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Press Release

UCB Full-Year 2006 Financial Results

Strong Business Performance and Strategic Move to Become a Next Generation Biopharma Leader

- **Revenue growth up 8% to 2.5 billion euro and on like-for-like basis, up 11%**
- **Growth driven by leading Keppra® performance in the USA and Europe, with net sales up 36% to 761 million euro. Xyzal® sales up 13% and Zyrtec® continued to grow in the U.S.A. up 12%**
- **Investment in Research & Development up 21% to 615 million euro focusing primarily on Cimzia™ in various indications, *brivaracetam*, Keppra®XR, CDP791, CDP323 and *sclerostin***
- **Profit from continuing operations up 36% to 367 million euro, including 90 million euro capital gains after tax on the sale of non-core business and products off set by 30 million euro of after tax other non recurring charges. On a like-for-like basis, profit from continuing operations up 13%**
- **Proposed gross dividend of 0.90 euro per share (net 0.675 euro per share)**
- **UCB's and SCHWARZ PHARMA's ("Schwarz") balance sheets have been consolidated as at 31 December 2006. UCB's 2006 income statement does not include any material impact from the acquisition of Schwarz, with the exception of some acquisition related financial and integration charges**

Brussels (Belgium), 28 February 2007, 7:00 AM CET – UCB today announced its financial results for the 12 month period ended 31 December 2006.

Roch Doliveux, CEO of UCB, commented, "2006 was another landmark year for UCB where we made significant progress in implementing the strategy set up three years ago of becoming a next generation biopharmaceutical leader focused on selected severe diseases. UCB generated double-digit profit growth despite increasing investments in R&D and Sales & Marketing. Keppra® achieved outstanding growth and is now UCB's number one product and market leader in the USA and Europe for the treatment of epilepsy. UCB's Allergy franchise continued to perform well and significant progress was also made in our R&D pipeline."

"We are especially delighted about the successful acquisition of Schwarz Pharma, which gives UCB a global leadership position in neurology with a rich pipeline to accelerate growth and a strengthened and more diverse product portfolio."

Financial highlights[1]

			Growth	
million euro	**2006**	**2005**	**Actual rate**	**Constant rate**
Net sales	2 188	2 043	7%	8%
Royalty Income	335	298	12%	13%
Revenue	**2 523**	**2 341**	**8%**	**9%**
Gross profit	**1 982**	**1 791**	**11%**	**12%**
Gross margin	78.6%	76.5%		
Marketing & Selling expenses	(733)	(653)	12%	14%
Research & Development expenses	(615)	(511)	21%	21%
General & Administration expenses	(196)	(191)	3%	3%
Other operating income	37	1	-	-
Total operating expenses	**(1 507)**	**(1 354)**	**11%**	**12%**
Recurring EBITA	**511**	**475**	**8%**	**9%**
Recurring EBIT	**475**	**437**	**9%**	**10%**
Impairment charges	(4)	(67)	-	-
Restructuring expenses	(22)	(39)	-	-
Other income	122	33	-	-
EBIT	**571**	**364**	**57%**	**59%**
Profit from continuing operations	**367**	**270**	**36%**	**37%**
Earnings per share (in euro)	2.54[2]	1.88		
Net debt	(2 111)[3]	(591)		

As of 31 December 2006 UCB owned 87.6% of Schwarz Pharma AG (or 86.8% on a diluted basis). Therefore UCB has consolidated the balance sheet of Schwarz as of 31 December 2006. As from 1 January 2007, UCB will consolidate the full financial results of Schwarz.

The 2006 Financial Statements for which the audit work has been substantially completed (balance sheet, income statement and cash flow statement according to IFRS) are attached to this press release. The 2006 Financial Review including pro forma 2006 figures for UCB and Schwarz is now available on the UCB website (www.ucb-group.com).

