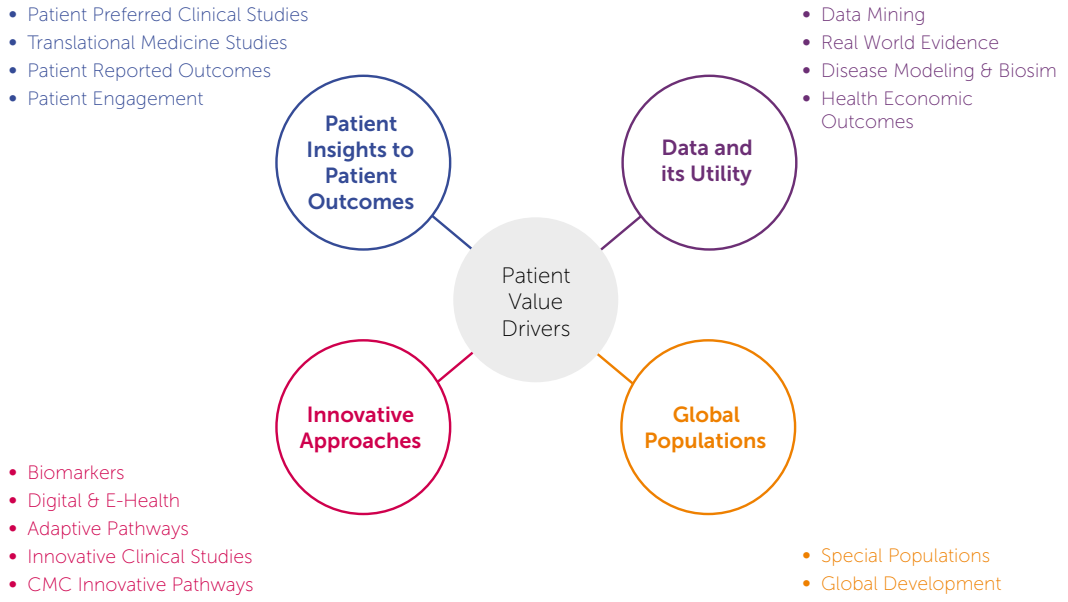
Innovate our drug development approach



Differentiate the medicines we develop

Accelerate and optimize access to our drugs

The New Development Paradigm truly helps us realized our patient value strategy and get our medicines to patients faster, adresse their key needs and provide them with greater value. The NDP consists of 14 patients value drivers organized into 4 pillars:



1. **Patient Insights to Patient Outcomes**
   At UCB, everything starts and ends with the patient. This systematic approach helps ensure that patients' experiences, perspectives, needs, and priorities are incorporated and meaningfully captured into the development and assessment of our solutions. We engage patients and patient advocates before, during and after the development continuum to gain insights into patient unmet needs and preference that is translated into UCB development strategy that delivers real value.

2. **Data and its Utility**
   We deep dive in clinical trial databases and real world evidence to better understand patient outcomes, populations, segmentation and complex heterogeneity of each patient's journey, to answer a specific question or enhance clinical design. We also assess the direct/indirect impact of a therapeutic intervention on healthcare outcomes and cost, which can be used to show additional value of medicines to healthcare systems.

3. **Innovative Approaches**
   We look at biomarkers that can be used to assess target engagement, proof of concept, prognostic and predictive outcomes, surrogate endpoints, and safety. We apply innovative studies that include alternative and flexible study designs and use data to decide on how to modify aspects of the study without undermining the productivity of R&D. We also incorporate digital technology to support drug development.

4. **Global Populations**
   We intend to focus on sub-group patient populations such as pediatrics, geriatrics, women of childbearing age, etc.. They are normally not considered in core development programs due to high-risk medical considerations. At the same time, we want to include less-defined markets (e.g. Japan, China, Brazil, and Russia) earlier in the development process, in order to expedite patient access to therapeutics in these regions.

Our R&D focus is very clear: to get the right molecule to the right patient for the right indication.

Our pipeline builds the basis of UCB's future hence we invested 25% of revenue into R&D in 2018. We focus on breakthrough innovative approaches with the goal of developing new highly differentiated solutions that will **significantly impact the lives of patients**. We have developed a unique partnership with patients at every step of the clinical development process to identify needs and inform study design and operations.

We connect with them to get their insights and experiences which lead us to a deeper understanding of their needs. Moreover, building on recent advances in human biology, genetics and biomarkers and big data, we are working on new ways to scientifically identify sub-group patient populations so that we can **better predict which patients will respond to our medicines**.

We then leverage our internal scientific expertise, our proprietary technology platforms and external network of internationally renowned scientists and academics to identify the next generation of breakthrough candidates. We set up clear milestones that enable us to make robust data-driven decisions. We aim for a strong signal - positive or negative - so we can rapidly advance promising molecules into innovative therapies or stop unviable options and reallocate resources within our pipeline.

We will only progress molecules in-house if we can have the biggest impact in our core therapeutic areas: immunology and neurology. We might not bring all projects to the market and may decide at some point to partner with external parties/organizations to maximize project potential and reach as many patients as possible. For a company of our size, it is vital to remain focused.

Changes since February 2018:

- Early 2018, UCB and partner Vectura decided to license out UCB4144/VR942
- UCB0107 first in human (March 2018)
- *midazolam* acquired from Proximagen (April 2018) and filed (August 2018)
- *seletalisib* in Sjögren's Syndrome and APDS deprioritized (July 2018)
- End 2018, *radiprodil* (UCB3491) in infantile spasm was terminated due to lack of patients for recruitment – driven by sufficient standard of care. UCB6673 was returned to the partner – due to prioritization within the UCB pipeline.
- Evenity™ (*romosozumab*) appropval in Japan (Jan. 2019)

CIDP: Chronic Inflammatory Demyelinating Polyneuropathy

Evenity™ is the trade name of romosozumab which has been provisionally approved by the U.S. Food & Drug Administration (FDA) and the European Medicines Agency (EMA). CIDP: Chronic inflammatory demyelinating polyneuropathy

Here are the major milestones we reached or plan to reach:

Grow & Prepare (2015-2018)

Evenity™ (*romosozumab*)
- progression from Phase 3 to filing stage

midazolam
- acquisition and filing (2018)

bimekizumab
- Phase 2b results in psoriasis, psoriatic arthritis & ankylosing spondylitis (2017)
- Phase 3 start in psoriasis (2017)

dapirolizumab pegol
- Phase 2b completed (2016 – 2018)

padsevonil
- Phase 2a completed (2015 – 2017)
- Phase 2b start (2018)

seletalisib
- Phase 2a start in Sjögren's Syndrome (2015)
- Phase 1 start in APDS (2016)
- deprioritization (2018)

rozanolixizumab
- proof of concept achieved in myasthenia gravis (2017 – 2018)
- proof of concept achieved in immune thrombocytopenia (2016-2018)

Phase 1 projects
- *radiprodil* (UCB3491) Phase 1 (2016-2018)
- UCB0107 (anti-Tau) entered Phase 1 (2018)

We stayed focus, invested in and divested some activities
- UCB6352 out-license to Syndax

Accelerate & Expand (2019-2021)

Evenity™ *(romosozumab)*
- approval (Japan – Jan 2019)
- regulatory decision (EU – Q1 2019 / U.S. – Q2 2019)
- launch in various countries across the world

midazolam
- regulatory decision in acute repetitive seizure (U.S. – Q2 2019)

padsevonil
- Phase 3 start (2019)
- Phase 2b results in drug resistant epilepsy (H1 2020)

