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PRESENTATION

Operator

Good afternoon and welcome to the Crucell third quarter 2009 results conference call. For the duration of the call you will be on listen only. However, at the end of the call you will have opportunity to ask questions. (Operator instructions). I'm now handing the call over to Oya Yavuz, Vice President of Corporate Communications and Investor Relations, to begin today's conference. Thank you.

Oya Yavuz - *Crucell - VP, Corp. Comm. & IR*

Thank you for joining us today. I'd like to welcome you all to our third quarter 2009 results presentation. This afternoon's presentation will be given by our CEO, Ronald Brus; our COO, Cees de Jong; and our CFO, Leon Kruimer. The presentation will be followed by a Q&A session and is also being webcast via our website.

You should all have our press release from this morning. Please read the forward-looking statement which is on slide two of the presentation. And with that I'd like to hand over to Ronald, who will start by giving you a business review of the third quarter. Thank you.

Ronald Brus - *Crucell - President and CEO*

Thank you, ladies and gentlemen.

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With respect to the highlights, I will start with the strategic collaboration with Johnson & Johnson. The potential deal value here is well over EUR1 billion, and we view this as a significant validation of our innovation strength. This has further been validated by the up to \$70 million that we will get from the NIH to fund the development of flu-mAb. We have grown total revenues by 15% in this quarter, and we experienced continued good sales for our products with a growth of 28%.

The first portion, worth \$300 million Quinvaxem tender, has been awarded. And we are executing on our plan to enter large new markets with our products with the launch of our sales force in the United Kingdom.

The results of our second Phase II study with our rabies product was presented and demonstrated positive results on all endpoints. We signed three additional license deals with PER.C6 and have been strengthening the development organization to deliver on the pipeline. Our new hepatitis B and Quinvaxem production facility in Korea is well on track.

I'll take you to slide number five. On slide number five you will see that the total revenues and other income grew with 30% during the first nine months of this year. License revenues is, at this point, lower than last year due to the timing of milestones, which contributes significantly to this line item. Though quarterly timing is hard to forecast with respect to licensing income, we expect license income to rise significantly in the future.

Next slide -- I'd like to take you back to the Johnson & Johnson deal. First, it's a very important deal because it validates what we have done over the last couple of years with respect to our discovery and it did contain a significant up-front and potential milestones, and if you add the two up, you go over EUR1 billion. It consists out of five novel programs; and, very importantly, the existing business is out of scope of this arrangement. In other words, Crucell had the ability to continue to grow, and has had to (inaudible) its own faith, while being heavily sponsored in its research and development efforts for flu-mAb and five other potential programs.

Crucell, therefore, maintains independence, and it retains its entrepreneurial spirit. We see this as a unique combination of innovation from our side with the development and the commercial strength of Johnson & Johnson. And therefore, we believe it will accelerate the development of innovative new products from our side, and it provides J&J a competitive entry into the influenza market but also in other potential interesting vaccine markets.

The next slide is slide number seven, and there I would give you a better understanding of what it is. First of all, we are going to work on a monoclonal antibody against influenza. And I think it's important to state that the [gist] of this antibody is not just treatment but also the prevention of flu. We believe, and in the experiments that we have done, that this antibody can prevent influenza after one single shot. Normally, the half-life of a monoclonal antibody that is being produced on a human cell -- the half-life of such an antibody is about 20 days in the human body. Hence, that actually means that, if you inject it on day number zero, 20 days later, there's still half of the concentration left in the blood. It also means that 40 days later there is still a quarter of the concentration left in the human blood. We believe that the strength of this antibody is that you can give it and can prevent influenza to occur for a relatively long period to come.

We have, therefore, with Johnson & Johnson two areas defined as very specifically the development of this influenza antibody. But since we also possess all intellectual property around the new Achilles heel of influenza, we are also working with them on a universal flu shot. This would be a shot that, independent of the strain that's causing the influenza epidemic in the world, can be given and, hence, can be produced at all times. And we don't need the kind of source antigen being presented by the WHO.