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1 Due to differences in rounding some financial data may not add up

2 From continuing operations, based on number of shares pre-acquisition of Schwarz

3 Including acquisition debt financing and Schwarz's net cash position

Operating business: Strong overall performance

Revenue grew by 8% to 2,523 million euro during 2006. On a like-for-like basis (i.e. excluding revenue from divested products), the increase was 11%. **Net sales** increased by 7% to 2,188 million euro. **Royalty income** grew by 12% to 335 million euro with related royalty expenses reaching 61 million euro, up 10%.

UCB's anti-epileptic drug, **Keppra®**, continued its excellent growth increasing net sales by 36% to 761 million euro, enhancing its market position in the treatment of epilepsy, and particularly its leadership position in the U.S.A. Keppra® is now also market leader in Europe. Sales growth was reinforced by the launch of a number of new indications and the launch of a new intravenous formulation in the U.S.A. and Europe.

UCB's **Allergy franchise** grew by 2% to 704 million euro during 2006, mainly driven by the continuing solid growth of Zyrtec®'s U.S. in-market sales which reached 1.56 billion U.S. dollars. Reported U.S. sales of Zyrtec® by UCB were up 12% to 273 million euro. Xyzal® net sales grew by a solid 13% worldwide to 143 million euro as Xyzal® continued to improve its market penetration. UCB's allergy franchise, comprising Xyzal® and Zyrtec®, is market leader in 14 European countries.

Net sales of UCB's "**Other products**" decreased by 9% to 722 million euro, impacted by the divestment of the peptides manufacturing business (Bioproducts), the sale of Gastrocrom™, OTC Delsym™ and the return of the Corifeo™ rights as well as a weaker cough and cold season for Tussionex™ in the U.S.A. Excluding the sales of these divested products, net sales of the "Other products" were stable.

Gross profit improved by 11% to 1,982 million euro, driven by the solid sales growth, a better product mix and further manufacturing enhancements.

Marketing and selling expenses increased by 12% to 733 million euro, representing 33.5% of net sales. This increase is driven by further preparation activities for the launch of Cimzia™, the reclassification of discounts to marketing and selling expenses in Japan following Zyrtec®'s new co-distribution agreements as well as new product launches such as Equasym™ XL and Xyrem® in Europe. **Research & development expenses** increased by 21%, reaching 615 million euro or 28% of net sales. The increase reflects substantial investments in clinical trials of Cimzia™ in rheumatoid arthritis and psoriasis, in clinical programmes of Keppra® successors and in promising early stage pipeline projects. Investments were also made to further strengthen UCB's expertise in medical affairs. **General and administrative expenses** increased by 3% to 196 million euro.

Other operating income amounted to 37 million euro, principally reflecting the 24 million euro payment by Biogen IDEC under the CDP323 collaboration agreement.

After amortisation of intangible assets (36 million euro), **recurring EBIT** grew by 9% to 475 million euro.

The 2006 operating results have also been impacted by **non-recurring items**:

- Impairment charges: UCB recognised a 4 million euro impairment charge in 2006 on intangible and tangible assets, mainly due to the discontinuation of CDP435
- Restructuring expenses: expenses of 22 million euro were incurred, mainly related to the closure of a manufacturing site in Spain, the further streamlining of UCB's manufacturing capabilities and initial integration expenses related to the Schwarz acquisition
- Other income/expenses: The 2006 divestments of non-core activities and products generated capital gains of 135 million euro before income taxes, offset by the recognition of miscellaneous provisions.

After including these non-recurring items, **EBIT** rose to 571 million euro, up 57%.

Net financial charges amounted to 54 million euro, impacted by hedging related charges and 15 million euro of one-off financial charges, as a result of the mandatory early repayment of prior loans as well as commitment fees and financing charges related to the Schwarz acquisition.

The average **tax rate** on recurring activities amounted to 27% in 2006 (in 2005: 27%). The tax rate on non-recurring items averages 37% as a result of the full taxation of the capital gains on asset sales, mainly in the U.S.A. and Belgium.

The 2006 **net profit from continuing operations** increased by 36% to reach 367 million euro. The divestment of non-core business and products resulted in after tax capital gains of 90 million euro, partly off-set by other after tax non-recurring charges of 30 million euro. On a like- for-like basis (i.e. excluding the after tax contribution from divested products, and adjusted for non-recurring items, one-off financial charges as well as the Biogen IDEC milestone payment), **net profit** reached 295 million euro, up 13%.