We strengthen our R&D to deliver new innovative compounds in shorter cycle time

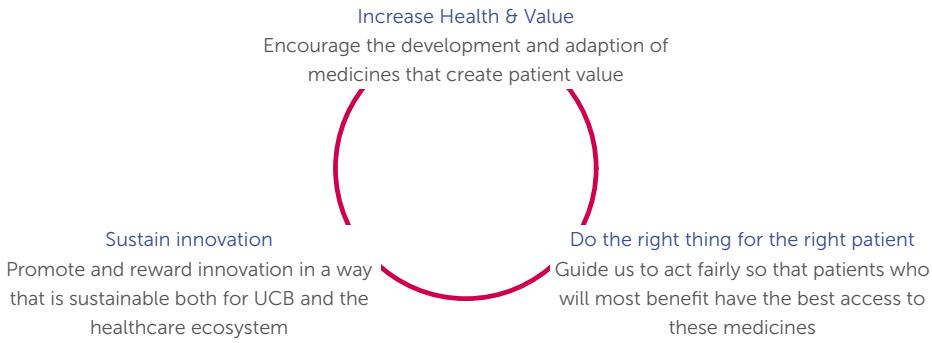
Breakthrough & Lead (2022-2025)

- We broaden patient access to Evenity™ and *midazolam*
- We hope to bring *bimekizumab, padsevonil* and *rozanolixizumab* to patients
- We deliver breakthrough solutions

2 From Patient Value Strategy to patient access

Ageing populations, the increased prevalence of severe chronic diseases and health funding constraints have caused healthcare system stakeholders to increasingly scrutinize the value of medicines and outcomes they deliver. UCB believes that value begins with what matters most to patients but also must reflect the needs of a given healthcare system in which patients receive care. We consider fulfilment of these criteria vital to ensuring sustainable access to our solutions.

Our approach is guided accordingly by 3 foundational principles:

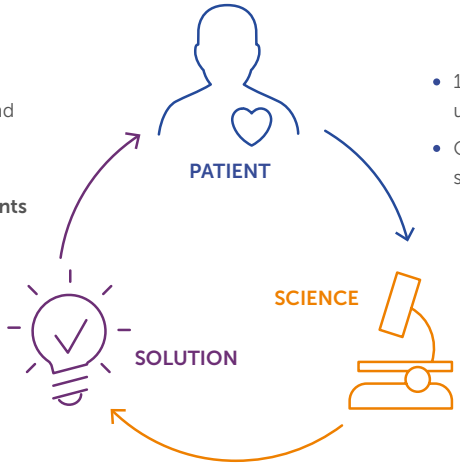


In our quest to ensure access to our healthcare solutions, we actively pursue value-based agreements of various types, including those driven directly by patient outcomes, those that share risk with payers and those that focus on patient populations that benefit the most from treatment. They should result in creating faster access for patients, delivering higher value to payers while supporting the discovery, development and commercialization of differentiated, high-value medicines. We consider value-based agreements vital tools for sustainable biopharmaceutical innovation, healthcare financing and patient access to care – and the resulting public health and societal gains. As a consequence, UCB has numerous value-based agreements in place in Europe and the U.S., either at the national level or with regional payers and local hospitals.

UCB is also committed to support patients through their treatment journey to foster the best possible experience with UCB healthcare solutions. In 2014, UCB launched UCBCares®, a dedicated service to support patients beyond medical information. UCBCares® aims to provide more than answering questions and addressing concerns that patients might have. We are thus gradually enhancing our services, advancing from a transactional approach to more holistic and personalized solutions. Where applicable, this includes sharing guidance which can help patients to better understand and manage their treatments. UCBCares® extends to key stakeholders like caregivers and healthcare professionals as well. No matter who is getting in touch with us – the ultimate goal is to offer the best possible support to improve the lives of patients. First launched in the U.S., UCBCares® is now present in 19 European countries. On average, UCB receives 65 000 inquiries a year.

3 From Patient Value Strategy to action in epilepsy

- Bringing different treatment options: Keppra®, Vimpat® and Briviact® to **more than 2.8 million patients**
- Getting **faster access to patients** thanks to innovative extrapolation
- Acquiring ***midazolam*** nasal spray
- Exploring potential of **new technologies**



- 1 in 3 patients still have uncontrolled seizures
- Over 30 different types of seizures

- Further research on Keppra® enabled UCB scientists to continue their discoveries in epilepsy
- Next step: **identifying new treatments that can prevent or cure epilepsy**

Patients are still waiting

PhRMA GoBoldly campaign

Today, nearly 60% of patients newly diagnosed with epilepsy become seizure free with their first anti-epileptic drug. But for 30-40% of patients, seizures remain uncontrolled. These are the great challenges we continue to tackle.

To date, more than 30 different types of seizures have been identified. From one patient to another, seizure types and frequency vary greatly. Some are short, like muscle jerks, while others are prolonged convulsions. Some patients may experience them rarely, while others battle seizures multiple times per day. Focal seizures start in just one part of the brain, while generalized seizures are the result of simultaneous abnormal activity of the whole brain. Epilepsy can be triggered by head injuries, strokes, brain damage at birth and brain tumors; but a vast majority of cases seem to have no apparent cause[5]. **One thing patients battling epilepsy all have in common: they all want to regain control – a primary goal leading to a higher quality of life. We cannot go for a "one fits all" approach anymore.**

UCB's expertise in the field of epilepsy is widely recognized in the scientific and medical communities. Our story began several decades ago when a group of UCB scientists in Braine-l'Alleud (Belgium) discovered one molecule with a unique profile in epilepsy models. Showing their confidence, they challenged the conventional scientific approach to test new epilepsy treatments and continued their research which identified a truly novel mechanism for *levetiracetam* that eventually became the first blockbuster drug in epilepsy under the brand name Keppra®.

Keppra® opened the door to a whole new approach to treat epilepsy with a radically new mechanism of action, correlating novel activity profiles of molecules in innovative preclinical models. This approach generated projects such as Briviact®, *padsevonil* and also led to the identification of novel compounds for treatment of cognitive disorders. The latter triggered the creation of a spin-off company, Syndesi Therapeutics.

UCB continues exploring how new technologies and big data may improve diagnosis and treatment of epilepsy such as eliprio™, a program that harnesses predictive analytics and machine learning to personalize epilepsy treatment. Another example is our investment in Ceribell, an exciting Silicon Valley based healthcare startup developing a novel, innovative and disruptive clinical quality portable EEG system which allows for instant epilepsy diagnosis.

UCB has made a major contribution for improving epilepsy care by **bringing different treatment options to patients and healthcare professionals**: Keppra®, Vimpat® and Briviact®. In 2018 UCB also acquired the rights for nasal administration of *midazolam*, a treatment for acute repetitive seizures currently under review by the FDA.

However, therapies of epilepsy only target the symptoms of the disease and leave 30% of all patients with uncontrolled seizures. This emphasizes **a need for identifying new treatments that can prevent or cure epilepsy – a journey UCB has already embarked on and is looking to pioneer!**

EEG: Electroencephalography

Here are the major milestones we reached or plan to reach:

Grow & Prepare
(2015-2018)

Vimpat® (*lacosamide*)
- approval in epilepsy POS – adjunctive therapy (Japan – 2016 / China – 2018)
- approval in epilepsy POS monotherapy (EU – 2016 / Japan – 2017)
- approval in epilepsy POS pediatric (U.S. & EU – 2017)
- start of Phase 3 in epilepsy PGTCS (2015)

Keppra® (*levetiracetam*)
- approval in epilepsy POS monotherapy (Japan – 2015 / China – 2018)
- approval in epilepsy PGTCS – adjunctive therapy (Japan – 2016 / China – 2018)

Briviact® (*brivaracetam*)
- approval in epilepsy POS (U.S. & EU – 2016)
- approval in epilepsy POS monotherapy (U.S. – 2017)
- approval in epilepsy POS pediatric (U.S. & EU – 2018)

midazolam
- acquisition and filing (U.S. – 2018)