Three other areas are still to be discussed, but it's very obvious that we want to see how we can combine antigens and ideas of Johnson & Johnson with our [vac flu] technology. Very importantly, our own programs, including malaria, tuberculosis and rabies are out of scope of this partnership. In other words, we can do that with other partners or we can decide to do that alone. The development will be done by Crucell through clinical Phase IIa. And as you might know and what I said in the beginning, this is being fully covered by the NIH grant worth \$70 million.



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From that point on J&J will take over and we'll do the entire funding and all the clinical studies and the development required. Crucell has all bulk manufacturing rights. We have marketing rights in Europe and towards the supranational organization, and J&J will have the marketing rights in North America and the rest of the world.

Bring it to slide number eight. The potential deal value is over EUR1 billion. The upfront cash investment has been EUR302 million at a 30% premium on the stock price. That means an 18% share of purchase, which reflects 14.6 million shares at a price of EUR20.63. There will be significant milestones to approval and significant research and development funding. Finally, in the areas that J&J is selling, Crucell will get royalties on net sales.

Very importantly for us, Crucell retains all rights to sell this product in Europe and to sell it to the supranational organizations, what we currently are also doing with Quinvaxem.

Next slide. With that, I would like to hand it over to Cees to give you an update on business and operations.

Cees de Jong - *Crucell - COO*

Thank you, Ronald, and I would immediately like to take you to sheet number 10 and update you on our product sales. Product sales in the third quarter developed well with good growth of 28% and for the first nine months of the year, product sales now stand at more than EUR213 million, which is 43% above the same period in last year.

Most of our growth in the pediatric segment was realized through sales of Quinvaxem, are fully liquid pentavalent children's vaccines. Especially Pakistan, Bangladesh and Ethiopia but also a number of countries in Latin America have been important sales markets for us. Despite the supranational organizations providing the necessary funds, sometimes the introductions of pentavalent vaccines in countries are delayed. This happened recently in Vietnam, where local authorities requested additional clinical investigation prior to have approving any pentavalent vaccine.

In addition, we have seen [somewhat a later take] in Pakistan, which we understand is due to limited capacity in the [call chain] in certain provinces in that country.

In our travel franchise, the impact of the world economic crisis in swine flu was limited due to continued good sales of Epaxal that was generated to PAHO in South America. In addition, we have seen sales of Dukoral in Canada and Norway pick up again.

Sales for Inflexal, our flu vaccine, have been very strong this quarter with registrations obtained earlier than in any of our previous years. The vast majority of our flu sales have been made in the third quarter with only very limited shipments to be expected in Q4.

Let me take you to sheet number 11 and talk about the Quinvaxem award. During the third quarter Crucell was awarded a portion of \$300 million worth of sales for Quinvaxem out of a tender for pentavalent vaccine from a large supranational organization. The tender is for the next three years, so for the period 2010 to 2012, and brings the total award for Quinvaxem to \$800 million.

There are three key reasons why we expect additional awards in the upcoming years. First, only half of the original tender volume has been awarded by any supranational organization at this time.

Secondly, to date Crucell has supplied over 110 million doses of Quinvaxem, which is significantly more than any of the other manufacturers of pentavalent vaccine and Crucell's track record with regard to on-time delivery and excellent quality product is well known and recognized with both supranational organizations as well as many local countries.



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And then last but not least, Crucell's pentavalent vaccine is fully liquid and therefore more easy to use and hence preferred over some of the other partially liquid/partially (inaudible) products.

Finally, of course, as you can see in the sheet, during the first tender round, the one for 2007-2009, after the initial award in 2006, December 2006, two additional awards followed, both for substantial volumes, as you can see in the graph.

