



## PRESS RELEASE

### Crucell announces fourth quarter and annual results 2006

- Total revenues and other operating income increased to €76.0 million in Q4 and to €140.9 million for full year 2006
- Acquisitions of Berna Biotech, BPC and SBL concluded and acquired companies successfully integrated in Crucell Group
- Quinvaxem™ pediatric vaccine successfully launched
- All development programs in clinical trials by year-end
- Crucell and DSM opened US development center for PER.C6®
- €33.5 million charge for asset impairment and restructuring in Q4
- Year-end cash position €157.8 million

**Leiden, The Netherlands, February 13, 2007** – Dutch biotechnology company Crucell N.V. (Euronext, Nasdaq: CRXL; Swiss Exchange: CRX) today announced its financial results for the fourth quarter and full year 2006 in accordance with International Financial Reporting Standards. These financial results are unaudited.

#### Key Figures Fourth Quarter and Full Year 2006 (€ million, except net loss per share)

	Q4 2006 unaudited	Q4 2005	Year 2006 unaudited	Year 2005
Revenue and other operating income	76.0	12.1	140.9	37.6
Loss for the period	(24.9)	(2.9)	(87.6)	(15.6)
Loss per share (basic and diluted)	(0.41)	(0.08)	(1.53)	(0.39)
<b>Cash and cash equivalents</b>				
<b>At December 31, 2006 (unaudited):</b>			157.8	
<b>At December 31, 2005:</b>			111.7	

#### Fourth quarter

Total revenue and other operating income for the fourth quarter ended December 31, 2006 were €76.0 million, up 528% versus the €12.1 million reported over Q4, 2005. The strong fourth quarter revenues were primarily driven by the October launch of Quinvaxem™, Crucell's new pediatric vaccine and by strong seasonal influenza vaccine sales. Total other operating expenses amounted to €69.7 million and included an asset impairment charge of €30.4 million and a restructuring provision of €3.1 million. The increase in R&D and SG&A expenses reflects a significantly larger, global organization after Crucell's acquisition of three companies during 2006. The company reported a €11.3 million tax gain mainly as a consequence of the impairment charges. The reported loss for the fourth quarter 2006 was €24.9 million. Excluding the €33.5 million impairment and restructuring charges and also excluding the impact of the purchase price



allocation from acquisitions, the operating result for the fourth quarter would have been a profit of €1.9 million.

### **Full Year**

Total revenue and other operating income for the year ended December 31, 2006 were €140.9 million, which represents a more than 275% increase over the €37.6 million in revenues and other operating income reported in 2005. The increase in total revenues is attributable to sales of respiratory, travel and pediatric vaccines acquired by the company during 2006. Total other operating expenses amounted to €148.3 million and included restructuring and impairment charges of €33.5 million. Research and development expenses of €67.6 million reflect increasing emphasis on clinical development, since Crucell successfully initiated clinical trials for nine programs during the year, and reflect research spending in Berna and SBL. Reported loss over 2006 amounted to €87.6 million. Reported loss includes amortization charges of €19.7 million related to purchase price accounting, in addition to the impairment and restructuring charges of €33.5 million. For income taxes the company reported a € 10.6 million gain mainly related to the impairment charge.

Cash and cash equivalents at December 31, 2006 amounted €157.8 million, which also reflects the proceeds of the €80.0 million equity offering the company executed in November 2006.

Crucell's CEO Ronald H.P. Brus commented: "We have successfully transformed Crucell from a strong research-focused organization into a strong independent vaccines company. The acquisitions of Berna in Switzerland, a sales and marketing organization in the US and SBL in Sweden have all been completed and their integration in the Crucell group has been successfully finalized. Our existing products are well positioned to benefit from the increasingly strong global demand for vaccines. We are forecasting total revenues for 2007 in excess of €200 million." He continued: "Despite a planned increased investment in R&D and sales and marketing, we are expecting to reach operational cash break-even in 2007."

