

**PRESS RELEASE**

**WILEX publishes 3-month Financial Report 2014**

- Extensive restructuring programme initiated
- Focus on ADC technology and the service business agreed
- MESUPRON<sup>®</sup> partnership with Link Health signed
- Sales revenue and earnings in line with expectations, costs reduced substantially

**Munich, Germany, 14 April 2014.** WILEX AG (ISIN DE0006614720 / WL6 / FWB) today published its financial report on the first three months of 2014 (1 December 2013 - 28 February 2014).

Intensive talks on the out-licensing of RENCAREX<sup>®</sup> and MESUPRON<sup>®</sup> and the financing of Phase III trials with RENCAREX<sup>®</sup> and REDECTANE<sup>®</sup> continued in the first quarter of this year. Although WILEX held talks with several companies, these had not led to any legally binding commitments by the end of January. For this reason, the Company was forced to start a restructuring programme from that date and gradually discontinue WILEX AG's clinical development activities in Munich.

The restructuring measures entail a large-scale headcount reduction at the Munich site, a review of all current contracts and intense efforts to sub-let the vacated rented laboratory and office premises in Munich. The aim of this programme is to reduce WILEX AG's financing requirements, thereby safeguarding financing of the Company's remaining activities into the third quarter of 2015 with its existing cash funds and projected sales revenue.

Going forward, research and development activities will be focused on the operations of WILEX's subsidiary Heidelberg Pharma GmbH in Ladenburg, which offers preclinical services and intends to further develop and market the ADC technology. After the realignment has been implemented, there will still be a core team in Munich to continue working on the commercial exploitation of the advanced clinical programmes of WILEX AG and to continue the ongoing talks on the marketing of the projects. From the middle of the year, the WILEX Group will have approximately 50 employees including the members of the Executive Management Board.

**Dr Jan Schmidt-Brand, CEO and CFO of WILEX AG, commented:** "Recent weeks have been dominated by consolidation and the realignment of our business model. The discontinuation of clinical development significantly changes the shape of our company. This is reflected not only in substantially lower costs but currently also in lower sales revenue. We recorded our first success in commercial exploitation by entering into a partnership for MESUPRON<sup>®</sup>. But there is still a lot of work to be done to strengthen our scope for strategic action for the Group's realignment. We will therefore propose to our shareholders at the next Annual General Meeting that the share capital be reduced in a 4:1 ratio. This move is expected to give WILEX AG back the flexibility to execute any future transactions deemed necessary in view of the Company's financial and structural situation.

**Key events after the reporting period**

- **Downsizing of the Executive Management Board:** Professor Olaf G. Wilhelm, CEO of WILEX since 2001, left his post on the expiry of his director's contract on 31 March 2014. His duties have been assumed by Dr Jan Schmidt-Brand, now Spokesman of the Executive Management Board and CFO of WILEX as well as Managing Director of Heidelberg Pharma GmbH. Dr Paul Bevan, Head of Research and Development, continues to be responsible for the Group's R&D activities and is contributing his project expertise to licensing talks.
- **MESUPRON<sup>®</sup> partnership with Link Health in China:** On 28 March 2014, a licensing and development partnership for MESUPRON<sup>®</sup> was concluded with Link Health Co., Guangzhou, China. Link Health is granted an exclusive licence for the development and marketing of MESUPRON<sup>®</sup> in China, Hong Kong, Taiwan and Macao, and is responsible for performing and financing the entire clinical development of MESUPRON<sup>®</sup> in China in all oncological indications, as well as for the regulatory process and the marketing of the product. Under the terms of the agreement, WILEX will receive an upfront payment plus potential milestone payments valued at over € 7 million in the course of the clinical development of the first four of the indications to be developed by Link Health, as well as staged royalty payments pegged around the mid-single digit percentage range.
- **Clinical development of WX-554 and WX-037 discontinued:** Due to the discontinuation of development activities at WILEX AG, the Phase Ib/II dose escalation trial with the MEK inhibitor WX-554 and the Phase I trial with the PI3K inhibitor WX-037 were terminated in accordance with good clinical practice and the authorities were notified of this at the beginning of April. Some of the trial centres were supplied with medication so that the treatment of patients who might benefit from WX-554 or WX-037 could continue under the responsibility of the principal investigator.
- **Capital reduction planned:** On 10 April 2014, WILEX announced that it would submit a proposal of the Executive Management Board and Supervisory Board to the Annual General Meeting to reduce the Company's share capital in accordance with Sections 222 ff German Stock Corporation Act by € 23,456,628.00 to € 7,818,876.00 through the combination of the outstanding no par value shares in a ratio of 4:1, from 31,275,504 no par value bearer shares to 7,818,876 shares. In order to achieve an even exchange ratio, prior to the capital reduction one shareholder will contribute three shares free of charge that will be cancelled by the Company. This aims to create flexibility and improve WILEX AG's ability to execute transactions in view of the minimum issue price pursuant to Section 9 (1) German Stock Corporation Act. The capital reduction will lead to a reclassification on the liabilities side of the balance sheet of WILEX AG from subscribed capital to capital reserves. This measure in itself will not change the Company's enterprise value. The complete notice of the Annual General Meeting to be held on 23 May 2014 will be published in the Federal Gazette on 14 April 2014 (not before 3:00 p.m.) and will be available thereafter on the Company's website.