Let me take you to sheet number 12 and update you on Healthy Ambition. As you know, the objective of our operational excellence program, Healthy Ambition, is to achieve 15% savings on the 2007 cost base, excluding R&D. Our aim is to achieve these savings as a run rate by the end of this year, and the implementation of the program is now almost complete. And after we had achieved the first EUR5 million that savings in 2008, we added another EUR15 million in net savings this year. Three areas are still contributing most, being improved yields and operational excellence and production, but also sales and marketing and efficiency and savings in overhead. And I'm particularly proud of our sales offices in Italy and Switzerland, which we downsized significantly as a consequence of Healthy Ambition but where sales volumes are significantly higher this year than they were in 2007 or 2008.

With now 95% of all the 800 individual Healthy Ambition actions completed, we are well on track to deliver the EUR30 million by the end of this year. And as I told you during the Q2 results call, we see operational excellence becoming more and more embedded in the organization, and important local initiatives have been kicked off on a number of our locations.

And, finally, we are expanding Healthy Ambition into research and development, and especially in our development groups we are changing the way we work to increase capacity and efficiency. Basically, we go from four to seven parallel development streets, and this is highly necessary to cope with the increasing workload in our products and process development.

That's a nice bridge to sheet number 13, where I want to update you further on product and process development. To build the capability in product and process development, we are significantly strengthening that group. We invest in product and process development in the number of ways. We have hired and continue to bring on board new leaders and experienced scientists to help develop our pipeline further. And to date, in total, we have since the beginning of this year hired more than 100 new colleagues in research and development, both in Bern as well as in Leyden. And in addition, we have refurbished two pilot plants for the development of two key projects in Bern, being TB, tuberculosis project, and the Epaxal US project.

A very important development for us is the introduction of the so-called flex factory. The flex factory is introduced for our younger pipeline products, and with this novel way of producing vaccines and/or antibodies, we will be able to scale up our production processes more easily, and so allowing for easier clinical development and registration. And, finally, the FlexFactory concept will also help to limit the investment required for large-scale manufacturing.

On rabies and despite the excellent results that Ronald was referring to in our clinical trials, we face some technical issues in the manufacture of the clinical material. And, although most issues are resolved, we are counting with some delay of the start of the Phase III trial as a consequence thereof. The start of the Indian Phase II trial is imminent as the local authorities have now approved the trial and we are only awaiting the local release of the material for the trial. The Epaxal US project continues to progress well, and especially the development of the new adaptive Epaxal production process progresses greatly.

We are very excited about the progress we have made on the flu-mAb project, where in a FlexFactory we've fermented the first 200 grams of antibody. This was the first time we produced the antibody at a reasonable scale, and our intensified process and the FlexFactory gave excellent results. Our confidence level that we will be able to produce clinical material early has increased significantly.

And, finally, an important development project that we carry out on our Bern location for a large pharmaceutical company has made good progress with all targets being met.



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Sheet 14 shows you an update on operations. I would say operations is generally well under control with good output and efficiencies. The performance in the existing Shingal site in Korea is just great, with truly best in class yields. But also the construction of our new vaccine manufacturing facility in Incheon, Korea continues to progress very well. Construction started in December last year, and now most electrical and mechanical engineering is complete. And with the equipment coming into the factory, the first test runs are expected all-time in the first half of next year.

And just to remind you, this investment will enable us to grow our business further and to potentially also introduce the successor of Quinvaxem and, in addition, the new factory offers better overall production efficiencies and as once started up significant tax incentives.

In Switzerland we are generally satisfied with the overall production performance, although we see opportunities to improve the finalization of some of the historic projects, projects that were scoped and started many, many years ago.

In Spain we have now brought the fill/finish capacity to, overall, 100 million doses. And, thanks to the approval of all regulatory authorities, we were able to use this filling line during this year's flu season.

Finally, in Sweden, we celebrated our 100-year anniversary, a fantastic milestone in the overall history of the now integrated group of companies that Crucell is today.

And with that I'd like to hand over to Leon.

Leon Kruimer - Crucell - CFO

If you would please join me to slide number 16, the following financial highlights for the third quarter.

The total revenues and operating income line increased by 15% to the same quarter -- compared to the same quarter in 2008. As Cees mentioned before, delays in the delivery of Quinvaxem were offset by very strong sales in our flu vaccine, Inflexal V. The increase was mainly driven by the growth in product sales and, also, travel vaccines held their own in the third quarter.

