

People & Medicine that make a difference

UCB is a biopharma company with over 8.600 employees, headquartered in Brussels, Belgium. The company develops and manufactures multiple medicines, sold in 40 countries.

In this company showcase we describe why we think UCB is an interesting biopharmaceutical growth story, even after 95 years of existence.

9 Products on the market

Due to being highly profitable, UCB has been able to acquire several companies over the last years and since has grown its product portfolio significantly.

Today it has six products in neurology for the treatment of:

- Dravet syndrome/Lennox-Gastaut syndrome
- Epilepsy
- Parkinson's disease
- Restless Legs Syndrome

And it has three products in immunology for the treatment of:

- Ankylosing spondylitis
- Axial spondylo-arthritis
- Crohn's disease
- Osteoporosis
- Plaque psoriasis
- Psoriatic arthritis
- Rheumatoid arthritis

Bimzelx: UCB's best in class psoriasis medicine

UCB has developed Bimzelx, a medicine for the treatment of patients suffering from inflammation of the skin. Bimzelx is already approved for the treatment of psoriasis in Europe, UK, Canada and Japan. Approval in the US is expected mid-2023 latest.

Bimzelx also has already shown success in late-stage clinical trials for two other diseases: psoriatic arthritis and axial spondylo-arthritis. Furthermore, late-stage clinical data was recently presented for another severe skin disease: hidradenitis suppurativa (HS), for which there currently are very few treatment options.



Child with psoriasis

With the exception of HS, for the other conditions we mentioned several medicines already are on the market. Nonetheless, our conviction is that Bimzelx is a best-in-class medicine.

As an example, in a late-stage trial in moderate to severe psoriasis, Bimzelx showed that nearly 60% of the treated patients had complete skin healing. A far better result than any of the competing products.

GlobalData, one of the leading providers of industry intelligence, expects Bimzelx to generate total sales of around € 33 billion over the coming 15 years.

Established leadership in epilepsy

For more than 30 years, UCB has worked on discovering, developing and selling solutions for people living with epilepsy. Its medicines have improved the lives of patients significantly. In 2022, the epilepsy franchise of UCB recorded revenues of € 2,5 billion.



Revenue for UCB's best-selling medicine Cimzia is expected to decline in 2027 due its patent expiring. But the recent addition to UCB's epilepsy portfolio, Fintepla, is expected to grow substantially in the coming years.

UCB continues to invest in research & development in epilepsy. This includes a novel rescue medication for the rapid termination of epileptic seizure as well as next-generation approaches.

Expanding clinical pipeline within a focused global strategy

UCB has over 100 clinical studies ongoing across different diseases that are all within their areas of expertise: neurology and immunology. For successful biopharma companies such as UCB, with a large budget for R&D, it's easy to overreach and take unnecessary risks. But in this regard, UCB really stands out for their mindful choices which diseases to focus on and how to take on the leadership position in them. The company is investing in new approaches, including gene therapy, to tackle the numerous remaining opportunities in neurological and immunological diseases.

UCB has operations in 4 continents and by this global infrastructure the company delivers innovation to patients around the world.

UCB's share price has been under pressure

The decreasing revenue of Vimpat, the epilepsy medicine we mentioned earlier, and the expected patent expiration in 2024 of immunology medicine Cimzia, have put pressure on UCB's share price.

Cimzia generated more than € 2 billion in sales over 2022. Generic manufacturers that tried to replicate biologic medicine Cimzia have encountered serious difficulties.

This led all but one to drop the development of a generic version. There currently is only one company that has a product ready for clinical development.

However, as the clinical development of a generic biologic medicine takes years, this company expects its product to reach the market at the end of 2026 earliest. This means that, despite the patent expiration of Cimzia in 2024, UCB will benefit from actual exclusivity on the market and growing sales of Cimzia for at least two extra years.



Bioreactors of UCB in Bulle

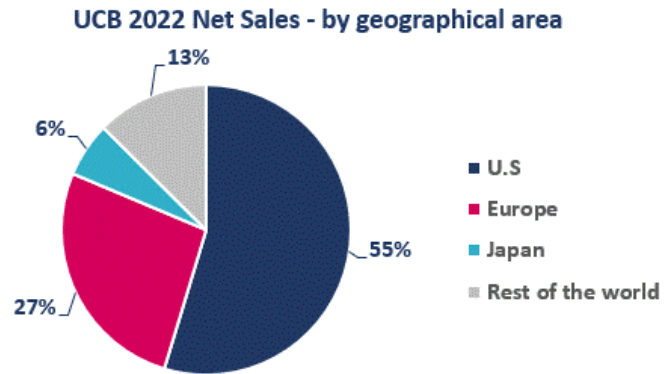
Considering the advantageous position of Cimzia and the best-in-class profile of Bimzelx, combined with an interesting pipeline of medicine candidates, we believe the pressure on the UCB share price was overdone. The company is well positioned for outperformance in the near and longer-term.

Finance and guidance

UCB has an ongoing share repurchase program. Given the current valuation of the company we encourage these buy backs.

Revenue over 2022 was € 5,52 billion and the underlying profitability (adj. EBITDA) was € 1.26 billion, 22.8% of the revenue.

We believe that UCB is going to do far better than what other investors seem to expect. Instead of a period of decline in revenues, we expect UCB will soon return to serious growth in a sustainable way.



ESG

UCB has stated its objective to uncouple its growth from its environmental footprint. The company put forward its goals for 2030 in term on environmental impact, being carbon neutral for its own operations by that date, reduce water withdrawal by 20% and waste production by 25%. It also set a target for its 60% of its suppliers to have carbon emissions targets backed by Science-Based-Target initiative by 2025.



