Full Year 2008 Financial Results

UCB continues on track

- **Despite the loss of Zyrtec® business in the U.S. after a full year of generic competition, a stable revenue of EUR 3.6 billion (-1% actual, +4% at constant exchange rates) was achieved**
- **Strong underlying profitability (recurring EBITDA) of EUR 733 million (-1% actual, +6% at constant exchange rates)**
- **Reported net profit of EUR 42 million (-74% actual, -67% at constant exchange rates) after substantial pre-tax one-off, non-recurring, restructuring (EUR 272 million) and impairment (EUR 160 million) charges**
- **7 regulatory approvals, including three new molecular entities in the U.S.**
- **6 regulatory filings across major markets: U.S., Europe and Japan**
- **SHAPE: major achievements to accelerate the transformation of the organisation and to increase its focus on UCB's core disease areas, products and geographies**
- **Outlook 2009: revenue expected to reach approximately EUR 3.3 billion following the patent expiry of Keppra® in the U.S.; underlying profitability target (recurring EBITDA) increased to greater than EUR 680 million; net profit expected to exceed EUR 130 million, excluding capital gains from the already announced divestment of non-core assets**
- **Stable gross dividend of EUR 0.92 per share recommended by Board of Directors**

Brussels (Belgium), March 3, 2009 – 7:00 AM (CET) - **press release, regulated information -** UCB announced today its consolidated full year 2008 financial results. It was a year of solid operational achievement which accelerated the transformation of the company towards becoming a focused biopharmaceutical company.

"UCB has completed a year of significant execution. We delivered stable revenue and strong underlying profitability, successfully absorbing the anticipated loss from the major patent expiry of Zyrtec® in the U.S. in December 2007 and from the loss of exclusivity for Keppra® in the U.S. in November 2008. This included the approval of three new molecular entities in the U.S. providing the fuel for future growth", said Roch Doliveux, Chief Executive Officer, UCB. "With the launch of the SHAPE programme, UCB continued its transformation into a focused, specialist biopharma company concentrated on severe diseases of the central nervous system and immunology, thereby improving its competitiveness and profitability, and sharpening its ability to bring benefits to patients with severe disease."

Financial performance for the full year 2008

Absorbing the expected loss of the Zyrtec® (*cetirizine*) patent and exclusivity for Keppra® (*levetiracetam)* in the U.S., total revenue reached EUR 3 601 million, remaining stable compared to 2007 (-1% actual, +4% CER) *.

Net sales decreased to EUR 3 027 million (-5% actual, -2% CER), driven largely by the decline to EUR 249 million (-49% actual, -50% CER) for allergy drug Zyrtec®. This reflects the U.S. patent expiry as well as a negative currency impact of EUR 104 million for the year.

In spite of the expected generic competition in the U.S. which started in early November 2008, the anti-epileptic drug, Keppra® *(levetiracetam),* continued its strong growth with total sales up by 23% (+30% CER) to EUR 1 266 million. This was driven by strong double-digit growth in Europe, in the Rest of the World, and in the U.S. which was helped by the launch of Keppra® XR in September. The net sales of allergy product Xyzal® *(levocetirizine)* outside the U.S. reached EUR 173 million, slightly higher than in 2007 (+3% actual,+4% CER) and also generated additional 'Other Revenue' for UCB of EUR 39 million in the U.S. from the partnership with sanofi-aventis. Net sales of the anti-tussive, Tussionex® *(hydrocodone polistirex and chlorpheniramine polistirex),* grew by 29% (+38% CER) to EUR 147 million benefiting from a more severe cough and cold season early in the year.

UCB launched Cimzia® (*certolizumab pegol*) for moderate to severe Crohn's disease in January in Switzerland and in April in the U.S. Year-end net sales were EUR 10 million reflecting solid initial uptake in the important anti-TNF drug naïve patient population in Crohn's disease in the U.S. In September 2008, after the European regulatory approval of Vimpat® (*lacosamide*) for adjunctive therapy in partial-onset epilepsy, Vimpat® was launched in Germany and the UK. Uptake has been similar to Keppra® at the time of its launch. Sales at year-end were EUR 2 million.

