Half-Year Report 2010

UCB delivers solid growth from its new medicines Cimzia®, Vimpat® and Neupro®

- In the first six months of 2010, over 146 000 patients benefited from UCB's new medicines – this is almost 40% more than at the end of last year.
- Total revenue increased by 3% to EUR 1.6 billion thanks to the new medicines Cimzia®, Vimpat® and Neupro® as well as UCB's established product portfolio.
- Solid growth from core products Cimzia®, Vimpat® and Neupro® with launches in additional countries to continue. Compared to the first half year 2009, Cimzia® increased net sales by 240% to EUR 83 million, Vimpat® net sales went up by 135% to EUR 55 million and Neupro® improved net sales by 45% to EUR 39 million.
- Consistent solid underlying profitability (recurring EBITDA) of EUR 398 million (+10%) in line with company guidance for the full year and reflecting the successful reallocation of resources to UCB's core activities.
- Core earnings per share achieved EUR 1.17 from EUR 0.97 in the first half 2009.
- Outlook 2010 confirmed: total revenue expected to reach approximately EUR 3.0 billion; recurring EBITDA expected to end the year at approximately EUR 700 million; core EPS expected to reach approximately EUR 1.76.

Brussels (Belgium), 2 August 2010 – 7:00 AM (CET) - **regulated information -** UCB announced today its consolidated half year 2010 financial results. The first six months of 2010 for UCB were marked by execution and delivery: launching its new medicines Cimzia® (*certolizumab pegol*), Vimpat® (*lacosamide)* and Neupro® (*rotigotine*), developing its drug candidates and preparing the company for sustainable future growth.

"We are pleased with the launch trajectories of Cimzia®, Vimpat® and Neupro® as we are on track to become the patient-centric global biopharma leader transforming the lives of people living with serious diseases of the central nervous system and immunology," said Roch Doliveux, Chief Executive Officer of UCB. "Our solid financial results are in-line with our guidance. And with the Keppra® approval in Japan, the filing of Xyrem® in the EU, three clinical Phase III programmes to start by the end of this year, and our anti–IL 6 project to enter Phase IIb next year, we are building the foundation for sustainable future growth."

Financial performance in the first half year 2010

Revenue in the first six months of 2010 increased by 3% to EUR 1 644 million. Net sales amounted to EUR 1 431 million or 4% higher than the interim period 2009 because of the solid performance of core products Cimzia®, Vimpat®, Neupro®, and of *venlafaxine XR*, partially offset by generic competition to the mature product portfolio.

Cimzia® (*certolizumab pegol*) for Crohn's disease (CD) and rheumatoid arthritis (RA), reached net sales of EUR 83 million (+240%). The roll-out of Cimzia® continues with now more than 15 000 patients treated with the drug worldwide, its launch occuring in 15 countries with further launches in major European countries and international markets expected in the second half of 2010. The new anti-epileptic drug, Vimpat® (*lacosamide)* made a good start in the 19 markets where UCB has already launched reaching net sales of EUR 55 million (+135%) with more than 67 500 patients benefiting from the drug. The Neupro® (*rotigotine*) patch for Parkinson's and RLS had net sales increasing by 45% to EUR 39 million in the 20 markets where the drug has been launched so far with more than 63 500 patients currently being treated with the drug.

The anti-epileptic drug Keppra® (*levetiracetam*) reached net sales of EUR 460 million which is 1% lower than last year due to further post-patent expiry erosion in North America (-21%) and the divestment of smaller emerging markets to GlaxoSmithKline (GSK) in the first quarter of 2009 which was compensated by extended market leadership in Europe (+12%) and an increase of 4% in Rest of World. Zyrtec® (*cetirizine*), for allergy, had reduced net sales of 12% to EUR 150 million due to the divestment to GSK. European sales remained stable, whilst Japanese sales increased by 4% through the successful launch of paediatric indications and new formulations. Xyzal® (*levocetirizine*), for allergy, reached net sales of EUR 63 million (-23%) following entry of generic competition in the European market. Tussionex™ (*hydrocodone polistirex* and *chlorpheniramine polistirex*) made net sales of EUR 45 million (-33%) after a market shift to codeine-based products combined with a weak cough and cold season in the U.S. Metadate™ CD (*methylphenidate HCl*), for attention deficit and hyperactivity disorder, achieved net sales of EUR 29 million (- 30%) due to divestment of Equasym™ to Shire announced in February 2009. This product is only sold by UCB in the U.S. under the trademark Metadate™ CD and was sold prior to the divestiture under the trademark Equasym™ XL in Europe and Rest of World.

Royalty income & fees amounted to EUR 107 million, down by 6%. The expiry of the "Winter patents" in May 2010 led to a reduction of 17% in biotechnology intellectual property royalties, compensated by an increase of 58% in royalties paid by Pfizer for Toviaz® (*fesoterodine*). Other revenue for the first half of 2010 amounted to EUR 106 million, up 2%, of which profit-sharing with sanofi-aventis on Xyzal® sales in the U.S. generated EUR 17 million. Contract manufacturing sales increased by 9% to EUR 48 million as a result of the agreements with GSK (divestiture of commercial operations and product distribution rights for selected smaller markets) and Shire (divestiture of Equasym™) announced in 2009.

Gross profit of EUR 1 098 million is 1% higher than in first half 2009 following the increase of net sales which more than compensated for higher royalties due from the newly launched medicines and amortisation of these products.

Operating expenses reached EUR 830 million in first half 2010, EUR 11 million lower than interim period last year, reflecting lower marketing & selling expenses (-4%) where increased launch expenses for Cimzia®, Vimpat® and Neupro® were more than compensated by the exit from the primary care sector in the U.S. announced in January 2010. Research & development expenses and general & administrative expenses remain at the same level as interim period last year.