Net debt

On 31 December 2006, the net debt of 2,111 million euro included the debt contracted by UCB to acquire 87.6% of Schwarz' shares as well as Schwarz's net cash position of 263 million euro. Without the incremental debt assumed for this acquisition, UCB's net debt would have been reduced from 591 million euro at the end of 2005 to 339 million euro at the end of 2006.

Cash flow

UCB's continuing operations generated a healthy operating cash flow of 321 million euro during 2006 and a negative free cash flow of 1,328 million euro. Excluding the acquisition of Schwarz and the capital gains on the sale of non-core business and products, the free cash flow would be positive and amount to 198 million euro.

Proposed 2006 dividend

The Board of Directors recommends a gross dividend of 0.90 euro per share (net dividend of 0.675 euro per share) compared with 0.88 euro last year (net dividend of 0.66 euro per share), an increase of 2.3%. Following UCB's capital increases on 15 December 2006 and 8 January 2007, and increase on 1 March 2007 in the context of UCB's stock option plans, 183,361,252 shares will be entitled to a dividend payment. Subject to the approval by UCB's Annual Shareholders' Meeting on 26 April 2007, the dividend will be payable on 30 April 2007.

Update on the acquisition of Schwarz Pharma

UCB today owns 87.6% of the share capital of Schwarz (or 86.8% fully diluted including treasury shares). The Domination, Profit and Loss Transfer Agreement process is progressing according to plan and the Annual Shareholders' Meeting of Sshwarz Pharma is scheduled in May 2007. More than 30 joint integration teams have started their planning work. The organizations are in the process of designing the organizational and management structures for the post domination agreement period. Most senior level management of the new organization have been advised of their new role in the new operations. The synergy target of at least 300 million euro after three years has been validated.

Outlook 2007

In 2007, UCB's and Schwarz' financial accounts will be fully consolidated. 2007 is a year of continuous progress in our strategy and substantial investment in UCB's future growth. Given the uncertainties over the date of a potential Domination, Profit and Loss Transfer Agreement in this transition year, conservative guidance for the combined group is given.

Revenue is expected to grow significantly in 2007 as a result of the Schwarz acquisition. On a pro forma basis, net sales will grow at mid-single digit compared to 2006 and will be partly offset by a decrease in royalty income due to the remaining effect of the Boss patent expiry in 2006. This is expected to result in marginal growth in revenue compared with 2006 pro forma, assuming key trading currencies remain stable. The combined Research & Development and Selling, General & Administration expenses are expected to grow marginally, reflecting on the one hand the significant investment in pre-launch and launch activities for Neupro® in Parkinson's disease and Cimzia™ in Crohn's disease and rheumatoid arthritis as well as in advancing the R&D pipeline, and on the other hand the benefits of the combined synergies and other cost savings.

As a result of the acquisition, UCB's operating profit is expected to increase significantly in 2007. This positive contribution from UCB's business will however be impacted by higher amortization charges and financial expenses in connection with the Schwarz acquisition. In addition, as expected in the first year of a major acquisition, significant one-time charges (including pre-tax, non-cash fair value adjustments on inventory and restructuring charges) will impact the profit.

R&D update

Central Nervous System (CNS)

Considerable progress has been made to maximise the potential of **Keppra®** for the treatment of epilepsy.

- The intravenous formulation was launched in Europe and in the U.S.A.
- Keppra® was launched for the adjunctive treatment of myoclonic seizures in patients with juvenile myoclonic epilepsy (JME) in Europe and in the U.S.A.
- Keppra® was launched in Europe as monotherapy in treatment of partial onset seizures in patients more than16 years old
- A Keppra® 1000 mg tablet was launched in the U.S.A.
- Keppra® was approved by the EMEA in January 2007 as adjunctive therapy in the treatment of primary generalised tonic-clonic seizures. The marketing authorisation application for this indication was filed at the FDA in May 2006.
- Keppra® was launched in South Korea in January 2007. The launch of Keppra® in China is scheduled for the second quarter of 2007.