Accelerate & Expand
(2019-2021)

Vimpat® (*lacosamide*)
- approval in epilepsy POS pediatric (Japan – Jan 2019)
- Phase 3 results in epilepsy PGTCS (mid 2019)

Keppra® (*levetiracetam*)
- filing in epilepsy monotherapy (U.S. - Jan 2019)
- patent expiry (Japan – 2020)

Briviact® (*brivaracetam*)
- Phase 3 start in acute repetitive seizures (2020)
- Phase 3 results in epilepsy POS (Japan – 2021)

midazolam
- regulatory decision in acute repetitive seizure (U.S. – Q2 2019)

padsevonil
- Phase 3 start (2019)
- Phase 2b results in drug resistant epilepsy (H1 2020)

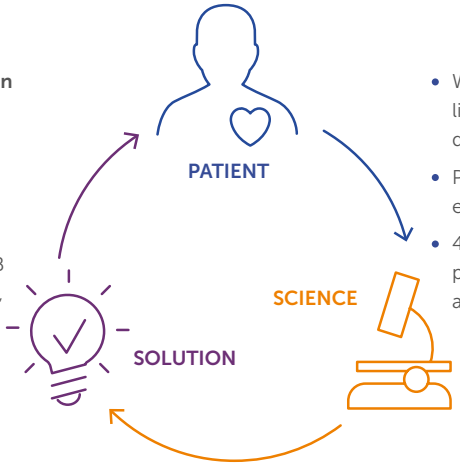
Breakthrough & Lead
(2022-2025)

Vimpat® (*lacosamide*)
- patent expiry (U.S. & EU – 2022)
- loss of exclusivity (Japan – 2024)

Briviact® (*brivaracetam*)
- patent expiry (U.S. & EU – 2026)

Please refer to UCB website for more information about Vimpat®, Keppra® and Briviact® approved indications.

4 From Patient Value Strategy to action in immunology



- Bringing Cimzia® to **more than 123 000 patients** living with rheumatoid arthritis, psoriasis, psoriatic arthritis, axial spondyloarthritis and Crohn's disease
- **Based on patient's input**, UCB developed a pre-filled syringe, an autoinjector (AutoClicks®), and an e-device (Ava®) for Cimzia®

- Women of child bearing age living with chronic inflammatory diseases
- Patients living with psoriasis expect more
- 4 out of 10 patients living with psoriasis will develop psoriatic arthritis

- First clinical studies demonstrating minimal transfer of Cimzia® through the placenta (CRIB) and breast milk (CRADLE)
- *bimekizumab*: translating scientific hypotheses into clinical differentiation

Patients want more and deserve more

Grace, living with PsO & PsA

There are many patients suffering from chronic inflammatory diseases such as rheumatoid arthritis, psoriasis, psoriatic arthritis and axial spondyloarthritis.

For women with chronic inflammatory disease, the prospect of having children brings many questions about health and medicines.

Women frequently discontinue their treatment before and throughout pregnancy, a time when disease control is essential to ensure optimal infant and maternal health, or reluctantly postpone conception. The consequences of active disease in pregnancy can have serious implications for both mother and infant, including an increased risk of miscarriage, an increased risk of preterm delivery, the need for a caesarean, and the infant being small for gestational age. These women are faced with difficult questions regarding the impact of active disease flares on themselves and their babies and need more information on therapeutic intervention.

UCB has been leading the way in studying how biologic drugs impact women of childbearing age, conducting two first-of-their-kind studies, CRIB (to evaluate the placental transfer mother-foetus) and CRADLE (to evaluate the transfer to breast milk). Results demonstrated minimal transfer of Cimzia® through placenta or through the breast milk. CRIB and CRADLE data led to a label update in 2018, helping women and their treating physicians to make informed decisions to manage their condition along their pregnancy journey.

Because of its visible and physically debilitating aspects, psoriasis often takes an emotional toll on patients, causing increased self-consciousness, frustration, fatigue, depression, and even suicidal ideation. Thanks to innovation, new treatment options have been developed and are available to patients. This broader choice of therapeutics also led to higher expectations among patients. Less plaque is not enough anymore, they want a clear skin, they want all physical, emotional and social signs of the disease to disappear!

UCB is developing *bimekizumab*. Our scientific hypothesis: by targeting inflammation associated with psoriasis on two fronts, neutralizing IL-17A and IL-17F cytokines, *bimekizumab* has the potential to raise the bar for achieving and maintaining skin clearance rates. Phase 2b results showed that up to 60% treated with *bimekizumab* rapidly achieved completely clear skin. Based on the fast and significant results, UCB rapidly advanced to Phase 3 clinical development program, with results expected in Q4 2019.

Here are the major milestones we reached or plan to reach:

Grow & Prepare
(2015-2018)

Cimzia® (*certolizumab pegol*)
- approval in psoriasis (U.S. & EU – 2018)
- women of child bearing age label update (U.S., EU & Japan – 2018)
- filing in non-radiographic axial spondyloarthritis (U.S. – 2018)
- filing in rheumatoid arthritis (China - 2018)
- Phase 3 study in psoriasis & psoriatic arthritis (Japan - 2018)
- CRIB study (2017)
- CRADLE study (2016)
- EXXELERATE study (2016)
- AutoClicks® and ava® devices

bimekizumab
- positive Phase 2b results in psoriasis, psoriatic arthritis & ankylosing spondylitis (2017)
- Phase 3 start in psoriasis (2017)

Accelerate & Expand
(2019-2021)

Cimzia® (*certolizumab pegol*)
- filing in psoriasis & psoriatic arthritis (Japan – Jan 2019)
- regulatory decision in non-radiographic axial spondylo-arthritis (U.S. – Q2 2019)
- regulatory decision in rheumatoid arthritis (China)

bimekizumab
- Phase 3 to start in psoriatic arthritis (Q2 2019)
- Phase 3 to start in axial spondyloarthritis (Q2 2019)
- Phase 3 results in psoriasis (Q4 2019)

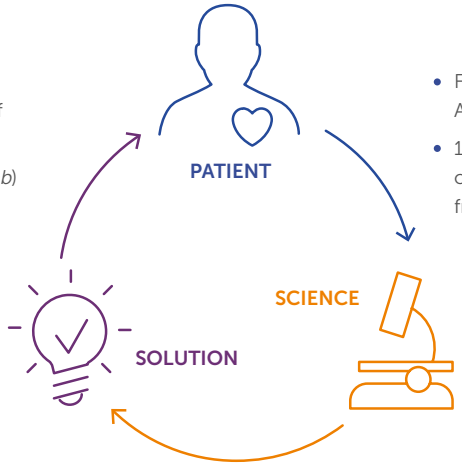
Breakthrough & Lead
(2022-2025)

Cimzia® (*certolizumab pegol*)
- patent expiry (U.S. & EU – 2024)
- loss of exclusivity (Japan – 2026)

Please refer to UCB website for more information about Cimzia® approved indications.

5 From Patient Value Strategy to action in bone

- Working with stakeholders to understand the importance of fragility fractures
- Bring Evenity™ (*romosozumab*) to patients living with osteoporosis at high risk of fracture



- From genetic insight of an Afrikaner population
- 1 in 3 women and 1 in 5 men over 50 are at risk of a fragility fracture due to osteoporosis

- A long-standing partnership with Amgen
- 4 key studies including over 12 000 patients

From genetic insight on bone growth to an innovative antibody

World Osteoporosis Day 2018

The origin of UCB's anti-sclerostin program was the genetics of a small population of Afrikaners suffering from the rare, inherited condition of sclerosteosis, which is characterized by bone overgrowth throughout life.

In 2001, UCB reported a proprietary new target using molecular analysis, establishing that the condition of sclerosteosis development is due to the absence of sclerostin, a naturally occurring protein that regulates the rate of bone formation. This provided the stimulus for our research in this area.

