# Genmab Reduces Fair Value of Minnesota Manufacturing Facility to Zero, Moves Sale into 2013 and Updates 2012 Guidance

## Company Announcement

- **Fair value of the manufacturing facility reduced to zero**
- **Non-cash impairment charge of DKK 331 million (USD 58 million)**
- **Sale now projected in Q1 2013, aggressive sales process proceeding**
- **No impact to guidance from continuing operations**

**Copenhagen, Denmark; December 13, 2012 – Genmab A/S (OMX: GEN) announces a change to the previous guidance from November 7, 2012 to reflect the reduction in value of the Minnesota manufacturing facility and a move of the sale into 2013.**

"There was a lot of activity and interest in the facility over recent months, but no firm offer has been received. Due to the continued uncertainty, we have taken the step to write down the facility to zero and will now enter into an aggressive sales process with the aim of closing a transaction within the next few months," said Jan van de Winkel, Ph.D. Chief Executive Officer of Genmab.

The fair value of the facility less costs to sell has been reduced from USD 58 million to zero, this results in the recognition of a non-cash impairment charge of approximately DKK 331 million at a USD/DKK exchange rate of 5.7054.

Genmab is now proceeding with an aggressive sales process aided by its agent PharmaBioSource. Additional information on the opportunity to acquire this facility can be found on the dedicated website http://genmab-facility.com.

Following the reduction in the fair value of the Minnesota facility and the transfer of a projected sale to the first quarter of 2013, Genmab is changing the 2012 financial guidance as previously announced on November 7, 2012. There are no changes to the results from continuing operations or to the year end cash balance excluding the sale of the facility.

## OUTLOOK

| MDKK | Revised Guidance Dec. 13, 2012 | Previous Guidance Nov. 7, 2012 |
|---|---|---|
| Revenue | 450 – 475 | 450 – 475 |
| Operating expenses | (600) – (625) | (600) – (625) |
| Operating loss continuing operations | (125) – (175) | (125) – (175) |
| Discontinued operation | (371) | (40) |
| Cash position beginning of year* | 1,105 | 1,105 |
| Cash used in operations | (360) – (385) | (360) – (385) |
| Cash from license & share subscription agreement | 800 | 800 |
| Cash position at end of year* excl. MN facility sale | 1,520 – 1,545 | 1,520 – 1,545 |
| Facility sale | - | 320 |
| Cash position at end of year* | 1,520 – 1,545 | 1,840 – 1,865 |
| **Cash, cash equivalents, and marketable securities* | | |

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## Continuing Operations

Our guidance for continuing operations remains the same as the Guidance issued on November 7, 2012.

## Discontinued Operation

The discontinued operation guidance of DKK 371 million includes a non-cash impairment charge of DKK 331 million and DKK 40 million relating to the ongoing running costs. The previous guidance of DKK 40 million only included the ongoing running costs.

The non-cash impairment of DKK 331 million reflects a reduction in the fair value of the facility, less cost to sell, from USD 58 million, to zero.

## Cash Position

As of December 31, 2011, we had a cash position of DKK 1,105 million and are projecting a cash burn from operations in 2012 of DKK 360 – 385 million. This is the same as the previous guidance.

With additional cash of approximately DKK 800 million from the equity investment and upfront payment related to the daratumumab license agreement and share subscription agreement, we are projecting a cash position at the end of 2012, excluding the facility sale, of DKK 1,520 – 1,545 million. Again, this is the same as the previous guidance.

We are now projecting the sale of the manufacturing facility in Q1 2013 but have written the fair value down to zero. The projected cash position at the end of 2012 in the revised guidance is therefore DKK 1,520 – 1,545 million, compared to the previous guidance of DKK 1,840 – 1,865 million. The previous guidance assumed a sale of the facility in 2012 for USD 58 million, approximately DKK 320 million at an assumed USD/DKK exchange rate of 5.50.

In addition to factors already mentioned, the estimates above are subject to change for numerous reasons, including but not limited to, the timing and variation of development activities (including activities carried out by our collaboration partners) and related income and costs; fluctuations in the value of our marketable securities; Arzerra sales and corresponding royalties to Genmab; and currency exchange rates.

**About Genmab A/S**

Genmab is a publicly traded, international biotechnology company specializing in the creation and development of differentiated human antibody therapeutics for the treatment of cancer. Founded in 1999, the company's first marketed antibody, ofatumumab (Arzerra®), was approved to treat chronic lymphocytic leukemia in patients who are refractory to fludarabine and alemtuzumab after less than eight years in development. Genmab's validated and next generation antibody technologies are expected to provide a steady stream of future product candidates. Partnering of innovative product candidates and technologies is a key focus of Genmab's strategy and the company has alliances with top tier pharmaceutical and biotechnology companies. For more information visit www.genmab.com.

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*This Company Announcement contains forward looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward looking statements. Actual results or performance may differ materially from any future results or performance expressed or implied by such statements. The important factors that could cause our actual results or performance to differ materially include, among others, risks associated with pre-clinical and clinical development of products, uncertainties related to the outcome and conduct of clinical trials including unforeseen safety issues, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. For a further discussion of these risks, please refer to the risk management sections in Genmab's most recent financial reports, which are available on www.genmab.com. Genmab does not undertake any obligation to update or revise forward looking statements in this Company Announcement nor to confirm such statements in relation to actual results, unless required by law.*