Phase III clinical trials on **Keppra® XR**, the extended release formulation of Keppra®, are ongoing and results are expected in the fourth quarter of 2007.

Brivaracetam showed positive Phase II clinical data in the adjunctive treatment of partial onset seizures in epilepsy, thus potentially further strengthening the future of UCB's epilepsy franchise. Phase III trials for *brivaracetam* are expected to commence in the second quarter of 2007.

The **106607** programme failed to meet UCB's criteria to progress into Phase II and further clinical development has been discontinued.

An Initial New Drug application (IND) for **CDP323**, an orally active small molecule α4-integrin inhibitor, was filed with the FDA in January 2007. A Phase II study for the treatment of relapsing-remitting multiple sclerosis is expected to start in collaboration with Biogen IDEC in the second quarter of 2007.

Allergy

UCB initiated the FDA regulatory approval process to market **Xyzal®** for seasonal allergic rhinitis, perennial allergic rhinitis, and chronic idiopathic urticaria. Active preparation for launch in the U.S.A. has commenced together with Xyzal®'s co-promotion partner sanofi-aventis. Targeted launch in the U.S.A. is expected during the second half of 2007.

Inflammation

Cimzia™ (certolizumab pegol, CDP870) demonstrated positive Phase III results in **Crohn's disease**. The Biologics License Application (BLA) was submitted at the end of February 2006 to the FDA for approval of Cimzia™ for treatment of patients with Crohn's disease. On 21 December 2006 UCB received a complete response letter from the FDA requesting additional information and clarification on data submitted in UCB's BLA. A meeting with the FDA to discuss the responses to the letter is scheduled for March 2007. UCB also applied for a marketing authorisation by the EMEA in April 2006 and anticipates approval in Europe late 2007. An extensive Phase IIIb programme in Crohn's disease is ongoing in both U.S.A. and Europe:

- Results of the PRECiSE 3 and PRECiSE 4 long-term studies expected to be presented at the Digestive Disease Week (DDW) congress in May 2007.
- Results of WELCOME study, involving patients who have lost response or who are intolerant to infliximab, and of MUSIC study, a mucosal healing study, expected in late 2007.

Cimzia™ in the treatment of **rheumatoid arthritis** showed positive Phase III results demonstrating significant improvement in signs and symptoms and significant reduction in joint damage supported by strong radiographic data. Both phase III studies, RAPID 1 (027) and RAPID 2 (050), met their primary and co-primary endpoints with statistical significance. Filing for this indication is planned during the second half of 2007.

The phase II trial (040) of **Cimzia™** in **psoriasis** has demonstrated strong efficacy in this twelve-week study in the treatment of moderate to severe chronic plaque psoriasis. A retreatment study (044) is ongoing with results expected in the third quarter of 2007.

The previously announced clinical hold on the ***epratuzumab*** programme in systemic lupus erythematosus (SLE) has now been lifted as expected. A new contract manufacturer has been identified for the production of the future Phase III and commercial supplies.

Oncology

CDP791, a potential anti-angiogenic treatment of various cancer types, in combination with standard chemotherapy, is currently undergoing a Phase II study in non-small cell lung cancer. Results are expected within a few weeks. After its recent agreement with Imclone Systems, UCB now has full rights to intellectual property over this compound for vascular endothelial growth factor receptor-2.

Other therapeutic areas

Anti-sclerostin (CDP7851): UCB's collaboration with Amgen to develop a novel anabolic therapy for bone loss disorders such as osteoporosis is progressing. The programme is supported by human- genetic and pre-clinical data demonstrating that this novel antibody approach inhibiting *sclerostin*, has the potential to transform the treatment of bone disease. Phase I studies are currently underway.