In 2004, we partnered this project with Amgen, a company with an existing expertise in the area of osteoporosis. Since then, we have conducted further research and developed a monoclonal antibody called Evenity™ (*romosozumab*). Evenity™ binds and inhibits the protein sclerostin, resulting in a dual effect on bone: increasing bone formation and decreasing bone resorption. This dual effect differentiates it from other treatments in the field of osteoporosis.

In 2017, a robust clinical development program was completed, evaluating the efficacy and safety of Evenity™ on more than 12 000 patients. This substantial data set has been submitted to healthcare authorities in

different countries and UCB expects feedback in the near future. Early 2019, we achieved a first milestone with the approval for Evenity™ in Japan.

Today, 1 in 3 women and 1 in 5 men over 50 are at risk of an osteoporotic fracture. Every 3 seconds someone breaks a bone due to osteoporosis, this adds up to almost 9 million fractures happening every year. A fragility fracture is commonly the first sign of osteoporosis. Thus, the first fracture should be taken as an important warning sign. It should lead patients to talk with their doctor to inquire about osteoporosis and determine whether they require therapy. This is an important step as 80% of those who experienced a fracture are not identified, nor treated for osteoporosis.

Here are the major milestones we reached or plan to reach:

Grow & Prepare
(2015-2018)

Phase 3 results
- STRUCTURE study (2015)
- FRAME study (2016)
- BRIDGE study (2016)
- ARCH study (2017)

Filing
- filing in osteoporosis in postmenopausal women (U.S. – 2016)
- filing in osteoporosis (Japan – 2016)
- resubmission (U.S. – 2017)
- filing in osteoporosis in postmenopausal women (EU – Jan 2018)

Accelerate & Expand
(2019-2021)

- approval (Japan – Jan 2019)
- regulatory decision (EU & U.S. – Q2 2019)
- launch in various countries across the world

Breakthrough & Lead
(2022-2025)

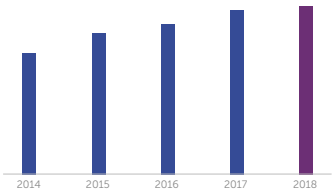
Evenity™ is the trade name of *romosozumab* which has been provisionally approved by the U.S. Food & Drug Administration (FDA) and the European Medicines Agency (EMA).

For the last five years, UCB has delivered continuous growth and built up strong financial foundations, allowing us to:

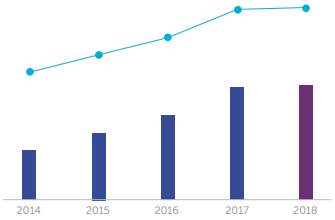
- Invest a substantial part of our revenue in our pipeline with R&D expenses around € 1-1.2 billion
- Increase our financial flexibility by bringing our debt down: net debt / rEBITDA ratio has decreased from 2.65 in 2014 to 0.17 in 2018
- To reach peer profitability with a rEBITDA / revenue ratio which has increased from 18% in 2014 to 30% in 2018.

Delivering continuous profitable growth

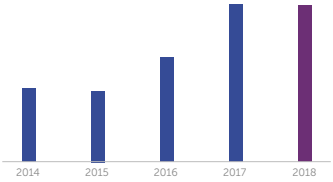
Revenue



Recurring EBITDA

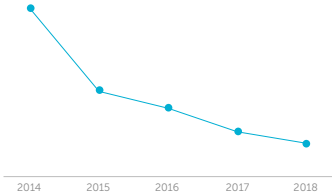


Core EPS

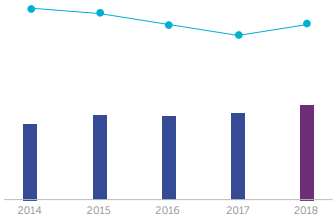


Strong foundations for future growth

Net debt / recurring EBITDA ratio



R&D / revenue ratio



2018 financial report

1 Business performance review

1.1 Key highlights

- 2018 revenue increased by 2%, +5% at constant exchange rates (CER) to € 4 632 million. Net sales went up to € 4 412 million (+5%, +8% CER). This growth was driven by the continued performance of the core products in immunology, Cimzia®, the epilepsy franchise: Vimpat®, Keppra® and Briviact®, as well as the Parkinson drug Neupro®. Royalty income and fees reached € 92 million. Other revenue decreased to € 128 million.
- Recurring EBITDA grew to € 1 398 million by 2% (+5% CER), thanks to core product growth and despite higher R&D expense.
- Profit reached € 823 million from € 771 million, of which € 800 million is attributable to UCB shareholders after € 753 million in 2017.
- Core EPS reached € 4.78 after € 4.82 in 2017.

	Actual[1]		Variance	
€ million	**2018**	2017	Actual rates	CER[2]
Revenue	**4 632**	**4 530**	**2%**	**5%**
Net sales	4 412	4 182	5%	8%
Royalty income and fees	92	108	-15%	-11%
Other revenue	128	240	-47%	-46%
Gross Profit	**3 434**	**3 330**	**3%**	**6%**
Marketing and selling expenses	-964	-940	3%	6%
Research and development expenses	-1 161	-1 057	10%	11%
General and administrative expenses	-180	-192	-6%	-5%
Other operating income/expenses (-)	-24	-11	>100%	>100%
Recurring EBIT (rEBIT)	**1 105**	**1 130**	**-2%**	**1%**
Non-recurring income/expenses (-)	4	-43	>-100%	>-100%
EBIT (operating profit)	**1 109**	**1 087**	**2%**	**5%**
Net financial expenses	-93	-99	-6%	-5%
Profit before income taxes	**1 015**	**988**	**3%**	**6%**
Income tax expenses	-200	-218	-8%	-5%
Profit from continuing operations	**815**	**770**	**6%**	**9%**
Profit/loss (-) from discontinued operations	8	1	>100%	>100%
Profit	**823**	**771**	**7%**	**10%**
Attributable to UCB shareholders	800	753	6%	10%
Attributable to non-controlling interests	23	18	26%	32%
Recurring EBITDA	**1 398**	**1 375**	**2%**	**5%**
Capital expenditure (including intangible assets)	341	209	63%	
Net financial debt	237	525	-55%	
Operating cash flow from continuing operations	1 098	896	23%	
Weighted average number of shares – non-diluted (million)	188	188	0%	
EPS (€ per weighted average number of shares – non-diluted)	**4.24**	**4.00**	**6%**	**6%**
Core EPS (€ per weighted average number of shares – non-diluted)	**4.78**	**4.82**	**-1%**	**3%**

[1] Due to rounding, some financial data may not add up in the tables included in this management report.

[2] CER: constant exchange rates

This Business Performance Review is based on the consolidated financial statements for the UCB Group of companies prepared in accordance with IFRS. The separate statutory financial statements of UCB SA prepared in accordance with Belgian Generally Accepted Accounting Principles, together with the report of the Board of Directors to the General Assembly of Shareholders, as well as the auditors' report, will be filed at the National Bank of Belgium within the statutory periods, and be available on request or on our website.

Scope change: As a result of the divestment of the activities Films (September 2004), Surface Specialties (February 2005), and the divestiture of Kremers Urban Pharmaceuticals Inc. (November 2015), UCB reports the results from those activities as a part of profit from discontinued operations.

Recurring and non-recurring: Transactions and decisions of a one-time nature that affect UCB's results are shown separately ("non-recurring" items). Besides EBIT (earnings before interest and taxes or operating profit), a line for "recurring EBIT" (REBIT or recurring operating profit), reflecting the on-going profitability of the company's biopharmaceutical activities, is included. The recurring EBIT is equal to the line "operating profit before impairment, restructuring and other income and expenses" reported in the consolidated financial statements.