Royalty income of EUR 396 million increased by 35% (+53% CER) mainly due to the inclusion of a EUR 205 million settlement reached in October 2008 with a third party. This settlement, a recognition of deferred revenue from a biotechnology intellectual property agreement, compensated for the fall in royalty income from the patent-expired Zyrtec® in the U.S.

Other Revenue, which comprises milestone payments and profit share contributions as well as contract manufacturing for third parties, amounted to EUR 178 million, up 25% (+30% CER), driven by payments from partners such as Otsuka and sanofi-aventis.

Gross profit of EUR 2 455 million is 5% lower than in 2007 (0% CER) with cost of sales of EUR 1 146 million, up 9% (+13% CER). Cost of sales was negatively impacted by a significant increase in royalty expense to EUR 205 million (+241% actual, +287% CER) due largely to the EUR 134 million royalty expense recognised as part of the above-mentioned biotechnology intellectual property settlement.

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* *Actual= change from previous year unadjusted for foreign currency impact*

CER= change from previous year adjusted for constant exchange rates

Marketing & Selling expenses of EUR 928 million were down by 12% (-10% CER) compared to prior year, driven by substantial incremental synergies from the integration of Schwarz Pharma, as well as cost containment measures on mature products, more than off-setting additional investments behind the various product launches and the preparation for upcoming launches.

Research & Development expenses of EUR 767 million were 3% lower (+4% CER) reflecting a reduction in R&D infrastructure expenses, while at the same time sustaining investment in several late stage clinical studies, as well as in drug discovery research.

General & Administrative expenses of EUR 227 million were down 15% (-13% CER), resulting from the full impact of synergies following the acquisition of Schwarz Pharma.

Recurring operating profit (recurring EBIT) was EUR 531 million, a growth of 11% over the previous year (+21% CER), before restructuring and non-recurring expenses. Non-recurring expenses amounted to EUR 417 million, or EUR 281 million higher than last year, mainly driven by significant restructuring expenses and an increase in impairment charges resulting from the SHAPE programme.

As a result, operating profit (EBIT) decreased by 67% (-55% CER) to EUR 113 million.

Underlying profitability, measured by recurring EBITDA, reached EUR 733 million (-1% actual, +6% CER) reflecting the strength of the base business offsetting part of the Zyrtec® patent expiry impact in the U.S., helped also by the biotechnology intellectual property settlement and the earlier than expected realisation of the Schwarz Pharma integration-related synergies as well as other cost containment efforts.

Net financial expenses increased by 25% to EUR 156 million as a result of increased debt connected to the continued acquisition of Schwarz Pharma shares under the Domination and Profit Transfer Agreement.

Income tax in 2008 was a EUR 30 million credit. This change from a EUR 60 million charge in 2007 is mainly due to reduced profit before tax, to the integration of Schwarz Pharma entities into UCB entities, to the finalisation of certain tax audits, and to the recognition of previously unrecognised deferred tax assets. The average tax rate on recurring activities was 28% in 2008 compared to 33% in the previous year.

Net profit amounted to EUR 42 million, down 74% (-67% CER), reflecting stable underlying profitability and an increase of EUR 417 million in non-recurring expenses.

Balance Sheet and Cash Flow

As of 31 December 2008, UCB's total liabilities and shareholders equity amounted to EUR 9 524 million, compared to EUR 9 682 million at year-end 2007. The company's net debt position as of 31 December 2008 increased by 28% to EUR 2 443 million. The net debt increase of EUR 528 million stems mainly from the purchase of additional Schwarz Pharma shares following the tendering of the outstanding minority shareholders' stake in 2008. As of today, UCB holds more than 99% of the shares of Schwarz Pharma.

Cash flow from operating activities reached EUR 366 million. Cash flow from investing activities amounted to an outflow of EUR 673 million, mainly due to further purchases of Schwarz Pharma shares (- EUR 505 million) as well as investments in tangible and intangible fixed assets (- EUR 179 million).

Cash flow from financing activities of EUR 278 million was impacted by dividend payments (-EUR 166 million) and the increase in debt used to purchase Schwarz Pharma shares (+EUR 444 million).