UCB biomanufacturing plant in Bulle

UCB has shown a significant decrease of its green-house gases (GHG) emissions, water use and waste reduction since 2015, indicating it is on track to meet its goals.

The company has an above average female representation in its board of directors, and a well-balanced female/male ratio throughout the company.

The company targets a 40/60 (female/male) gender balance at senior leadership level

Furthermore, UCB tracks access to its medicines via its Access Performance Index. The goal is that in 2030 all patients who need the company's medicines have access in all countries they operate.

UCB's ESG MSCI rating improved recently to AA from A, which puts UCB in the top quartile of the biopharma industry.

Outlook

One of the important reasons why we invested in UCB is that it has several products with blockbuster potential that are currently being launched, on top of a pipeline of exciting products it has in development.

With a profitable business and rich pipeline of innovative medicines UCB is positioned for a serious growth trajectory. Its experienced management comes across as very ambitious but thoughtful. The company has clearly shaken off its boring 'single' product image and found the right balance between people, planet and profit. A negative observation is that the company's shares are for 57% in the hands of one family. Therefore, typically there is less likelihood for the company to be acquired. Despite its interesting product portfolio and pipeline. Nevertheless, looking at the company's balance sheet and future profit increase, it's a safe and interesting investment opportunity.

The most important expected value generating events for 2023 are:

- Bimzelx psoriasis approval in the US in Q2
- Rozanolixizumab gMG approval in the US in Q2
- psA and AxSpa EU approval in Q4
- Zilucoplan gMG US approval Q4

For those who would like to get further inspired please have a look at the [top video on the Science page of UCB](#)

Management

CEO: Jean-Christophe Tellier

Jean-Christophe Tellier joined UCB in 2011. He became CEO in 2015 after having successfully led UCB's BioBrands and Solutions division as Executive Vice President. He is well networked in the industry being the President of IFPMA (International Federation of Pharmaceutical Manufacturers & Associations), a member of the Board of PhRMA (Pharmaceutical Research and Manufacturers of America) and a board member of three other biopharmaceutical organisations.

Jean-Christophe Tellier was trained as a Medical Doctor and specialized in rheumatology. He has a 30+ year career in the biopharmaceutical industry, taking on different global leadership responsibilities in different parts of the world.

His patient-centric approach, his passion for science, combined with his strategic and operational skills, have allowed him to significantly contribute to UCB's success in recent years. He has also been instrumental in humanizing UCB's approach towards patients, developing the company's Patient Value Strategy. Jean-Christophe believes that "all healthcare players - physicians, payors, carers, industry and academia - should cooperate more effectively and become stronger partners sharing the same goal: improving patient care".



Jean-Christophe Tellier

Prior to UCB, Jean-Christophe held the following positions, in a descending order:

- President and General Manager of Ipsen’s North American operations
- Macrogenics: Executive Vice President and Chief Commercial Officer
- CEO of Novartis Pharma France and Belgium
- Head of Novartis’ Global Business Franchise in Arthritis, Bone and Muscle Disease

Head of US: Emmanuel Caeymaex

Most of UCB’s revenue is made in the US although UCB has its headquarters and roots in Belgium. One of the company’s assets is Emmanuel Caeymaex, the company’s head of US and Executive Vice President Immunology Solutions.

He made a very good impression during our due diligence. Emmanuel joined UCB in March 1994 and leads the worldwide development and commercialization of innovative solutions that create unique value for people suffering from severe inflammatory and autoimmune disorders. He is also in charge of UCB’s corporate activities in the US and leads UCB’s digital business transformation initiative.

Emmanuel is largely responsible for advancing UCB to a global biopharma company over the last 25 years. Emmanuel served as President of UCB Japan Co Ltd. from September 2006 to June 2011 and on the Global Operations Committee. He previously contributed to build UCB’s leadership position in epilepsy, and as Vice President Global Marketing for Central Nervous System products. Prior to 1999, he ran UCB’s operations in several Asia-Pacific markets. Emmanuel received a Business Engineer MSc degree from the University of Louvain (UCL), Belgium, a Master’s in International Management from CEMS and followed an executive program at INSEAD.



Emmanuel Caeymaex

History

UCB was founded on 18 January 1928 by Emmanuel Janssen, a Belgian businessman. Initially it focused on industrial chemicals (UCB was one of the first companies to distill ammonia from coal). The company also included a small pharmaceutical division.

In the early 1950s, UCB set up a research center where new medicines such as Atarax (anti-allergy medicine) were developed. Successful sales enabled the pharmaceutical division to expand. This led to the discovery of new important compound, Nootropil, treating memory and balance problems.



At this time, UCB was a company focusing on three core areas: pharmaceuticals, chemicals and films.

The success of Nootropil made it possible for UCB to build a modern pharmaceutical site in Braine-l'Alleud, south of Brussels. Here, UCB developed Zyrtec, a blockbuster anti-allergy medication.

UCB Headquarters south of Brussels

After a series of acquisitions and mergers, UCB sold its films and chemical divisions, becoming a pure pharmaceutical company. However, it wasn't until the Celltech acquisition in 2004, which added the medicine Cimzia to its portfolio, that UCB transformed into a global biopharma company. From there, via more acquisitions and research, the company specialized in the neurology space, including the acquisition of German pharmaceutical company Schwarz.

Additional R&D, commercial execution, as well as further acquisitions, like Ra Pharma in 2019 and Zogenix in 2022, transformed UCB into the top-50 biopharma company it is today.



Inspired by **patients**.
Driven by **science**.

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