Core EPS is the profit attributable to the UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the after-tax amortization of intangibles linked to sales, per non-dilutive weighted average number of shares.

1.2 Key events[1]

There have been a number of key events that have affected or will affect UCB financially:

1.2.1 Important agreements/initiatives

- February 2018 – UCB and an investor syndicate led by Novo Seeds launched **Syndesi Therapeutics** to develop novel therapeutics for cognitive disorders. Syndesi Therapeutics has exclusively licensed a first-in-class small molecule program from UCB. A series A investment totaling € 17 million will fund the clinical development of the lead compound up to early proof-of-concept in humans.
- Early 2018, **UCB and partner Vectura** decided to license out UCB4144/VR942, a dry powder inhaled biologic which successfully completed Phase 1 in 2017.
- March 2018 – **UCB acquired Element Genomics** in the U.S. to strengthen UCB's genomics and epigenomics research platform to identify novel drug targets.
- April 2018 – UCB agreed to acquire ***midazolam* nasal spray** (USL261) from Proximagen. USL261 is a nasally administered investigational *midazolam* formulation intended as a rescue treatment of acute repetitive seizures in patients with epilepsy. Closing occurred in June 2018. The new drug application was accepted for filing by the FDA in August, following previous orphan drug status and fast-track designation.
- May 2018 – UCB has entered into an agreement with **Science 37**, Los Angeles, CA (U.S.), a trailblazing company focused on "site-less" clinical trials. Science 37's decentralized clinical trial approach combines technologies that can fundamentally change the way clinical trials are run. With this collaboration, UCB aims to provide a better patient experience, to innovate and accelerate clinical studies in a patient-focused way and to bring new solutions to patients faster.
- May 2018 – The U.S. Court of Appeals for the Federal Circuit (CAFC) has affirmed the Delaware District Court and confirmed the **validity of U.S. patent RE38,551 related to Vimpat®** (*lacosamide*), UCB's anti-epileptic drug.
- In September, in line with its strategic focus, UCB sold its subsidiary **"Innere Medizin"**. "Innere Medizin" has been successfully promoting pharmaceutical products in Germany for many years, mainly in the internal medicine area for cardiovascular and respiratory diseases.

1.2.2 Regulatory update and pipeline progress

Neurology

- In January 2018, UCB filed **Vimpat®** (*lacosamide*) for pediatric patients living with partial-onset epilepsy at four years and older in Japan.
- In February, the Phase 2b study with ***padsevonil*** started for drug resistant epilepsy patients. First results are expected in H1 2020.
- In March, **UCB0107**, a humanized, immunoglobulin monoclonal antibody with a specificity for human tau, entered the clinical phase 1 program.
- In May, **Briviact® (*brivaracetam*)** oral formulations were approved in the U.S. indicated as monotherapy and adjunctive therapy in the treatment of partial onset (focal) epileptic seizures in patients age four years and older.
- In June, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency has adopted a positive opinion for Briviact® to extend the therapeutic indication to include adjunctive therapy in the treatment of partial onset seizures with or without secondary generalization in patients with epilepsy from 4 years of age. The European Commission approved this in July.
- In August, the new drug application for ***midazolam* nasal spray** was accepted for filing by the FDA, following previous orphan drug status and fast-track designation.
- Positive phase 2 results for **Briviact® (*brivaracetam*)** in acute repetitive seizures were achieved in July.
- UCB pioneered with the extrapolation concept in China: in March 2018 UCB filed **Keppra® (*levetiracetam*)** for monotherapy of partial onset epilepsy seizures based on extrapolation from adjunctive therapy with sound scientific rationale and was approved in August. In September, UCB submitted **Vimpat® (*lacosamide*)** IV (intravenous) and oral formulation for the adjunctive therapy of partial onset epilepsy seizures in children above 4 years and for adults, based on extrapolation.
- In October, UCB announced positive results from a phase 2 study with a novel, subcutaneous FcRn (neonatal Fc receptor) monoclonal antibody, ***rozanolixizumab***, in patients with myasthenia gravis (MG), achieving proof-of-concept. These results support the acceleration of *rozanolixizumab* development with a confirmatory study in MG starting in Q2 2019.
- In December, **Vimpat® (*lacosamide*)** was approved in China as adjunctive therapy in the treatment of partial-onset seizures with or without secondary generalization in adult and adolescent patients 16 years of age and older with epilepsy. In January 2019, Vimpat® was approved in Japan for the treatment of partial onset seizures in children 4 years of age and older. In addition, two new formulations have been approved, IV (intravenous) and dry syrup.
- In December, **Keppra® (*levetiracetam*)** for monotherapy of epilepsy as well as an updated pregnancy language was submitted to the U.S. authorities. The application was accepted for filing by the FDA in January 2019. The Keppra® pregnancy label has been approved in the EU in April 2018.
- At the end of 2018, one phase 1 project in neurology, UCB3491, was terminated due to lack of patients for recruitment – driven by sufficient standard of care.

Immunology

- A label update for **Cimzia® (*certolizumab pegol*)** in pregnancy and breastfeeding was approved in Europe (January 2018) and in the U.S. (March 2018), making it the first anti-TNF treatment option that could be considered for women with chronic inflammatory disease throughout the pregnancy journey.
  In March 2018, the Cimzia® pre-filed syringe received approval in the U.S. for the option to store it at room temperature for a single period of up to 7 days, within the approved shelf-life, thus helping better address patient needs.
  Also in March, UCB announced the filing of Cimzia® with the State Drug Administration (SDA, former CFDA) in China for the treatment of moderate-to-severe rheumatoid arthritis. In June, the SDA has granted priority review.
  In April, the European Committee for Medicinal Products for Human Use (CHMP) recommended approval of a label extension for Cimzia®, to include a new indication in adult patients with moderate-to-severe plaque psoriasis. The European Commission endorsed this in June.
  In May, Cimzia® was approved for adults with moderate-to-severe plaque psoriasis in the U.S.
  Also in May, UCB announced positive topline results from C-AXSPAND, a Phase 3 placebo-controlled study

to investigate the efficacy of Cimzia® on the signs and symptoms of active axial spondyloarthritis (axSpA) in patients without x-ray evidence of ankylosing spondylitis (AS). In September, these data were submitted to the U.S. regulatory authorities for non-radiographic axial spondyloarthritis (nr-axSpA) and were accepted for filing in October. In August, the Japanese authorities approved the Cimzia® AutoClick® device. In September, the label update for Cimzia® in pregnancy and breastfeeding was approved in Japan. Also in September and in Japan, positive phase 3 results were achieved for Cimzia® in patients with psoriasis and psoriatic arthritis. Submission to the Japanese agency took place in January 2019.

- During the course of the first half of 2018, further studies with ***bimekizumab*** in moderate to severe psoriasis were initiated. Out of the ongoing three Phase 3 studies, two include an active comparator, namely *ustekinumab*, and *adalimumab*. Results are expected by the end of 2019. An additional Phase 3b study to compare *bimekizumab* directly with *secukinumab* was initiated in June. The comparative studies have been designed to demonstrate superiority over active comparators on robust endpoints.
- In July, a full evaluation of early-stage clinical studies of ***seletalisib*** in Sjögren's syndrome and activated P13K Delta Syndrome (APDS) showed positive results and no new safety signal was observed. However, in light of its other upcoming R&D investments and as part of its regular portfolio prioritization, UCB has decided to deprioritize further internal development of *seletalisib*.
- In October, UCB and its partner Biogen announced top-line results from a Phase 2b study with ***dapirolizumab pegol*** (DZP) in moderately-to-severely active systemic lupus erythematosus. UCB and Biogen continue to further evaluate these data while assessing potential next steps.
- At the end of 2018, one phase 1 project, UCB6673, was returned to the partner – due to prioritization within the UCB pipeline.