### **Operational Review Full Year 2006**

- **Acquisition of Berna Biotech:** In February Crucell acquired Berna Biotech based in Switzerland. Non-core activities in research and veterinary vaccines were divested in the 2<sup>nd</sup> quarter. In December, Rhein Biotech N.V., one of the operating companies in the Crucell group, delisted from the Frankfurt Stock Exchange. As a result Crucell held no minority interests for consolidated companies on December 31, 2006.
- **Acquisition of BPC Inc.:** During the year Crucell also acquired BPC Inc. (Berna Products Corporation) in the US from Acambis. This sales and marketing organisation markets the Crucell's Vivotif oral vaccine in North America.
- **Acquisition of SBL Vaccin:** In November 2006 Crucell acquired Stockholm based SBL Vaccin AB (SBL) from 3i and SEB for cash. The acquisition further strengthened Crucell's travel vaccines franchise. The



addition of Dukoral<sup>®</sup>, a market leading oral vaccine against cholera, extended Crucell's core product portfolio to six vaccines.

- **Launch of Quinvaxem<sup>™</sup>:** In October Crucell launched its new Quinvaxem<sup>™</sup> vaccine, a paediatric vaccine to prevent five important childhood diseases. In December Crucell announced that it had been granted multi-year contracts for over US \$230 million by supranational organizations. Crucell was also awarded a US\$20 million contract for 2007 for Quinvaxem<sup>™</sup> by a supranational organization for Latin America.
- **PERCIVIA:** In November Crucell and DSM Biologics opened PERCIVIA, a PER.C6<sup>®</sup> development center in Cambridge, Massachusetts. PERCIVIA was set up to further develop the PER.C6<sup>®</sup> technology for the production of proteins and provide turnkey solutions to licensees.
- **Merck Technology Trade:** In December Crucell signed a cross-licensing agreement with Merck & Co. Inc, whereby Merck got the rights to use Crucell technology on an exclusive basis in additional vaccine fields and in turn, Crucell received large scale manufacturing technology for AdVac<sup>®</sup>-based vaccines developed by Merck.
- **Technology Licensing:** New PER.C6<sup>®</sup> licenses were signed with ADImmune Corporation, MorphoSys AG, Immuno-Biological Laboratories Co., Ltd (IBL), UCB S.A, UMN Pharma, Bio A&D, Ark Therapeutics and Upstate USA. Licenses with Edwards, Innogenetics, SRC, VPM, Centocor, Wyeth, Pangenetics and JCR were terminated.
- **STAR<sup>™</sup> Technology:** In 2006 new STAR<sup>™</sup> licensing agreements were signed with Xoma, UCB Celltech and Novartis. An agreement with Millennium was terminated due to strategy change.
- **Progress in clinical development:**
  - **Rabies:** Crucell's rabies monoclonal antibody program entered a Phase I clinical study in the US in December.
  - **Malaria:** Crucell obtained regulatory approval to start Phase I clinical trials to test safety, tolerability and immunogenicity of its malaria vaccine, developed in collaboration with the National Institute of Allergy and Infectious Diseases (NIAID), part of the US National Institutes of Health (NIH).
  - **Tuberculosis:** In October Crucell initiated a Phase I clinical trial of a recombinant tuberculosis vaccine in partnership with AERAS Global TB Vaccine Foundation. In November the Dutch Government made an €18.4 million four-year investment in Aeras Global TB Vaccine Foundation, a product development partnership involving Crucell and other Dutch organizations.
  - **Ebola:** Crucell initiated a Phase I trial for its Ebola vaccine, developed in partnership with the Vaccine Research Center (VRC) of the National Institute of Allergy and Infectious Diseases (NIAID).
  - **HIV:** In October Crucell received a US\$16.2 million contract from the NIAID for design and development of a novel HIV vaccine. The contract supports a collaborative program with the Beth Israel



Deaconess Medical Center at Harvard Medical School and Charles River Laboratories Inc.