Gross margins stood at 39% and that compares to 50% in the same quarter of '08. That is due to the timing of development milestones in 2008, EUR6 million of milestones were included in the third quarter, and accounts for 6% of the gross margin -- 6 percentage points of the gross margins alone. The rest of the gross margin difference is explained by currency development, a strong Swiss franc, a strong Korean won compared to the euro and a weak dollar, effectively increasing cost of sales and resulting in a lower margin than in the comparable period last year.

We put two buildings worth 8.1 million back on the balance sheet in Switzerland. These buildings, if I can remind you, were impaired in 2006, shortly after the acquisition of Berna, because there was no business carried out in these buildings at the time. Part of one building we put back on the balance sheet last year, and that was due to the fact that we brought manufacturing work for a client into this building. And right now, with the development that Cees de Jong has mentioned for Epaxal development and for tuberculosis development, these buildings are fully operational as production sites and therefore have been put back on the balance sheet.

Our income tax charge was EUR4.6 million. A significant part of that is due to the fact that we received positive income from our reverse impairment in this quarter. In addition to that, in Spain and Korea we have paid tax, but the biggest impacts on the tax flows was the reverse impairment for the quarter.

So that results in a net income of EUR10 million for the third quarter or net results we share of EUR0.15. Cash and cash equivalents stood at EUR311 million, and in addition another EUR100 million invested in a long-term deposit shown in financial assets.



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If you join me on the next page, it's just to remind us on a year-to-date basis we've made significant improvements in basically every single line in the P&L. Revenues and operating income have increased 30%, and in operating profit, profit before tax and profit for the entire period, we've seen turnarounds that are quite significant from loss-making situations last year to comfortable profit situations at this moment in time.

If you will join me to the next slide, statement of income, page 18, we see on the leftmost column that the total revenues and operating income has increased to EUR94.3 million, the gross margin at EUR34.7 million is 39%, is explained vis-a-vis last year, lower than last year, mostly by the timing of milestone payments. Operating expenses in R&D and SG&A are basically comparable to last year, but total operating expenses are lower because of the reverse impairment charge.

Operating profit stands at [EUR5.5] million (sic -- see press release) for the quarter, EUR21 million for the year to date. And profit before tax stands at EUR14.7 million, EUR17.6 million for the year to date. And profit for the period, as I said, is EUR10 million; for the year today, it now stands at EUR8.4 million, vis-a-vis a EUR3.1 million loss last year.

On the next page, number 19, I briefly describe the situation with tax because our effective tax rate on a consolidated basis is 52.4%. The reason why that is, is because we are, within Crucell group, generating a profit before tax of about EUR56 million. The tax charge on that is EUR9.2 million, and that makes an effective tax rate on our profits of about 16.6%, which is very moderate.

However, the total profit generated by the Group is offset by the loss in the Netherlands on R&D expenses. There's a very good reason for that -- because we have concentrated the R&D expenses in the Netherlands and because there we received a 4-for-1 tax write-off on all the innovation expenses that we incur. But that results in an overall consolidated profit before tax of EUR17.6 combined with a total tax expense of EUR9.2 million.

I would also like to remind you that the total tax charge is not a cash out of the door charge because in Switzerland, for instance, we are eating into our net operating losses, so it's an accounting charge but not representing the full cash impact.

On the revenues and operating income, if you split it out, product sales stand at EUR83.7 million, still significantly above last year's quarter of EUR65.6 million. License revenues are EUR3.8 million, and here it's clear that that is lower than the EUR10.4 million that we booked in the third quarter of 2008, mostly at the re-timing of milestone payments. Again, as Ronald said before, we expect milestone payments to be reflected in license revenues, and over time to increase significantly.

Service fees are basically comparable to last year; so are grants and other operating income.

On the next page, page number 21, a brief description of our cash flow. What we do see is a significant turnaround in the cash generated by operating activities. That now stands for the quarter at EUR72.1 million, and for the nine months year-to-date at EUR45.1 million, and they both compare to significant losses last year.