Financial Calendar

Annual Shareholders' Meeting	26 April 2007
Dividend payment	30 April 2007
Half-Year 2007 Financial Results	26 July 2007

About UCB

Headquartered in Brussels (Belgium), UCB (www.ucb-group.com <http://www.ucb-group.com>) is a leading global biopharmaceutical company dedicated to the research, development and commercialisation of innovative pharmaceutical and biotechnology products in the fields of central nervous system disorders, allergy/respiratory diseases, immune and inflammatory disorders and oncology - UCB focuses on securing a leading position in severe disease categories. Employing more than 8400 people in over 40 countries, UCB achieved revenue of 2.5 billion euro in 2006. UCB is listed on the Euronext Brussels Exchange and owns 87.6% of Schwarz Pharma.

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Forward-Looking Statement

This news release contains forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which might cause the actual results, financial condition, performance, or achievements of UCB or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward looking statements. The statements in this press release represent UCB's expectations and beliefs as of the date of this press release. UCB anticipates that subsequent events and developments may cause these expectations and beliefs to change. However, while UCB may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing UCB's expectations or beliefs as of any date subsequent to the date of this press release.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December million euro	2006		2005
Continuing operations			
Net sales	2 188		2 043
Royalty income	335		298
Revenue	**2 523**		**2 341**
Cost of sales	(541)		(550)
Gross profit	**1 982**		**1 791**
Marketing & Selling expenses	(733)		(653)
Research & Development expenses	(615)		(511)
General & Administrative expenses	(196)		(191)
Other operating income and expenses	37		1
Operating profit before impairment, restructuring and other income and expenses	**475**		**437**
Impairment of non-financial assets	(4)		(67)
Restructuring expenses	(22)		(39)
Other income and expenses	122		33
Operating profit	**571**		**364**
Financial income	15		46
Financing costs	(69)		(48)
Profit before income taxes	**517**		**362**
Income tax expense	(150)		(92)
Profit from continuing operations	**367**		**270**
Discontinued operations			
Profit from discontinued operations	-		**485**
Profit	**367**		**755**
Attributable to:			
Equity holders of UCB S.A.	367		755
Minority interest	-		-
Basic earnings per share (euro)			
from continuing operations	2.54		1.88
from discontinued operations	-		3.38
Total basic earnings per share	**2.54**		**5.26**
Diluted earnings per share (euro)			
from continuing operations	2.48		1.85
from discontinued operations	-		3.32
Total diluted earnings per share	**2.48**		**5.17**