- **Influenza:** Four pandemic and seasonal influenza programs were in the clinic by year-end. Sanofi is conducting Phase I seasonal flu trials in adults and the elderly. Separately, Crucell is conducting a H9N2 pandemic flu trial with the University of Leicester in the UK. This dose-ranging study is the largest pandemic trial ongoing and involves 560 healthy individuals.
- **Flavimun<sup>®</sup>:** Crucell's live attenuated yellow fever vaccine is in filing and is expected to receive regulatory approval in 2007.
- **Protein Products: Blood-clotting Factor V and biosimilars:** At the company's analyst day in November Crucell announced the development of blood-clotting Factor V. With an estimated market potential of over US\$3 billion, Factor V is designed to treat bleeding in haemophiliacs and to treat other bleeding conditions. The company is also working on the production of improved versions of currently marketed protein products on its PER.C6<sup>®</sup> production technology.

## Details of the Financial Results

### FOURTH QUARTER

#### **Revenue and Other Operating Income**

Crucell's revenue and other operating income in the fourth quarter of 2006 were €76.0 million, compared to €12.1 million in the same quarter in 2005. Revenue historically tends to be concentrated in the fourth quarter due to the seasonal nature of the business. Revenue in the fourth quarter of 2006 was very strong and Crucell realized 54% of its annual revenue in this period driven by shipments of influenza vaccine late in the season. This industry-wide delay was the result of issues in influenza antigen production. In addition, Crucell launched its Quinvaxem<sup>™</sup> pediatric vaccine in the fourth quarter and the acquisition of SBL vaccines contributed revenue starting in December.

Licensing revenue amounted to €10.3 million in the fourth quarter of 2006, compared to €8.3 million in the fourth quarter of 2005. Licensing revenue consisted of initial payments from new contracts as well as annual and other payments on existing contracts. Service fees amounted to €4.3 million in the fourth quarter and represent revenues for product development activities performed under contracts with partners and licensees.

Total other operating income amounted to €2.7 million and consisted of government grants and other miscellaneous income.

#### **Cost of Goods Sold**

Cost of goods sold for the fourth quarter of 2006 amounted to €42.3 million, €40.3 million of which represents product costs and €2.0 million represents costs of service activities. Cost of goods sold for the quarter includes an accounting amortization charge of €1.3 million resulting from the purchase price allocation related to acquisitions. The newly launched Quinvaxem<sup>™</sup> vaccine has been



developed in partnership with Novartis. Profits on sales of the product are shared between the partners. The profit sharing is reflected in Crucell's cost of goods sold.

### **Expenses**

Research and development expenses increased in the fourth quarter of 2006 to €20.2 million, compared to €12.1 million in the same quarter last year. The increase was driven by the addition of the Berna Biotech and SBL product life cycle development costs. In addition, Crucell R&D costs increased as programs have now progressed into clinical trials. Selling, general and administrative expenses, increased to €16.0 million, up from €1.9 million in the same period for 2005. The increase was driven by the acquisition of a global sales and marketing force, one-time integration costs and additional amortization charges as a result of purchase price accounting.

### **Results**

The net loss for the fourth quarter of 2006 was €24.9 million, compared to €2.9 million in the fourth quarter of 2005. This includes a restructuring charge of €3.1 million and a €30.4 million asset impairment charge. A tax benefit of €11.3 million was recorded, primarily related to these impairment charges. Excluding the €33.5 million impairment and restructuring charges and also excluding the impact of the purchase price allocation from acquisitions, the operating result for the fourth quarter would have been a profit of €1.9 million.

### **Balance Sheet**

Trade accounts receivable amounted to €58.6 million at December 31, 2006, an increase of €29.0 million over the balance at September 30, 2006. The company sold most of its Inflexal<sup>®</sup> V flu vaccin in the latter half of the fourth quarter, resulting in significant outstanding accounts receivable at year-end. In addition, the December shipments of Quinvaxem<sup>™</sup> and the two acquisitions in the fourth quarter, also contributed to the increase in accounts receivable.