In investing activities, EUR118 million, is reflected EUR100 million deposit that we have made and we've invested for maturity exceeding 90 days. Therefore, it does not show up in your cash and cash equivalents, but it shows up as a financial asset.

Financing activities, a very large number, EUR235 million. That reflects the capital and investment portion made by Johnson & Johnson as a first payment for the collaboration. And the total increase in cash for the quarter then stands at EUR190 million, and that compares to a slight decrease in cash for the same quarter last year. Total cash at quarter end, including the short-term liquidities, the deposits for the maturity over 90 days, exceed EUR410 million at this moment.

On page 22, finally, the financial guidance for the year. We do, at this moment, reiterate our guidance that we've given throughout the year -- 20% revenue growth for the entire year, a significant improvement of operating profit. And you have seen that we are there already, but we hope to strengthen that in the fourth quarter. And we will end the year in a very strong cash position to invest in our future growth.



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With that, I would like to give it back to Oya for question and answers.

Oya Yavuz - *Crucell - VP, Corp. Comm. & IR*

Thanks, Leon. Sarah, we are ready to take questions now. Please ask everyone to state their names ahead of time. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator instructions). Jan Van den Bossche.

Jan Van den Bossche - *Petercam - Analyst*

Yes, good morning; Jan Van den Bossche, Petercam. First of all, on the Forex impact, I understand from your comments that it represents some 5 percentage point impact on the gross margin. Could you give some kind of an indication which currency movement impacted your gross margin most? Was it equally spread, or was there one of the currencies that impacted the gross margin primarily?

Secondly, you mentioned that in Q4 you expect this impact -- and obviously, you can see from the current currency exchange rate, you expect this to continue. Could you give some kind of an idea where you think gross margin could end up in the fourth quarter?

On the Healthy Ambition program, the current run rate per quarter is in the mid-single digits. Nevertheless, you state that you are on track to complete EUR30 million. Does this, then, imply -- or this seems to imply some kind of an acceleration in the fourth quarter. Is this driven by a specific element? And if so, could you clarify this element?

Cees de Jong - *Crucell - COO*

Shall I take the last question first? Jan, this Cees. On Healthy Ambition, what we report to date are actual net savings made and we only report the additional savings we make per quarter. So we said EUR5 million net in 2008. We save an additional EUR15 million in the first three quarters of this year. And we do expect some acceleration but not to the tune that you may be thinking of because, to achieve the EUR30 million run rate by the end of the year, some acceleration will suffice.

Leon Kruimer - *Crucell - CFO*

In terms of the foreign exchange impact, I think we're impacted mostly by the movements of dollars and Swiss francs against the euro. The dollar affects primarily are top line. For instance, because about two thirds of our total sales right now is in US dollar. The Swiss franc impacts the production costs of our travel vaccines, primarily in Switzerland. And if you compare the exchange rate of the Swiss franc against the euro versus last year, you would have seen that the Swiss franc has increased in value, thereby effectively increasing our cost of goods sold.

Jan Van den Bossche - *Petercam - Analyst*

Okay, any indication for Q4?

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Leon Kruimer - *Crucell - CFO*

It remains to be seen what the exchange rates do.

Cees de Jong - *Crucell - COO*

I would not see a significant deterioration, at any rate, in the margin at this moment.

Operator

Vincent Meunier.

Vincent Meunier - *BNP Paribas - Analyst*

Thank you for taking my question. The first one is on Quinvaxem. You were talking about delays in Vietnam and in Pakistan. Do you expect the delays to be fixed by the end of the year or later? And also, are those delays, especially related to you, Crucell; and, also, maybe your competitors?

The second question is regulatory -- an update, please, on the regulatory process for Flavimun, the yellow fever vaccine.

And the last question, please, is an update for the R&D and SG&A costs for full year '09. Can you please give us any idea of where you will stand at the end of the year?