Dividend

The Board of Directors recommends a gross dividend of EUR 0.92 per share (net dividend of EUR 0.69 per share), the same as in 2007, reflecting UCB dividend policy of being consistent with the long term growth prospects of the Company.

SHAPE

In August 2008, UCB launched its SHAPE programme designed to accelerate the transformation of the company and to increase its focus on severe diseases of the central nervous system and immunology, simplify its structure, re-allocate resources to key projects, products and markets, thereby sharpening the company's ability to bring benefit faster to patients in need, as well as increasing its competitiveness and profitability. By early 2009, the company had largely implemented the reduction of its workforce by 17% to around 10 000 employees. It had entered into a strategic alliance with Wilex to out-source the development of its pre-clinical oncology projects, outside the current focus of UCB, and had concluded a transaction with GlaxoSmithKline for the divestiture of smaller non-strategic emerging markets. UCB also divested non-core products Equasym™ IR/XL and Somatostatine-UCB®.

UCB NewMedicines™, the new drug discovery to proof of concept organisation, was created in 2008. Demonstrating its strategy to work increasingly with external parties and academic collaborators, it has announced the initiation of a number of new drug discovery partnerships. New partners include: BioSeek, deCODE Chemistry & Biostructures, Inogent (a GVK BIO company), Proteros Biostructures, SAI Advantium and King's College, London.

R&D Update

2008 was a year of multiple regulatory milestones and first approvals for UCB. With the approval in the U.S. of Cimzia®, Vimpat® and Toviaz® (licensed to Pfizer), UCB gained approval for three new molecular entities (NME's) in the largest pharmaceutical market in one year, making UCB the leading biopharmaceutical company for NME approvals in the U.S. in 2008.

UCB obtained the following seven regulatory approvals and one pediatric exclusivity in 2008:

- Cimzia® for the treatment of Crohn's disease in the U.S.
- Keppra® XR for adjunctive therapy in epilepsy in the U.S.
- Neupro® for the treatment of restless leg syndrome (RLS) in the EU
- Vimpat® for adjunctive therapy in epilepsy in the EU
- Vimpat® for adjunctive therapy in epilepsy in the U.S.
- Xyzal® oral solution, for the treatment of allergy in the U.S.
- Toviaz® for the treatment of overactive bladder in the U.S. (licensed to Pfizer)
- Keppra® paediatric exclusivity in epilepsy in the U.S.

Additionally:
- Neupro® received a Complete Response Letter for Parkinson's disease and RLS in the U.S
- *lacosamide* received a 'non-approvable' letter for diabetic neuropathic pain in the U.S.

UCB also made six filings with regulatory authorities in 2008:
- Cimzia® for the treatment of rheumatoid arthritis in the U.S.
- Cimzia® for the treatment of rheumatoid arthritis in the EU
- Keppra® for use in children aged one month to four years with epilepsy in the U.S.
- Keppra® for use in children aged one month to four years with epilepsy in the EU
- Keppra® XR for the treatment of epilepsy in the U.S.
- Keppra® for the treatment of epilepsy in Japan

On 31 October 2008, UCB provided an update on its development pipeline. Since then, the company has announced the start of clinical Phase I for the antibody drug candidate CDP6038 which targets IL-6, and positive preliminary top-line results from the first of two phase III clinical trials of *sodium oxybate* in the treatment of fibromyalgia. In their Phase IIa proof-of-concept studies, *lacosamide* in migraine prophylaxis and *rotigotine* in fibromyalgia syndrome did not achieve statistical significance for their primary endpoints.

In 2009, UCB expects to see Phase II results for *epratuzumab* in systemic lupus erythematosus, and Phase III results for *brivaracetam* in epilepsy. During the second quarter of 2009, UCB also expects to deliver the additional data analysis and safety update requested by the FDA for the approval of Cimzia® in rheumatoid arthritis in the U.S.

Financial outlook 2009

Revenue is expected to reach approximately EUR 3.3 billion with generic competition to Keppra® in the U.S., the divestment of non-core assets, and further erosion of the company's mature products being partially off-set by continued progress for Keppra® in Europe and the newly-launched products, Vimpat®, Neupro® and Cimzia®.