Financial assets short-term contained the bank deposits with maturities between 90 and 360 days. Compared to the previous quarter-end the balance decreased €10.7 million, as some deposits with maturity over 90 days were reclassified to cash and cash equivalents after reaching their maturity date.

Inventories amounted to €75.5 million at year-end and increased by €10.1 million over the previous quarter-end as the production for Quinvaxem<sup>™</sup> has been accelerating. Accounts payable amounted €38.5 million, an increase of €15.4 million versus September 30<sup>th</sup>, 2006. This increase is related to the build-up of inventory and accounts payable balances acquired through acquisitions.

Property, plant and equipment amounted to €138.0 million and decreased by €9.4 million during the fourth quarter. The decrease is primarily caused by the impairment of two production facilities in Switzerland, partly offset by the assets acquired from SBL. Intangible assets amounted to €113.1 million and represent acquired in-process R&D, developed technology, patents and trademarks and value of customer and supplier relationships. The total balance decreased compared to the third quarter by €1.4 million. This represents the impairment charge related to in process R&D on the company's Tetra vaccine program that



was stopped, partly offset by the intangible assets acquired through acquisitions in the fourth quarter.

Goodwill amounted to €47.4 million, an increase of €12.0 million during the fourth quarter. The increase mainly reflects the goodwill formed in the acquisitions of SBL vaccines and BPC. The company performed a goodwill impairment analysis, which did not result in a need for any goodwill impairment.

The company repaid €18.8 million of bank loans in Switzerland, reducing its short-term liabilities. At the same time the company also re-classed a €16.5 million Korean bond from long-term to short-term liabilities. This reclass was necessary, as the Korean Crucell entity did not fully meet the debt covenants. The company expects that it will meet the covenant parameters during 2007.

Deferred tax liabilities were €33.6 million and decreased by €9.0 million versus the previous quarter. This is mainly caused by the tax effect of the impairment charge, which has led to a release of deferred tax liabilities.

## **FULL YEAR**

### **Revenue and Other Operating Income**

Crucell's total revenue and other operation income for the year 2006 was €140.9 million, compared to €37.6 million in 2005. This growth reflects the acquisition of Berna Biotech, the North American sales organization and SBL vaccines. In total the acquired entities added more than €106.0 million of revenue and other operating income to the Crucell group.

### **Cost of Goods Sold**

Cost of goods sold for the year 2006 amounted to €90.5 million, €83.5 million of which represents product costs and the remainder of €7.0 million represents costs of service activities. Cost of goods sold for the year includes an accounting amortization charge of €13.6 million as a result of the purchase price allocation from acquisitions.

### **Expenses**

Total research and development expenses were €67.6 million, compared to €34.0 million in 2005. €28.2 Million of this increase can be attributed to the Berna and SBL vaccines acquisitions, while €5.4 million is driven by programs progressing into clinical trials.

Selling, general and administrative (SG&A) expenses in 2006 were €47.2 million, compared to €13.7 million in 2005. Selling costs increased primarily as a result of acquisitions. As a result, Crucell had a global sales organization by year-end. General and administrative expenses increased as a result of integration costs and costs of financial compliance.

In October 2006 the company announced a restructuring to centralize the R&D functions, leading to a restructuring charge of €3.1 million.



After the successful launch of Quinvaxem™ the company decided to discontinue its Tetra vaccine program. This has led to an impairment charge of €10.8 million. In addition, analysis on the production facilities in Bern has resulted in an impairment charge of €19.6 million for two buildings. The related tax benefit of the combined impairments amounts to €7.0 million as the deferred tax liability was released to the P&L.