Cees de Jong - *Crucell - COO*

Let me take your Quinvaxem and Flavimun questions first. The delays -- let me first explain how the field is working with pentavalent vaccines. When these supranational organizations issue an award after a tender, that is not automatically a contract. Basically, what happens is that funds are being made available to help countries to introduce these pentavalent vaccines, in this case. That, then, means that the countries still need to prepare for receiving those vaccines. That means they need to set up call chains, for example. Our products need to be transported at a certain temperature throughout them leaving the factory to the point of vaccination.

You can imagine that in certain countries setting up a call chain is no easy task. We [talk] certain countries here where people can still not be reached by telephone. Right? What happened with regard to Vietnam had nothing to do with the Quinvaxem product, with the Crucell product. But the Vietnamese authorities felt that they wanted to see additional clinical data and registration data and, hence, have asked us to carry out those trials.

I would not expect the Vietnamese material to be shipped before the end of this year, although I do expect Q4 for Quinvaxem to be slightly stronger than any of the previous quarters in this year.

With regard to Flavimun, let me take that question. The regulatory status is such that we just recently received notification of the Swiss authorities that our file is now complete and ready for review. You remember that in a previous call we mentioned it was still under review and additional questions had been asked. By now, formal notification has been received. And that means the review process has started.

Leon, are you taking the question on R&D/SG&A?

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Leon Kruimer - *Crucell - CFO*

Yes. The SG&A cost -- if you look at the SG&A costs just the last quarter have been just over EUR15 million. That is very comparable to the average SG&A costs in the first and second quarter. I would not expect that to change any significant way in the fourth quarter.

With respect to the R&D cost, the R&D costs for the quarter are slightly below the third quarter of 2008, as are the overall R&D costs, are slightly lower than the R&D costs with 2008. That is mostly due to the timing of some clinical tests which have started -- which have not started yet. I would think that the run rate for R&D, again, is very comparable to what we have in the current quarter.

Operator

Alan Carr.

Alan Carr - *Needham & Company - Analyst*

Question -- well, a couple here; one on Inflexal. Is there a higher concentration in the third quarter this year, or do you expect to have higher sales overall in 2009 versus '08?

And then also the second question relates to the rabies and Sanofi's PER.C6 flu vaccine program. Can you give us updates on when you expect those to move into Phase III or, I guess, what kind of guidance are you getting from Sanofi on moving into Phase III?

And then with the rabies, can you elaborate a bit on the technical problems and when you do think you'll be able to move into Phase III?

Cees de Jong - *Crucell - COO*

Let me take the rabies question first. What we, first and foremost, need to mention is that the result of the clinical trials have been excellent thus far. When we think about the progress that we've made, we've seen that our products plus the vaccine resulted in significantly better serum neutralizing activities when you compare to the vaccine alone. And in addition to what we've seen is that the neutralizing activity of our product was comparable to the existing [aceric] product. But, as you know, aceric is derived from [block], so it has certain issues with it.

The technical issues that we had were internal issues with regard to sterilization of the production process. When you go into Phase III, you want to do so with a production process that is fixed, firm, stable. And there we had issues that by now, as we said, are mostly resolved.

This will delay the entry into Phase III but it's also highly dependent upon the interactions with our partner, Sanofi. And hence, we do not comment on when that is going to be. What is important, though, is that the Phase II trial, which we would have hoped to have start earlier in the year, by now is also about to start, with the Indian authorities having given their approval.

On flu cell, as we said, that is a program that is being run by our partner, Sanofi Pasteur, and we never make any comments on that.

And then with regards to Inflexal, let me indeed confirm that the concentration of cells in the quarter has been higher than in previous years, and that's due to the fact that we obtained our registration some three weeks earlier than in any of the previous



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years, which is an excellent result from our regulatory team. But it also means that the quantity of Inflexal to be expected in Q4 is going to be limited.

Alan Carr - *Needham & Company - Analyst*

So overall amounts for 2009, probably comparable to 2008?

Cees de Jong - *Crucell - COO*

Sorry, Alan; the line was (inaudible) for a second. Can you repeat that?

