Full-year Report 2010

UCB: 2010 a year of strong delivery

- In 2010, over 203,000 patients –almost doubled compared to 2009- treated with UCB's new core products in over 27 countries across the globe
- Total revenue increased by 3% to EUR 3 218 million driven by the growth of Cimzia®, Vimpat® and Neupro® combined with the solid performance generated by the established product portfolio, including Keppra®
- Strong underlying profitability (recurring EBITDA) of EUR 731 million; +5%. Core earnings per share increased from EUR 1.74 in 2009 to EUR 1.99 in 2010.
- Net profit decreased to EUR 103 million reflecting a strong operational result and higher non-cash, one-time write offs and impairments charges resulting from year end impairment tests partially offset by one-off income taxes. Adjusted net profit increased by 6% to EUR 239 million.
- Gross dividend of EUR 0.98 per share (+ 2%) recommended by the UCB Board of Directors
- Pipeline strengthened and moving ahead with seven phase 3 projects and six phase 2 projects ongoing in CNS and immunology
- Outlook 2011: total revenue expected between EUR 3.0 and 3.1 billion; recurring EBITDA expected to be in the range between EUR 650 and 680 million, Core earnings per share expected to reach approximately EUR 1.60 to EUR 1.70 per share

Brussels (Belgium), 2 March 2011 – 7:00 AM CET – regulated information – UCB announced today its consolidated full year 2010 financial results: 2010 was another year of solid execution and delivery. The new medicines Cimzia®, Vimpat® and Neupro® are enjoying strong growth -exceeding EUR 400 million of net sales in 2010- and all new products in development reached their clinical milestones on time. Not only did the company advance all the projects of late-stage pipeline, it also expanded its early-clinical pipeline thanks to the performance of UCB NewMedicines. Major progress was also made in terms of innovation and efficiency, with new strategic partnerships and an optimized manufacturing network. With all this, UCB reinforced its strong basis for sustainable future growth.

"Following the strong delivery in 2010, UCB has now entered the last part of its transformation into a patient-centric global biopharmaceutical leader with intense growth of our new products and a promising pipeline. The intense growth of Cimzia®, Vimpat® and Neupro® is expected to compensate to a large extent – but not entirely – the effects of the last wave of major patent expiries expected in 2011," said Roch Doliveux, Chief Executive Officer of UCB. "After 2011, UCB is not expected to face major patent expiries for more

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than a decade with Cimzia®, Vimpat® and Neupro® driving UCB's growth and further growth expected to come from new products in our pipeline."

Financial performance for the full year 2010

Total revenue in 2010 increased by 3% to EUR 3 218 million. Net sales amounted to EUR 2 786 million or 4% higher than 2009 due to the solid performance of the three core products Cimzia®, Vimpat®, Neupro®; strong Keppra® sales in Europe as well as *venlafaxine XR* in North America, partially offset by the generic competition to the mature product portfolio.

The core products Cimzia®, Vimpat® and Neupro® delivered solid growth reaching combined sales of EUR 413 million in the first full year of sales in U.S. and Europe with several launches planned for 2011.

Cimzia® (*certolizumab pegol*) for Crohn's disease (CD) and rheumatoid arthritis (RA) reached net sales of EUR 198 million (+163%). Roll-out of Cimzia® continues with now more than 22 000 patients treated worldwide. The new anti-epileptic medicine, Vimpat® (*lacosamide)* reached net sales of EUR 133 million (+190%) with more than 108 000 patients being treated. The Neupro® (*rotigotine*) patch for Parkinson's disease and restless legs syndrome (RLS) had net sales increasing to EUR 82 million (+34%) with more than 73 000 patients treated.

The anti-epileptic drug Keppra® (*levetiracetam*) reached net sales of EUR 942 million (of which EUR 83 million for Keppra® XR in the U.S.) which is 3% higher than last year. Further post-patent expiry erosion in North America, market leadership in Europe and in Rest of World are the factors of this performance. Zyrtec® (*cetirizine*), for allergy, decreased net sales by 15% to EUR 229 million due to the divestment of non-strategic small markets to GlaxoSmithKline (GSK) in the first quarter of 2009. European sales remained stable while Japanese sales decreased by 12%. Xyzal® (*levocetirizine*), for allergy, reached net sales of EUR 115 million (-13%) following entry of generic competitors in Europe. Tussionex™ (*hydrocodone polistirex* and *chlorpheniramine polistirex*) made net sales of EUR 80 million (-46%) impacted by a weak cold and cough season, the market shift to codeine-based products and generic competition since October 2010.

Royalty income & fees amounted to EUR 220 million, down by 3%. The expiry of the "Winter patents" mid 2010 led to a reduction of 16% in biotechnology intellectual property royalties, compensated by an increase of 28% in royalties paid by Pfizer for Toviaz® (*fesoterodine*).

Other revenue for 2010 amounted to EUR 212 million, up 3%. Contract manufacturing sales increased by 8% to EUR 101 million as a result of the agreements with GSK announced in 2009. The profit-sharing with sanofi-aventis on Xyzal® sales in the U.S. generated EUR 28 million down by 41%. Since 1 March 2010, sanofi-aventis U.S. assumes all of the commercialisation responsibility for Xyzal®. UCB continues to receive a percentage of Xyzal® profits, however at a lower rate than before, and overall profits will be impacted by generic competition.