Financial income amounted to €13.5 million and reflects the interest received on deposits. The financial expenses amounted to €11.7 million, which represents the interest paid on loans and leases. The result from non-consolidated entities of €2.0 million relates to the results of the company's stake in joint ventures and associated companies.

Loss for the year 2006 amounted to €87.6 million, compared to a net loss of €15.6 million reported in 2005. Loss per share in 2006 amounted to €1.53 compared to €0.39 in 2005.

### **Equity**

Total equity amounted to €497.3 million and no minority interest existed per 31 December 2006. A total of 64.8 million ordinary shares were issued and outstanding on December 31, 2006. In November Crucell raised €80 million through the issuance of 4.6 million ordinary new shares at €17.50 per share. The proceeds were used to fund the acquisitions of SBL and BPC and repay outstanding mortgage loans of Berna.

### **Cash Flow and Cash Position**

Cash and cash equivalents increased €46.1 million during 2006. The net loss including the reversal of non-cash items amounted to €28.7 million. In addition, the net working capital used another €25.2 million. This was primarily driven by increases of year-end accounts receivable and inventories, partly offset by increases in accounts payable. Overall cash used in operations amounted to €53.9 million.

Net cash from investing activities was €22.1 million. This included net cash acquired in the Berna acquisition of €68.0 million, the proceeds of divestiture of non-core activities, as well as the proceeds of the equity offering in November. This cash was used to finance the acquisitions of SBL Vaccin AB and BPC. In the fourth quarter the company also repaid €18.8 million in bank loans. Proceeds from financial assets amounted to €7.6 million, which is the net effect of deposits reclassified to cash and cash equivalents, partly offset by an increase in restricted cash. Proceeds from financial liabilities reflect the company's activities with respect to mortgage financing and leasing.

Crucell's cash and cash equivalents amount to €157.8 million on December 31, 2006.



### **Forward-looking statements**

*This press release contains forward-looking statements that involve inherent risks and uncertainties. We have identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements. For information relating to these factors please refer to our Form 20-F, as filed with the U.S. Securities and Exchange Commission on July 6, 2006, and the section entitled "Risk Factors". The Company prepares its financial statements under International Financial Reporting Standards (IFRS) with a reconciliation to the generally accepted accounting principles in the United States (US GAAP).*

### **Conference Call and Webcast**

Crucell will conduct a conference call today, February 13 2007, starting at 14:00 CET Central European Time (8:00am US Eastern time). A presentation will be followed by a question and answer session. To participate in the conference call, please call one of the following toll-free numbers within 10 minutes prior to commencement:

**888 495 6452 for the US;  
0800 358 5261- for the UK; and  
0800 265 85 31 for the Netherlands.**

The event will be relayed by live audio webcast which can be accessed via the home page of Crucell's corporate website, [www.crucell.com](http://www.crucell.com). The webcast will be available for replay immediately afterwards and will be archived for one year.

### **About Crucell**

Crucell N.V. (Euronext, NASDAQ: CRXL; Swiss Exchange: CRX) is a biotechnology company focused on research, development and worldwide marketing of vaccines and antibodies that prevent and treat infectious diseases. Its vaccines are sold in public and private markets worldwide. Crucell's core portfolio includes a vaccine against hepatitis B, a fully-liquid vaccine against five important childhood diseases, and a virosome-adjuvanted vaccine against influenza. Crucell also markets travel vaccines, such as the only oral anti-typhoid vaccine, an oral cholera vaccine and the only aluminum-free hepatitis A vaccine on the market. The Company has a broad development pipeline, with several Crucell products based on its unique PER.C6<sup>®</sup> production technology. The Company licenses this and other technologies to the biopharmaceutical industry. Important partners and licensees include DSM Biologics, sanofi aventis, GSK and Merck & Co. Crucell is headquartered in Leiden (the Netherlands), with subsidiaries in Switzerland, Spain, Italy, Sweden, Korea and the US. For more information, please visit [www.crucell.com](http://www.crucell.com).

**For further information please contact:**



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