Bone

- Early January 2019, UCB and Amgen announced the approval of **Evenity™ (*romosozumab*)** in Japan. Evenity™ is approved in Japan to reduce the risk of fractures and increase bone mineral density in men and post-menopausal women with osteoporosis at high risk of fracture. One week later, the U.S. Food and Drug Administration (FDA) Bone, Reproductive and Urologic Drugs Advisory Committee (BRUDAC) voted positively for the approval of *romosozumab*. While the FDA is not bound by the Advisory Committee's recommendations, it takes the advice into consideration when making its decision. The European Medicines Agency (EMA) is currently reviewing a marketing application for *romosozumab* and interactions with the agency are ongoing.

All other clinical development programs are continuing as planned.

[1] From 1 January 2018 up to the publication of date of this report

1.3 Revenue and recurring EBITDA

1.3.1 Net sales by product

Total net sales in 2018 increased to € 4 412 million, 5% higher than last year or +8% CER.

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Immunology				
Cimzia®	1 446	1 424	2%	5%
Neurology				
Vimpat®	1 099	976	13%	17%
Keppra® (including Keppra® XR/E Keppra®)	790	778	2%	5%
Neupro®	321	314	2%	4%
Briviact®	142	87	63%	70%
Established brands				
Zyrtec® (including Zyrtec-D/Cirrus®)	101	103	-2%	2%
Xyzal®	90	104	-14%	-11%
Other products	323	368	-12%	-9%
Net sales before hedging	**4 312**	**4 154**	**4%**	**8%**
Designated hedges reclassified to net sales	100	28	>100%	
Total net sales	**4 412**	**4 182**	**5%**	**8%**

Core products

Cimzia® (*certolizumab pegol*) for patients living with inflammatory TNF mediated diseases, net sales increased in a competitive market environment to € 1 446 million (+2%; +5% CER), driven by newly launched indications.

Vimpat® (*lacosamide*) net sales went up to € 1 099 million (+13%; +17% CER) marking a new blockbuster for UCB and showing strong, double-digit growth in all regions where Vimpat® is available to people living with epilepsy.

Keppra® (*levetiracetam*), also for epilepsy, had net sales of € 790 million (+2%; +5% CER). Mainly driven by the growth in international markets, namely Japan where growth was +13% (+16% CER) reaching € 154 million.

Briviact® (*brivaracetam*) available for people living with epilepsy since 2016, reached net sales of € 142 million after € 87 million in 2017, a plus of 63% (+70% CER).

UCB's epilepsy franchise reached net sales of € 2 031 million, a plus of 10%.

Neupro® (*rotigotine*), the patch for Parkinson's disease reached net sales of € 321 million (+2%; +4% CER), still growing in Europe and the U.S., having reached its peak sales in 2018.

Established brands

Zyrtec® (*cetirizine*, including Zyrtec®-D/Cirrus®) for people living with allergy, had net sales of € 101 million (-2%; +2% CER).

Xyzal® (*levocetirizine*), also for allergy, net sales declined to € 90 million (-14%; -11% CER), mainly in international markets due to generic competition.

Other products: Net sales for other established brands decreased by 12% (-9% CER) to € 323 million mainly due to the divestiture of "Innere Medizin". Adjusted for divested and discontinued non-core products, other established brands decreased by 7%.

Designated hedges reclassified to net sales were positive with € 100 million (after € 28 million in 2017) reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS. These are mainly related to the U.S. Dollar.

1.3.2 Net sales by geographical area

	Actual		Variance actual rates		Variance CER	
€ million	**2018**	2017	€ million	%	€ million	%
Net sales U.S.	**2 158**	**2 069**	**90**	**4%**	**192**	**9%**
Cimzia®	896	918	-21	-2%	21	2%
Vimpat®	822	746	76	10%	115	15%
Keppra®	221	232	-11	-5%	0	0%
Briviact®	109	63	45	72%	51	80%
Neupro®	101	96	5	5%	9	10%
Established brands						
Other	9	14	-5	-34%	-4	-31%
Net sales Europe	**1 325**	**1 288**	**37**	**3%**	**42**	**3%**
Cimzia®	400	370	29	8%	31	8%
Keppra®	216	235	-18	-8%	-18	-8%
Vimpat®	206	177	29	16%	30	17%
Neupro®	174	168	6	3%	6	4%
Briviact®	29	22	7	32%	7	33%
Established brands						
Zyrtec®	55	52	4	7%	4	7%
Xyzal®	27	29	-1	-5%	-1	-5%
Other	218	235	-18	-7%	-17	-7%
Net sales international markets	**829**	**798**	**31**	**4%**	**83**	**10%**
Keppra® (including E Keppra®)	352	311	41	13%	59	19%
Cimzia®	150	136	13	10%	25	19%
Vimpat®	70	53	17	33%	22	42%
Neupro®	46	50	-3	-7%	-2	-4%
Briviact®	4	1	2	>100%	3	>100%
Established brands						
Xyzal®	63	75	-13	-17%	-10	-13%
Zyrtec® (including Cirrus®)	46	51	-5	-10%	-1	-2%
Other	98	120	-22	-19%	-13	-10%
Net sales before hedging	**4 312**	**4 154**	**158**	**4%**	**317**	**8%**
Designated hedges reclassified to net sales	100	28	72	>100%		
Total net sales	**4 412**	**4 182**	**230**	**5%**	**330**	**8%**

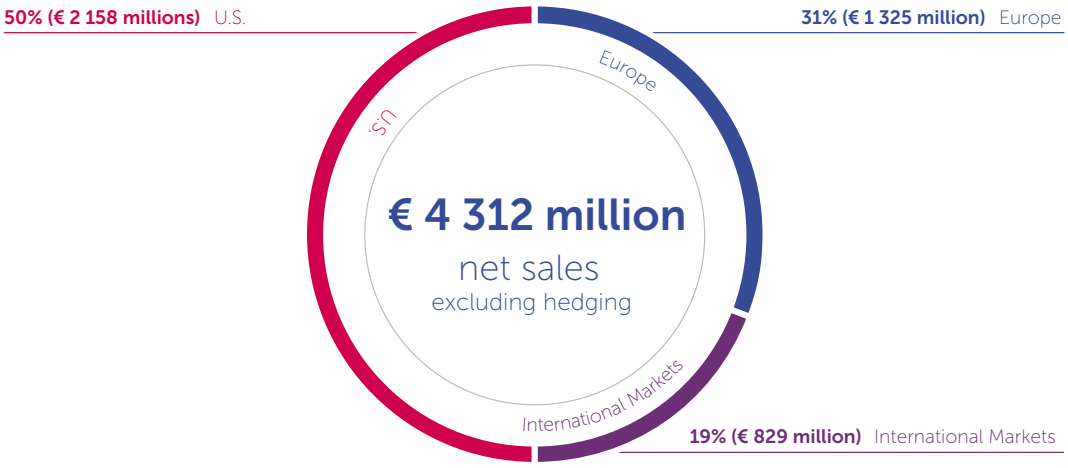
U.S. net sales reported by UCB were up to € 2 158 million (+4%; +9% CER); driven by the core products. Cimzia® net sales decreased by 2% at real rates and increased by 2% at constant rates reaching € 896 million. Vimpat® went up by 10% (+15% CER) to € 822 million. The Keppra® franchise went down to € 221 million (-5%; 0% CER), facing generic competition since 2008, and Briviact® reached € 109 million net sales; +72%; +80% CER. Neupro® net sales were up to € 101 million (+5%).