## Financial results for the first three months of financial year 2014

The WILEX Group, comprising WILEX AG and the subsidiary Heidelberg Pharma GmbH, reports consolidated figures in three segments. In the first three months of the 2014 financial year, the WILEX Group generated total income of € 0.7 million, down 82% from the previous year level (€ 3.9 million) which comprised individual components from the licence agreement with Prometheus. This figure includes sales revenue of € 0.4 million (previous year: € 3.3 million), which was exclusively generated in the Cx segment attributable to the subsidiary Heidelberg Pharma. At € 0.3 million, other income also came in below the prior-year figure (€ 0.6 million) and mainly stems from the reversal through profit or loss of provisions not required in the amounts planned as well as grants from the Federal Ministry of Education and Research (BMBF).

Operating expenses including depreciation, amortisation and impairment losses amounted to € 3.6 million in the reporting period, down 38% from the previous year (€ 5.8 million). Cost of sales fell to € 0.5 million in the reporting period (previous year: € 1.3 million). This is due to the elimination of expenses for RENCAREX<sup>®</sup> in the Rx segment, for which in the previous year WILEX received cost reimbursements from Prometheus reported in sales revenue. Research and development costs, which were € 2.8 million the previous year, fell by € 0.8 million to € 2.0 million, which is mainly attributable to the restructuring programme initiated at the Munich site. Administrative costs were trimmed to € 0.9 million in the first three months of due to the cost cutting (previous year: € 1.0 million). Other expenses comprise the costs for activities in the areas of business development, marketing and commercial market supply. These amounted to € 0.2 million in the reporting period (previous year: € 0.7 million).

The WILEX Group reported an improved financial result of -€ 16 k (previous year: -€ 31 k) in the first three months. The net loss for the period was € 2.9 million and is attributable to lower sales revenue and income. Reflecting the net loss for the period, earnings per share fell by 50% to -€ 0.09 (previous year: -€ 0.06).

Cash and cash equivalents as of 28 February 2014 amounted to € 5.5 million (30 November 2013: € 8.9 million). WILEX's average monthly funding requirement in the first three months of the financial year was € 1.1 million (previous year: € 1.9 million). Due to the follow-up costs of the restructuring, the significant planned reduction will materialise in the coming months. Total assets as of 28 February 2014 amounted to € 19.0 million, down € 3.3 million from the figure of € 22.3 million shown as of the 30 November 2013 reporting date. Equity as of the end of the reporting period was € 12.1 million (30 November 2013: € 14.9 million). The equity ratio was 63.7% (30 November 2013: 67.0%).

There is no change to the guidance for the WILEX Group for the current financial year issued at the end of March 2014.

## Key figures for the WILEX Group

	3M 2014 <sup>1</sup> EUR'000	3M 2013 <sup>1</sup> EUR'000
<b>Earnings</b>		
Sales revenue	404	3,323
Other income	345	565
Operating expenses	(3,616)	(5,834)
of which research and development costs	(1,999)	(2,796)
Operating result	(2,868)	(1,947)
Earnings before tax	(2,884)	(1,978)
Net loss for the year	(2,884)	(1,978)
Earnings per share in EUR	(0.09)	(0.06)
<b>Balance sheet as the end of the period</b>		
Total assets	18,969	32,532
Cash and cash equivalents	5,546	17,675
Equity	12,085	17,968
Equity ratio <sup>2</sup> in %	63.7	55.2
<b>Cash flow statement</b>		
Cash flow from operating activities	(3,380)	(5,692)
Cash flow from investing activities	(45)	(10)
Cash flow from financing activities	(42)	(70)
<b>Employees (number)</b>		
Employees as of 28.02.2014 <sup>3, 4</sup>	88	125

<sup>1</sup> The reporting period begins on 1 December and ends on 28 February

<sup>2</sup> Equity / total assets

<sup>3</sup> Including members of the Executive Management Board

<sup>4</sup> WILEX Inc. is no longer included in 2014.

Rounding of exact figures may result in differences.

The full 3-month financial report including the segment reporting and the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) was published at [www.wilex.com](http://www.wilex.com).

### Invitation to the conference call

On 14 April 2014, WILEX will hold a public conference call for media, analysts and investors in English at 3:00 p.m. CEST. Please dial in ten minutes before the conference call using the following dial-in numbers:

1. Germany: +49 69 71044 5598
2. UK: +44 20 3003 2666
3. USA: +1 212 999 6659
4. USA Freephone: +1 866 966 5335

You will be welcomed by an operator who will ask for the password (WILEX) and take your name and company. The presentation for the conference (in English) will be available for download from [www.wilex.com](http://www.wilex.com) at 2:30 p.m. CEST.

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**About WILEX**

WILEX AG is a biopharmaceutical company based in Munich, Germany. Focused on oncology, the Company develops diagnostic and therapeutic product candidates based on antibodies and small molecules, which are available for out-licensing. The subsidiary Heidelberg Pharma GmbH offers preclinical contract research services and an antibody drug conjugate (ADC) technology platform. Our customers and partners include leading international pharmaceutical companies. WILEX is listed at the Frankfurt Stock Exchange: ISIN DE0006614720 / WKN 661472 / Symbol WL6. More information is available at [www.wilex.com](http://www.wilex.com)

This communication contains certain forward-looking statements relating to the Company's business, which can be identified by the use of forward-looking terminology such as "estimates", "believes", "expects", "may", "will", "should", "future", "potential" or similar expressions or by a general discussion of the Company's strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results of operations, financial position, earnings, achievements, or industry results, to be materially different from any future results, earnings or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors and partners are cautioned not to place undue reliance on such forward-looking statements. We disclaim any obligation to update any such forward-looking statements to reflect future events or developments.