Gross profit of EUR 2 165 million is 4% higher than 2009 following the increase of net sales more than compensated for the increased royalty expenses for the newly launched medicines and amortisation of these products.

Operating expenses reached EUR 1 698 million in 2010 (+4%), reflecting higher marketing & selling expenses driven substantially by the increased launch expenses for Cimzia®, Vimpat® and Neupro® and higher research & development expenses due to the advanced late-stage pipeline and the start of clinical development programmes. General & administrative expenses were up by 3%.

Recurring EBITDA is up by 5% to EUR 731 million reflecting the increase in revenue and gross profit off-set by launch expenses for the core products and the start of clinical development programmes.

Total non-recurring expenses amounted to EUR 263 million, including EUR 223 million impairment charges related to Toviaz®, Mylotarg® and three manufacturing facilities disposed to Aesica. This also includes charges related to the U.S. Department of Justice: Since 2008, as previously reported, UCB has been cooperating with the United States Department of Justice in an investigation relating to the marketing of Keppra® which occurred more than six years ago. Recently, the Company reached an agreement in principle with the United States and participating states to settle this investigation. Under the agreement in principle, UCB, Inc. will plead guilty to a misdemeanor violation and pay USD 8.6 million and enter into a civil settlement of USD 25.8 million plus modest interest. UCB is continuing to work with the authorities to conclude this investigation. Since the issue occurred more than six years ago, UCB has established and continues to enhance its compliance programme. UCB's compliance programme reflects the Company's commitment to the highest standards of corporate conduct.

Net financial expenses were EUR 185 million, an increase of EUR 23 million due to higher interest rates, fees, the one-off revocation of the cash-settlement option related to the convertible bonds in February 2010 and termination of hedge-accounting on interest rate derivatives.

The average tax rate on recurring activities is 23% in 2010 compared to 29% in the same period of last year. The difference is mainly due to income reduction realized in high tax jurisdictions. Non-recurring items include 81 Mio EUR of one-off tax income that mainly arise from positive outcome of tax claims, the reversal of certain tax provisions as a result of the expiration of statute of limitations, provision adjustments and the recognition of previously unrecognized deferred tax assets.

Balance Sheet and Cash Flow

As of 31 December 2010, UCB’s total liabilities and shareholders equity were at EUR 8 969 million. Total equity increased by EUR 175 million between 31 December 2009 and 31 December 2010 to EUR 4 592 million, representing 51% of the total balance sheet. The company’s net debt position decreased by EUR 227 million to EUR 1 525 million compared with December 2009.

Cash flow from operating activities increased to EUR 506 million, resulting from a major reduction in the trade receivables due to credit collection, higher trade payables offset by

payments related to the restructuring programmes. The EUR 63 million outflow in cash flow from investing activities results from EUR 78 million spending in tangible and intangible assets, an increase of the Shareholding in Wilex AG to 18.05% and the 19.06% investment in Synosia Therapeutics Holding AG, offset by the proceeds of the divestiture of small businesses. Cash flow from financing activities has an outflow of EUR 440 million due to the repayment of the short term portion of the Group borrowings and the dividend payment relating to the 2009 results.

Dividend

In-line with UCB's stable dividend policy, which considers the long-term potential of UCB, the Board recommends a gross dividend of EUR 0.98 per share (net dividend of EUR 0.735 per share, +2%).

R&D update central nervous system (CNS)

In September 2010, UCB Japan and Otsuka Pharmaceutical launched *levetiracetam* in Japan under the brand name E Keppra® following regulatory approval in adjunctive therapy for partial onset seizures in adults with epilepsy.

A new Phase 3 study evaluating *brivaracetam* as adjunctive therapy in the treatment of partial onset seizures in adults with epilepsy has commenced in December 2010. The headline results are expected in the first half of 2013.

At the end of 2010, UCB started a Phase 3 clinical study across Europe to evaluate the efficacy and safety of Vimpat® as monotherapy in adult patients. Headline results are expected at the end of 2014. First positive results are reported from the paediatric Phase 2 programme investigating Vimpat® as adjunctive therapy in children. The Vimpat® (*lacosamide*) Phase 2 clinical trial programme for adjunctive therapy in primary generalised tonic-clonic seizures (PGTCS) started as planned in the second quarter of 2010 with first headline results expected in the second half of 2011. Additionally, in December 2010, UCB acquired the rights for Japan, giving UCB global rights to development and marketing.

The Phase 1 programme, for UCB2892, a H3 antagonist with potential for cognitive disorders has been terminated by UCB as tests showed an unfavorable risk/benefit profile of this drug candidate.

UCB0942, a new drug candidate with an innovative mechanism of action, “pre-and-post synaptic inhibitor”, has been designed for the treatment of drug refractory epilepsy. Phase 1 studies started in December 2010.