Europe net sales were € 1 325 million (+3%; +3% CER), driven by the continued sustainable performance of the core products: Cimzia® (€ 400 million; +8%), Vimpat® (€ 206 million; +16%), Keppra® (€ 216 million; -8%) and Briviact® (€ 29 million; +32%) which was launched in 2016 as well as Neupro® (€ 174 million; +3%). The established brands declined, mainly due to mandatory price reductions and generic competition. Adjusted by the divestiture of "innere Medizin", Europe net sales were up by 4%.

International markets net sales – including Japan and China being the largest net sales contributors, amounted to € 829 million (+4%; +10% CER) driven by sustainable growth of the core products. Thereof, net

sales in Japan were up 5% to € 305 million driven by sustainable in-market demand. In Japan, Cimzia® net sales were stable at of € 34 million, Vimpat® reported net sales of € 22 million, E Keppra® had a net sales growth to € 154 million (+13%) and Neupro® reached net sales of € 31 million. Net sales in China were € 151 million.

Designated hedges reclassified for sales were positive with € 100 million (after € 28 million in 2017) reflecting UCB's realized transactional hedging activities which have to be recognized in the "net sales" line according to IFRS.



1.3.3 Royalty income and fees

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Biotechnology IP	56	59	-4%	0%
Zyrtec® U.S.	12	26	-56%	-53%
Toviaz®	19	19	1%	6%
Other	5	4	25%	27%
Royalty income and fees	**92**	**108**	**-15%**	**-11%**

During 2018, **royalty income and fees** decreased to € 92 million (-15%).

Royalties collected for Zyrtec® were driven by the lifecycle of that product.

Royalties collected for Toviaz® were stable. The franchise royalties paid by Pfizer for the overactive bladder treatment reflect the in-market performance of the franchise.

1.3.4 Other revenue

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Contract manufacturing sales	83	91	-9%	-8%
Xyzal® in U.S.	0	56	-100%	-100%
Partnerships in Japan	8	30	-75%	-75%
Product profit sharing	11	16	-32%	-32%
Other	26	47	-44%	-43%
Other revenue	**128**	**240**	**-47%**	**-46%**

Other revenue reached € 128 million (-47%) compared to € 240 million in 2017 that was impacted by the one-time other revenue of € 56 million for out-licensing of the over-the counter-allergy drug Xyzal® in the U.S. Adjusted for this one-time other revenue in 2017, the decrease of other revenue was 30%.

Contract manufacturing sales decreased to € 83 million from € 91 million, contract manufacturing for the 2016 divested established brands is no longer included.

Partnering activities in Japan encompass the collaboration with Otsuka focusing on E Keppra® and Neupro®, with Astellas for Cimzia® and with Daiichi Sankyo for Vimpat®. Revenue reached € 8 million after € 30 million in 2017. 2017 benefitted from a received sales milestone payment, which did not reoccur in 2018 as the next milestone is still to be met.

The **product profit sharing agreements** for Dafiro® and Xyzal® reached a revenue of € 11 million (-32%), driven by the life cycle of these products.

"Other" revenue reached € 26 million (-44%) and includes milestones and other payments from our R&D partners. This is due to the divestiture of "Innere Medizin" and R&D payments received in 2017 not reoccurring.

1.3.5 Gross profit

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Revenue	**4 632**	**4 530**	**2%**	**5%**
Net sales	4 412	4 182	5%	8%
Royalty income and fees	92	108	-15%	-11%
Other revenue	128	240	-47%	-46%
Cost of sales	**-1 198**	**-1 200**	**0%**	**1%**
Cost of sales products and services	-823	-848	-3%	-3%
Royalty expenses	-241	-227	6%	11%
Amortization of intangible assets linked to sales	-134	-125	8%	9%
Gross Profit	**3 434**	**3 330**	**3%**	**6%**

In 2018, gross profit reached € 3 434 million (+3%), driven by the net sales growth and continued improved product mix. The gross margin improved from 73.5% in 2017 to 74.1%.

Cost of sales has three components: the cost of sales for products and services, royalty expenses, and the amortization of intangible assets linked to sales.

- **Cost of sales for products and services** went down 3% to € 823 million.

- **Royalty expenses** at € 241 million from € 227 million. Royalty expenses for marketed products, mainly Cimzia® and Vimpat® continued to increase due to product growth.

Amortization of intangible assets linked to sales: Under IFRS 3 (Business Combinations), UCB has reflected on its balance sheet a significant amount of intangible assets relating to the Celltech and Schwarz Pharma acquisitions (in-process research and development, manufacturing know-how, royalty streams, trade names, etc.). The amortization expenses of the intangible assets for which products have already been launched reached € 134 million after € 125 million in 2017 – driven by the launch of Cimzia® in psoriasis in the EU and the U.S. in 2018.

1.3.6 Recurring EBIT and recurring EBITDA

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Revenue	**4 632**	**4 530**	**2%**	**5%**
Net sales	4 412	4 182	5%	8%
Royalty income and fees	92	108	-15%	-11%
Other revenue	128	240	-47%	-46%
Gross Profit	**3 434**	**3 330**	**3%**	**6%**
Marketing and selling expenses	-964	-940	3%	6%
Research and development expenses	-1 161	-1 057	10%	11%
General and administrative expenses	-180	-192	-6%	-5%
Other operating income/expenses (-)	-24	-11	>100%	>100%
Total operating expenses	**-2 329**	**-2 200**	**6%**	**8%**
Recurring EBIT (rEBIT)	**1 105**	**1 130**	**-2%**	**1%**
Add: Amortization of intangible assets	170	160	6%	8%
Add: Depreciation charges	123	85	44%	47%
Recurring EBITDA (rEBITDA)	**1 398**	**1 375**	**2%**	**5%**

Operating expenses, encompassing marketing and selling expenses, research and development expenses, general and administrative expenses and other operating income/expenses, reached € 2 329 million (+6%) and reflected:

- 3% higher **marketing and selling expenses** to € 964 million; marketing and selling efforts were enhanced and focused on Cimzia®, Vimpat® and Briviact® where most patients can benefit. Neupro® has reached its peak sales in 2018 and is expected to mature in its lifecycle going forward.
- 10% higher **research and development expenses** to € 1 161 driven by the late-stage clinical development pipeline, including the phase 3 program for *bimekizumab* in psoriasis being fully recruited (results expected in Q4 2019). Hence the R&D ratio (as % of revenue) reached 25% after 23% in 2017.
- 6% lower **general and administrative expenses** of € 180 million, thanks to good expense discipline.
- **Other operating expenses** was € 24 million after € 11 million in 2017, mainly related to the collaboration agreement for the development of commercialization of Evenity™ (€ -10 million), provision for VAT & grant recoverability (€-19 million), disposal of assets (€ -6 million), impairment trade receivables (€ -4 million) offset with grants received (€ 15 million).

The total operating expenses in relation to revenue (operating expense ratio) at 50.3% after 48.6% in 2017, due to higher R&D expenses.

- **Recurring EBIT** decreased to € 1 105 million, a minus of 2% compared to 2017, due to higher R&D expenses and higher amortization and depreciation:
- Total amortization of intangible assets (product related and other) reached € 170 million (6%), driven by the launch of Cimzia® in psoriasis in 2018.

- Depreciation charges increased to € 123 million (44%), after implementation of IFRS 16 (Leasing). The charges include € 10 million related to the pre-financing capital expenditure agreement between UCB and Lonza for the manufacturing by Lonza of PEGylated antibody fragment-based bulk active compounds, recognized in the cost of sales and are added back for recurring EBITDA calculation purposes.
- **Recurring EBITDA** increased to € 1 398 million after € 1 375 million (+2%; +5% CER), driven by the core product growth compensating higher marketing and selling and higher R&D expenses. The recurring EBITDA ratio (in % of revenue) surpassed for the second year in a row the 30%-mark, namely 30.2%, from 30.4% in 2017.