Alan Carr - *Needham & Company - Analyst*

Sorry. So the overall amount for '09 is probably going to be roughly comparable to '08?

Cees de Jong - *Crucell - COO*

Roughly, broadly in line, yes.

Operator

Famian Smeets.

Famian Smeets - *Rabo Securities - Analyst*

I have two questions, one with regard to the taxes. Can you give any indication on your full-year outlook on the tax rate? And secondly, I still do not fully understand your gross margins because, if we exclude the licensing fees in Q3, we arrive at 37% gross margin. If we compare that to last year, that was 43% excluding license fees. You had a 5% negative currency impact, but you have also reduced your cost base significantly in there, and your cost savings program. So it's still difficult for me to reconcile those figures.

Leon Kruimer - *Crucell - CFO*

Let me talk about the tax rate first. Rather than talk about the tax rate, let's talk about the absolute amount of tax because I think that is more telling than the average rate of some of that figure. The average tax rate or the tax rate that we expect, the amount of tax that we will pay, is between EUR10 million and EUR12 million. That has now been increased by about EUR3 million, due to the tax charge on the reversal of impairment. So that is the amount for the entire year.

In terms of the gross margin, when you exclude EUR6 million of milestones out of the 2008 number, there is a result of about a 44% gross margin. The difference between the 44% gross margin and the 39% actually reported from last year is due to currency differences, and it's due to -- for the biggest part, as we mentioned before, the dollars to Swiss franc. And to some extent, it is due to product mix.

Famian Smeets - *Rabo Securities - Analyst*

Can I ask one more question?

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Leon Kruimer - *Crucell - CFO*

Yes. If we want to make it very technical, maybe it's an idea to take it off-line and we can go through it, because I cannot completely place your gross margin number and I think it would be better done one-on-one.

Operator

Oscar Izeboud.

Oscar Izeboud - *Kempen & Co. - Analyst*

Three questions, one on profitability, the second on Quinvaxem and the third on the tender phasing. On profitability, you give your outlook on top line and operating profit. Can you give us any idea about Q4 profitability and full year? Do you expect profitability for the full year '09? Second is on Quinvaxem. We saw a release from yourselves and Panacea and Shantha. I haven't seen anything from GSK. Do you know anything, whether GSK has been awarded contracts under the new tender, tender period 2010-2012?

And last, about the tender phasing, do we have any idea, with the new contract at hand or at least the incentive of UNICEF to order products from you for \$300 million, how the phasing can look like? Do we have any idea about the phasing of these deliveries?

Cees de Jong - *Crucell - COO*

Let me take the Quinvaxem questions first and let me explain how the award from supranational organization works. The award is not a contract nor an order. Individual countries are placing the orders with us and the supranational organization are making available the funds. And hence, with regard to tender phasing, this is much more dependent upon individual countries being ready to receive the material, having their call chains in order, having sometimes completed other immunization campaigns, having assured themselves that these are the sort of products they want at this point in time.

So that is not something that is being steered or managed by any supranational organization for, let's say, buying at a next phase at a maybe somewhat reduced price.

With regards to the awards and the announcements that you have seen from competitors, it's indeed so that there's two Indian players pre-qualified and they have been awarded certain volumes. However, as we also know, this is the first time for them to enter the field of fully liquid pentavalent. They don't have a track record like Crucell is having it, of having sold well over \$110 million doses of good quality with always on-time delivery.

With regard to GSK, I think you need to ask them. But I would consider it likely that they could get a certain volume. The disadvantage of GSK's product, of course, is that it's not fully liquid. And already in the tender documentation, it has been clearly specified as fully liquid products are being favored.

Leon Kruimer - *Crucell - CFO*

I think, as you said, we've guided on operating profit because we think it's the most meaningful figure to judge us on. If you've seen the year to date has already shown a significant improvement by operating profit, and we expect that to drive overall profitability for the year.



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Operator

Rene Verhoef.