R&D update immunology

Two clinical studies on Cimzia® (*certolizumab pegol*) for the treatment of rheumatoid arthritis (RA) in Japan completed positively ahead of plan, both trials met their primary endpoints. Submission of an application for regulatory approval to the Japanese authorities is under preparation in collaboration with Otsuka Pharmaceutical.

In December 2010, enrolment started to the Phase 3 programme (EMBODY™ 1 and EMBODY™ 2) for epratuzumab in patients with moderate to severe systemic lupus erythematosus (SLE). Approximately 780 patients randomized in each study are to be recruited. First results are expected in the first half of 2014.

CDP7851 ("*sclerostin* antibody" also known as AMG 785), a novel anabolic therapy for bone loss disorders, is currently ongoing with its Phase 2 development in postmenopausal osteoporosis (PMO) and in fracture healing. These studies are expected to report headline results by the end of second quarter 2011 and in 2012 respectively.

A Phase 2b programme for *olokizumab* (anti-IL 6) being developed for the treatment of moderate to severe rheumatoid arthritis started ahead of plan at the end of 2010. Headline results are expected in the third quarter of 2012.

In April 2010, a new molecule entered clinical Phase I: CDP7657, a humanised anti-CD40L antibody fragment - which has potential for systemic lupus erythematosus (SLE).

UCB has concluded an innovative research collaboration agreement with Harvard University. UCB will bring its expertise on antibody generation and medicinal chemistry into the alliance and will provide up to USD 6 million over two years to fund specific innovative research projects led by Harvard scientists. The innovative focuses on CNS and immunology, two key research domains for UCB.

Outlook 2011

UCB's results in 2011 are expected to be driven by the continued intense growth of Cimzia®, Vimpat® and Neupro® which should compensate to a large extent – but not entirely - the effects of the remaining major patent expiries. From 2012 onwards, more than a decade without major patent expiration combined with momentum of new products is expected to provide a solid basis for driving UCB's growth.

Total revenue is expected between EUR 3.0 and 3.1 billion in 2011 due to generic competition to Keppra® in the EU and the full annualized generic competition to U.S. products as well as further erosion of mature products, partially offset by the performance of newly launched products. In 2011, UCB's recurring EBITDA is expected to be in the range between EUR 650 and 680 million. Core EPS 2011 are expected to reach approximately EUR 1.60 and 1.70 based on 180 million shares outstanding.

Full Year 2010 – Financial highlights

A full financial report on the consolidated results is available on the UCB website:

http://www.ucb.com/investors/calendar/2010

	Actual		Variance
€ million	2010	2009	Actual rates
Revenue	**3 218**	**3 116**	**3%**
Net sales	2 786	2 683	4%
Royalty income and fees	220	227	-3%
Other revenue	212	206	3%
Gross profit	**2 165**	**2 091**	**4%**
Marketing and selling expenses	-797	-781	2%
Research and Development expenses	-705	-674	5%
General and administrative expenses	-194	-189	3%
Other operating income/expenses (-)	-2	6	
Recurring EBIT (REBIT)	**467**	**453**	**3%**
Non recurring income/expenses (-)	-263	384	n.s.
EBIT (operating profit)	**204**	**837**	**-76%**
Net financial expenses	-185	-162	14%
Income from associates	0	0	n.s.
Profit before income taxes	**19**	**675**	**-97%**
Income tax expenses(-)/credit	86	-168	n.s.
Profit from continuing operations	**105**	**507**	**-79%**
Profit from discontinuing operations	-1	7	n.s.
Non-Controlling interest	-1	-1	
Net profit of the Group	**103**	**513**	**-80%**
Recurring EBITDA	**731**	**698**	**5%**
Adjusted net profit	**239**	**226**	**6%**
Capital expenditures (including intangible assets)	78	87	**-10%**
Net financial debt	1 525	1 752	**-13%**
Cash flow from operating activities	506	295	**72%**
Number of shares - non-diluted	**180**	**180**	
EPS (€ per non-diluted share)	**0.57**	**2.85**	**n.s.**
Core EPS (€ per non-diluted share)	**1.99**	**1.74**	**15%**

The statutory auditor has issued an unqualified report dated 1 March 2011 on the company's consolidated accounts as of and for the year ended 31 December 2010, and has confirmed that the accounting data reported in the accompanying press release is consistent, in all material respects, with the accounts from which it has been derived.

For further information

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Conference call details

2 March 2011 at 09.00 CET – Press conference
http://www.ucb.com/media-room/events-presentations/2011/2010-full-year-results-Press-Conference

3 March 2011 at 14.00 (CET) / 13.00 (GMT) – Analysts' and investors' meeting
Find the link to the webcast or dial-in details for the conference call on
http://www.ucb.com/investors/calendar/2010

About UCB

UCB, Brussels, Belgium (www.ucb.com) is a global biopharmaceutical company focused on the discovery and development of innovative medicines and solutions to transform the lives of people living with severe diseases of the immune system or of the central nervous system. With more than 8 500 people in about 40 countries, the company generated revenue of EUR 3.2 billion in 2010. UCB is listed on Euronext Brussels (symbol: UCB).

Forward looking statements

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.