As a result of the swift implementation of the SHAPE programme, recurring EBITDA is expected to end the year greater than EUR 680 million, above the previously-announced target of EUR 650 million.

Net profit, as reported, is expected to exceed EUR 130 million, excluding the expected capital gains resulting from the already-announced divestments of early 2009.

FY 2008 – Financial highlights

A full financial report on the consolidated results is available on the UCB website:
http://www.ucb.com/investors/presentations.asp

EUR million	Actual		Variance	
	2008	2007	Actual*	CER*
Revenue	**3 601**	**3 626**	**-1%**	**4%**
Net sales	3 027	3 188	-5%	-2%
Royalty income & fees	396	294	35%	53%
Other revenue	178	144	24%	30%
Gross profit [1]	**2 455**	**2 579**	**-5%**	**0%**
excluding inventory step-up		***2 672***	***-8%***	***-3%***
Marketing & selling expenses	(928)	(1 054)	-12%	-10%
Research & Development expenses	(767)	(788)	-3%	4%
General & administrative expenses	(227)	(267)	-15%	-13%
Other operating income/(expenses)	(1)	10		
Recurring EBIT (REBIT) [1]	**531**	**480**	**11%**	**21%**
excluding inventory step-up		***573***	***-7%***	***1%***
Non recurring income/(expenses)	(417)	(136)		
EBIT (operating profit) [1]	**113**	**344**	**-67%**	**-55%**
Net financial expenses	(156)	(125)		
Profit / (loss) before income taxes	**(43)**	**219**	**-120%**	**-102%**
Income tax expenses	30	(60)		
Profit / (loss) from continuing operations	**(12)**	**159**	**-108%**	**-101%**
Profit from discontinued operations	**55**	**2**		
Net profit (after minority interests)	**42**	**160**	**-74%**	**-67%**
Recurring EBITDA	**733**	**741**	**-1%**	**6%**
Adjusted net profit [2]	**270**	**292**	**-7%**	**-2%**
Number of shares - non-diluted	**180**	**180**		
EPS (€ per non-diluted share)	**0.24**	**0.89**	**-74%**	**-67%**
Adjusted EPS (€ per non-diluted share)	**1.50**	**1.62**	**-7%**	**-2%**

(1) after acquisition related inventory step-up

(2) Adjusted for after-tax impact of one-off items, contribution from discontinued operations and inventory step-up

- actual = change from previous year unadjusted for foreign currency impact
  CER = change from previous year adjusted for constant exchange rates

The Board of Auditors has confirmed that the audit of the consolidated accounts adopted by the Board of Directors has been completed, without revealing any material misstatement. The Board of Auditors has also confirmed that the accounting data reported in the press release is consistent, in all material respects, with the accounts from which it has been derived.

For further information
Antje Witte, Corporate Communications & Investor Relations, UCB
T +32.2.559.9414, antje.witte@ucb.com

Richard Simpson, Investor Relations, UCB
T+32.2.559.9494, richard.simpson@ucb.com

Michael Tuck-Sherman, Investor Relations, UCB
T +32.2.559.9712, michael.tuck-sherman@ucb.com

Nancy Nackaerts, External Communications, UCB
T +32 2 559 9264, nancy.nackaerts@ucb.com

About UCB
UCB, Brussels, Belgium (www.ucb.com) is a biopharmaceutical company dedicated to the research, development and commercialization of innovative medicines with a focus on the fields of central nervous system and immunology disorders. Employing more than 10 000 people in over 40 countries, UCB produced revenue of 3.6 billion euro in 2008. UCB is listed on Euronext Brussels (symbol: UCB).

Forward looking statement
This press release contains forward-looking statements based on current plans, estimates and beliefs of management. Such statements are subject to risks and uncertainties that may cause actual results to be materially different from those that may be implied by such forward-looking statements contained in this press release. Important factors that could result in such differences include: changes in general economic, business and competitive conditions, effects of future judicial decisions, changes in regulation, exchange rate fluctuations and hiring and retention of its employees.