CONSOLIDATED BALANCE SHEET

At 31 December million euro	2006		2005
ASSETS			
Non-current assets			
Intangible assets	2 537		721
Goodwill	4 346		1 663
Property, plant and equipment	666		500
Deferred income tax assets	110		176
Employee benefits	14		17
Financial and other assets	470		337
Total non-current assets	**8 143**		**3 414**
Current assets			
Inventories	432		261
Trade and other receivables	800		554
Income tax receivables	91		53
Financial and other assets	58		51
Cash and cash equivalents	974		424
Total current assets	**2 355**		**1 343**
Total assets	**10 498**		**4 757**
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to UCB shareholders	4 574		2 409
Minority interest	204		-
Total equity	**4 778**		**2 409**
Non-current liabilities			
Interest-bearing loans and borrowings	3 049		1 024
Deferred income tax liabilities	845		291
Employee benefits	146		112
Provisions	124		121
Other liabilities	35		53
Total non-current liabilities	**4 199**		**1 601**
Current liabilities			
Interest-bearing loans and borrowings	65		31
Provisions	70		52
Trade and other liabilities	1 142		565
Income tax payables	244		99
Total current liabilities	**1 521**		**747**
Total liabilities	**5 720**		**2 348**
Total equity and liabilities	**10 498**		**4 757**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December million euro	2006	2005
Profit from continuing operations	**367**	**270**
Depreciation of property, plant and equipment	54	54
Amortisation of intangible assets	36	38
Impairment of non-financial assets	4	67
Loss/(gain) on disposals other than property, plant and equipment	(77)	-
Equity settled share-based payment expense	5	2
Profit from disposed operations, other than discontinued operations	(59)	(26)
Net interest (income)/expense	51	38
Impairment of financial assets	-	3
Net non-cash financing costs	60	(38)
Financial instruments – change in fair value	(7)	(2)
Dividend income	(2)	(2)
Income tax expense	150	92
Cash flow from operating activities before changes in working capital, provisions and employee benefits	**582**	**496**
Decrease/(increase) in inventories	(14)	(14)
Decrease/(increase) in trade & other receivables and other assets	(125)	(20)
Increase/(decrease) in trade & other payables	153	(38)
Net movement in provisions and employee benefits	(37)	11
Net cash generated from operating activities	**559**	**435**
Interest received	78	33
Interest paid	(140)	(57)
Income taxes paid	(176)	(121)
CASH FLOW FROM OPERATING ACTIVITIES	**321**	**290**
Acquisition of intangible assets	(65)	(40)
Acquisition of property, plant and equipment	(65)	(86)
Acquisition of subsidiaries, net of cash acquired	(1 767)	-
Acquisition of other investments	(4)	(4)
Proceeds from sale of intangible assets	116	-
Proceeds from sale of property, plant and equipment	5	8
Proceeds from sale of subsidiaries, net of cash disposed	-	9
Proceeds from sale of businesses, net of cash disposed	122	12
Proceeds from sale of other investments	7	3
Proceeds from/(payments of) loans granted	-	2
Dividends received	2	2
CASH FLOW FROM INVESTING ACTIVITIES	**(1 649)**	**(94)**
Proceeds from borrowings	3 029	900
Repayment of borrowings	(990)	(2 100)
Payment of finance lease liabilities	(1)	(2)
Purchase of treasury shares	(29)	(10)
Dividend paid to UCB shareholders net of dividend paid on own shares	(125)	(123)
CASH FLOW FROM FINANCING ACTIVITIES	**1 884**	**(1 335)**
CASH FLOW FROM DISCONTINUED OPERATIONS	**(12)**	**1 062**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**544**	**(77)**
Cash and cash equivalents less bank overdrafts at the beginning of the year	395	467
Effect of exchange rate fluctuations	(5)	5
CASH AND CASH EQUIVALENTS LESS BANK OVERDRAFTS AT THE END OF THE YEAR	**934**	**395**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

million euro	Share capital & share premium	Treasury shares	Retained earnings	Other reserves	Cumulative translation adjustments	Minority interest	Total stockholders' equity
Balance at 1 January 2005	438	(85)	1 506	5	(224)	5	1 645
Available-for-sale financial assets – net of tax	-	-	-	12	-	-	12
Cash flow hedges – net of tax	-	-	-	(16)	-	-	(16)
Currency translation adjustments	-	-	-	-	149	-	149
Net income/(expense) recognised directly in equity	-	-	-	(4)	149	-	145
Profit	-	-	755	-	-	-	755
Total recognised income/(expense)	-	-	755	(4)	149	-	900
Dividend relating to 2004	-	-	(125)	-	-	-	(125)
Share-based payments	-	-	4	-	-	-	4
Treasury shares	-	(10)	-	-	-	-	(10)
Minority interests following divestiture of subsidiaries	-	-	-	-	-	(5)	(5)
Balance at 31 December 2005	438	(95)	2 140	1	(75)	-	2 409
Balance at 1 January 2006	438	(95)	2 140	1	(75)	-	2 409
Available-for-sale financial assets – net of tax	-	-	-	16	-	-	16
Cash flow hedges – net of tax	-	-	-	39	-	-	39
Currency translation adjustments	-	-	-	-	(49)	-	(49)
Net income/(expense) recognised directly in equity	-	-	-	55	(49)	-	6
Profit	-	-	367	-	-	-	367
Total recognised income/(expense)	-	-	367	55	(49)	-	373
Dividend relating to 2005	-	-	(125)	-	-	-	(125)
Share-based payments	-	-	5	-	-		5
Treasury shares	-	(29)	-	-	-		(29)
Issue of share capital – business combination	1 710						1 710
IFRS acquisition value surplus arising on business combination	-	-	-	231	-	-	231
Minority interest arising on business combination	-	-	-	-	-	204	204
Balance at 31 December 2006	2 148	(124)	2 387	287	(124)	204	4 778