Rene Verhoef - Fortis Bank - Analyst

First, a question about the Epaxal in the USA. I see you have hired 110 new employees. First question, we'd like to get, will you hire more new employees? Secondly, can we conclude that you will start Phase II trials for Epaxal in the USA in 2010?

Cees de Jong - Crucell - COO

Let me take the first question. I think it's a number of questions that you ask at the same time. But, with Epaxal, we are targeting a key market in the US. Some \$300 million worth of potential is there. And there in the United States, the Hep A vaccination is compulsory. With our product that is [aluminum]-free and it has a very good track record in Europe and the markets where we are selling today, we think we've got an excellent candidate for introduction.

In the US, though, and maybe that's part of your question, we have a very experienced sales force that will be able to introduce this product without major expansion. The 110 people that we've hired to date work in the field of research and development, and some of those people indeed work on the Epaxal US product. We do not expect to add significant portions of people in the months to come.

Rene Verhoef - Fortis Bank - Analyst

So we cannot conclude that Crucell is going, on its own, forward in the US? You are still looking for a potential partner in that area?

Cees de Jong - Crucell - COO

No. No; like I said before, we have a very experienced sales force ourselves in the US currently marketing also the same type of vaccines like we would be introducing with Epaxal. And we would do this on our own, on ourselves, develop the process ourselves and introduce it ourselves.

Rene Verhoef - Fortis Bank - Analyst

Okay, that's very clear. And regarding (inaudible) sales, is it possible to give some guidance for 2010? You have \$300 million tender that will most likely be increased to \$650 million over the period of 2010 itself. How much of the EUR300 million tender will be executed in 2010, roughly?

Leon Kruimer - Crucell - CFO

To date, I honestly don't know. Again, this is highly dependent upon individual countries introducing the product at a certain stage. So to give any forecast for 2010 is too early.

Rene Verhoef - Fortis Bank - Analyst

Lastly, also, with the currency, some issues. So let's say I'm interested as well as the developments of the currency FX in the P&L.



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Oya Yavuz - *Crucell - VP, Corp. Comm. & IR*

We'll get back to you.

Operator

(inaudible).

Unidentified Participant

Yes, hello (inaudible) again at [RBS] in Amsterdam. Two questions -- first, on your guidance, if I do some calculations your guidance implies total revenues and other operating income of some EUR360 million for the full year. That would mean that you need to report EUR150 million in the fourth quarter, which is a significant increase quarter over quarter, while flu sales will be lower. Am I missing something? Are these the rise in licensing income that you are referring to, Ronald?

And then secondly is, on the EUR100 million in the long-term deposits, does that mean that you will not access this money to do acquisitions?

Leon Kruimer - *Crucell - CFO*

The 20% guidance we've given -- if you take that over the total top line from last year, ends up just shy of EUR340 million. So that is our guidance.

Unidentified Participant

And that's for currencies? I assume you have a positive currency effect this year?

Leon Kruimer - *Crucell - CFO*

A positive currency effect?

Unidentified Participant

No; sorry, negative.

Leon Kruimer - *Crucell - CFO*

I think we have a negative effect that we have reported, to date. That's why our margin is under pressure. So that is that.

And the other question was -- sorry?

Unidentified Participant

That was the EUR100 million.

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Leon Kruimer - *Crucell - CFO*

The EUR100 million is simply a deposit. As you know, we basically do not put any of our cash that is entrusted by shareholders to us at risk. So we invest in bank deposits, and we have traditionally always invested in bank deposits with maturities up to 90 days. So it showed up in cash and cash equivalent. Today, there are some opportunities to get slightly higher returns and higher interest rates if you invest in some longer-term maturities, so we have made certain steps there. It doesn't mean we don't need the money, but we certainly don't need well over EUR400 million in the next quarter.

Oya Yavuz - *Crucell - VP, Corp. Comm. & IR*

On behalf of management I would like to thank you all for joining us today and for your interest in Crucell. If you have any further questions, you know where to find me and we look forward to speaking to you going forward. Thank you.

Operator

Thank you for attending today's conference. You may now replace your handsets.

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