1.4 Net profit

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Recurring EBIT	**1 105**	**1 130**	**-2%**	**1%**
Impairment charges	0	-1	-74%	-69%
Restructuring expenses	-20	-23	-11%	-10%
Gain on disposals	47	3	>100%	>100%
Other non-recurring income/expenses (-)	-23	-22	6%	7%
Total non-recurring income/expenses (-)	4	-43	>-100%	>-100%
EBIT (operating profit)	**1 109**	**1 087**	**2%**	**5%**
Net financial expenses (-)	-93	-99	-6%	-5%
Result from associates	-1	0	N/A	N/A
Profit before income taxes	**1 015**	**988**	**3%**	**6%**
Income tax expenses	-200	-218	-8%	-5%
Profit from continuing operations	**815**	**770**	**6%**	**9%**
Profit/loss (-) from discontinued operations	8	1	>100%	>100%
Profit	**823**	**771**	**7%**	**10%**
Attributable to UCB shareholders	800	753	6%	10%
Attributable to non-controlling interests	23	18	26%	32%
Profit attributable to UCB shareholders	**800**	**753**	**6%**	**10%**

Total non-recurring income/expenses (-) reached € 4 million pre-tax income, compared to € 43 million pre-tax expense in 2017. The income in 2018 is related to gain on disposals from divestitures of UCB's non-core assets, income resulting from the cumulative amount of exchange differences for liquidated foreign legal entities in 2018 offset with restructuring expenses and provisions for litigations. In 2017, the expense related to restructuring and litigation.

Net financial expenses decreased to € 93 million from € 99 million.

Income tax expenses went down 8% to € 200 million compared to € 218 million in 2017. The average effective tax rate on recurring activities was 19.7% compared to 22.0% in 2017. The effective tax rate 2018 has decreased thanks to R&D incentives.

Profit/loss from discontinued operations reached a profit of € 8 million after € 1 million in 2017.

The **profit of the Group** amounted to € 823 million (after € 771 million), of which € 800 million is attributable to UCB shareholders and € 23 million to non-controlling interests. For 2017, profit reached € 771 million, of which € 753 million were attributable to UCB shareholders and € 18 million to non-controlling interests.

1.5 Core EPS

	Actual		Variance	
€ million	**2018**	2017	Actual rates	CER
Profit	**823**	**771**	**7%**	**10%**
Attributable to UCB shareholders	800	753	6%	10%
Attributable to non-controlling interests	23	18	26%	32%
Profit attributable to UCB shareholders	**800**	**753**	**6%**	**10%**
Total non-recurring income (-)/expenses	-4	43	>-100%	>-100%
Income tax on non-recurring expenses (-)/credit	7	12	-43%	-43%
Financial one-off income (-)/expenses	0	0	N/A	N/A
Income tax on financial one-off income/expenses (-)	0	0	N/A	N/A
Profit (-)/loss from discontinued operations	-8	-1	>100%	>100%
Amortization of intangibles linked to sales	134	125	8%	9%
Income tax on amortization of intangibles linked to sales	-28	-25	11%	11%
Core profit attributable to UCB shareholders	**901**	**907**	**-1%**	**3%**
Weighted average number of shares (million)	188	188	0%	
Core EPS attributable to UCB shareholders (€)	**4.78**	**4.82**	**-1%**	**3%**

The profit attributable to UCB shareholders, adjusted for the after-tax impact of non-recurring items, the financial one-offs, the after-tax contribution from discontinued operations and the net amortization of intangibles linked to sales, reached € 901 million (-1%), leading to a core earnings per share (EPS) of € 4.78, compared to € 4.82 in 2017, per non-dilutive weighted average number of shares of 188 million. The slight decrease is mainly related to non-recurring income in 2018 and non-recurring expenses in 2017.

1.6 Balance sheet and capital expenditure

1.6.1 Capital expenditure

In 2018, the tangible capital expenditure resulting from UCB biopharmaceutical activities amounted to € 94 million (2017: € 100 million). The 2018 capital expenditures related mainly to other plant & equipment.

Acquisition of intangible assets reached € 247 million in 2018 (2017: € 109 million) and is related to in-licensing deals, software and capitalized eligible development costs. In 2018, the main acquisitions are related to € 132 million for the acquisition of *midazolam* acquired from Proximagen and the final € 33 million milestone related to Dermira for the clinical program designed to evaluate the efficacy and safety of Cimzia® in adult patients with moderate-to-severe chronic plaque psoriasis.

In addition, as foreseen in the agreement between UCB and Lonza for the manufacturing by Lonza of PEGylated antibody fragment-based bulk active compounds, UCB has participated in the pre-financing of the related capital expenditure. Depreciation charges on this investment are recognized in the cost of goods sold and are added back for recurring EBITDA calculation purposes.

1.6.2 Balance sheet

The **intangible assets** increased by € 53 million from € 817 million at 31 December 2017 to € 870 million at 31 December 2018. This includes the ongoing amortization of the intangible assets (€ 170 million), partially offset by additions from the Proximagen acquisition, Dermira milestone, software and capitalized eligible development costs.

Goodwill at € 4 970 million, up € 132 million, stemming from the acquisition of Element Genomics (€ 22 million) and a stronger U.S. dollar compared to December 2017.

Other non-current assets increased by € 139 million, driven by property, plant and equipment following right of use asset recognition following the implementation of IFRS 16.

The **current assets** increase from € 2 677 million as of 31 December 2017 to € 2 950 million as of 31 December 2018 and relates to higher commercial and development inventory and increased cash positions.

UCB's shareholders' equity, at € 6 255 million, showed an increase of € 519 million between 31 December 2017 and 31 December 2018. The important changes stem from the net profit after non-controlling interests (€ 800 million), the cash-flow hedges (€ -141 million), the U.S. dollar and British pound currency translation (€ 66 million), the dividend payments (€ -222 million) and the acquisition of own shares (€ -38 million).

The **non-current liabilities** amounted to € 2 021 million, a decrease of € 211 million mainly due to early repayment of long-term loan and transfer of Bonds to current liabilities.

The **current liabilities** amounted to € 2 238 million, up € 289 million, impacted by changes in financial instruments and higher trade payables.

The **net debt** decreased by € 288 million from € 525 million as of end December 2017 to € 237 million as per end December 2018, and mainly relates to the underlying net profitability, offset by the acquisition of assets, the dividend payment on the 2017 results and the acquisition of own shares. The net debt to recurring EBITDA ratio for 2018 reached 0.17 after 0.38 for 2017.

1.7 Cash flow statement

The evolution of cash flow generated by bio-pharmaceuticals activities is affected by the following:

- **Cash flow from operating activities** amounted to € 1 089 million, of which € 1 098 million from continuing operations, compared to € 896 million in 2017 and stemming from underlying net profitability, offset with a higher need of commercial and development inventory.
- **Cash flow from investing activities** showed an outflow of € 320 million (continuing operations), compared to € 228 million in 2017 after investing in assets such as *midazolam* acquired from Proximagen and the last milestone payment to Dermira, offset with the sale of non-core assets.
- **Cash flow from financing activities** has an outflow of € 538 million, which includes the dividend paid to UCB shareholders (€ 222 million), the acquisition of treasury shares (€ 51 million) and the repayment of borrowings (€ 169 million).

1.8 Outlook 2019

For 2019, UCB expects the continued growth of its core products driving company growth. UCB will also advance its strong development pipeline to offer potential new solutions for patients and complement existing pipeline assets with external opportunities.

2019 **revenue** is expected in the range of € 4.6–4.7 billion. **Recurring EBITDA** in the range of 27-29% of revenue, reflecting higher R&D investments. **Core earnings per share** are therefore expected in the range of € 4.40 – 4.80 based on an average of 188 million shares outstanding.

The figures for the outlook 2019 as mentioned above are calculated on the same basis as the actual figures for 2018.