As a result, recurring EBITDA is up by 10% to EUR 398 million reflecting the increase in revenue and gross profit and the reduction in operating expenses. Recurring EBIT is up 9% to EUR 268 million.

Restructuring & non-recurring income amounted to EUR 4 million, including charges of EUR 19 million related to the restructuring of the primary care businesses in Japan and Turkey and the EUR 5 million impairment of Mylotarg® compensated by an income of EUR 28 million related to the divestment of small businesses.

Net financial expenses were EUR 83 million, an increase of EUR 28 million due to higher interest rates, fees and the one-off revocation of the cash-settlement option related to the outstanding convertible bonds. The average tax rate on recurring activities is 22%. Net profit for the first half year reached EUR 148 million (- 71%), reflecting lower non-recurring income in 2010 compared to 2009.

Balance Sheet and Cash Flow

As of 30 June 2010, UCB's total liabilities and shareholders equity were at EUR 9 961 million. Total equity increased by EUR 278 million between 31 December 2009 and 30 June 2010 to EUR 4 695 million, representing 47% of the total balance sheet. The company's net debt position increased by EUR 117 million to EUR 1 869 million compared with December 2009, mainly resulting from the dividend payment on the 2009 results.

Cash flow from operating activities increased to EUR 139 million, resulting from an increase in underlying net profitability, a reduction of trade receivables, higher trade and other payables and payments related to the restructuring programmes. Cash flow from investing activities was EUR -17 million, showing low spending in tangible and intangible assets and the acquisition of an additional 6,65% in Wilex shares. Cash flow from financing activities was EUR 275 million deriving from the declared 2009 dividend payment and the raising of new short-term debt, partially compensated by an increase in cash.

R&D update central nervous system (CNS)

In July 2010, Keppra® (*levetiracetam*) received regulatory approval in Japan. It has been approved under the brand name E Keppra® as adjunctive therapy for partial onset seizures in adults with epilepsy.

The Vimpat® (*lacosamide*) Phase II clinical trial programme for epilepsy 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. The paediatric (Phase II) and U.S.-monotherapy (Phase III) development programmes in partial-onset seizures are ongoing as planned. The decision has been made to move forward with the monotherapy indication in Europe as well and a Phase III clinical trial programme is planned to start by the end of 2010.

In April 2010, UCB received a Complete Response Letter from the U.S. regulatory authority, the FDA, recommending the reformulation of Neupro® (*rotigotine*) before making it available in the U.S. market for the treatment of Parkinson's disease and restless legs syndrome (RLS). Significant progress has been made in the development of a room temperature-stable patch formulation. UCB aims to make the patch available to U.S. patients during 2012.

Based on further analysis and on discussions with the European and U.S. health authorities, the design and doses of the additional Phase III study with *brivaracetam* in epilepsy has been finalised and agreed with both parties. UCB will initiate this clinical trial in the second half of 2010.

UCB has filed Xyrem® (*sodium oxybate*) in fibromyalgia with the European Medicines Agency (EMA). There are no prescription medicines approved yet for fibromyalgia in Europe. Given the strong Phase III data with Xyrem® and following consultation with the European authorities on this topic, UCB decided to move forward with this indication. UCB expects feedback from the European authorities during the first half of 2011.

R&D update immunology

In March 2010, UCB informed about line extension studies for Cimzia® (*certolizumab pegol*) in psoriatic arthritis and ankylosing spondylitis. These Phase III trials are on track with key results expected in the fourth quarter of 2011. A Phase III trial in juvenile rheumatoid arthritis is still under discussion with U.S. and EU regulators to finalise the study design.

In June 2010, UCB and Immunomedics presented at EULAR and the World Lupus Congress positive results from UCB's Phase IIb study, EMBLEM™, a clinical study comparing *epratuzumab* to placebo in patients with systemic lupus erythematosus (SLE). EMBLEM™ has been shown to be a robust dose-finding study with a low placebo response that validates a new composite endpoint and indicates thresholds for *epratuzumab* dosing. These new data show *epratuzumab* provides clinically important efficacy for patients suffering from moderate to severe SLE. Two Phase III clinical trials (Embody 1 & 2) are planned to start by the end of 2010 after completion of consultations with regulatory authorities in the U.S. and EU. The study design is expected to be in line with the Phase IIb trial design.

CDP6038 (anti-IL 6) is being developed for the treatment of autoimmune diseases. The Phase I/II trial is on track and a Phase IIb programme is expected to start during the first half 2011.

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

UCB's partner, Wilex AG, Munich/Germany, announced in June 2010 the successful completion of a Phase I dose escalation study with the oncology MEK inhibitor WX−554 demonstrating WX-554 activity in humans for the first time. The trial aimed to determine safety, tolerance and the optimal biological dose for the inhibition of the MEK system by WX-554. Wilex will now initiate further development of this agent. This alliance was strengthened in June 2010 when UCB acquired an additional 6.65% of shares in Wilex thereby increasing UCB's total holding in Wilex to 18.05%.

Outlook 2010 confirmed

Revenue 2010 is expected to reach approximately € 3.0 billion with full annualised generic competition to Keppra® in the U.S., the impact of divested products and further erosion of our mature products being partially offset by the performance of newly launched products.

In 2010, UCB's recurring EBITDA is expected to reach approximately EUR 700 million.

Core EPS 2010 is expected to reach approximately EUR 1.76 compared to EUR 1.74 in 2009. This is based on 180 million non-diluted shares.

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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 9 000 people in over 40 countries, UCB produced revenue of EUR 3.1 billion in 2009. 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.

HY 2010 – Financial highlights

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

http://www.ucb.presscentre.com/Content/Detail.aspx?ReleaseID=389&NewsAreaID=2&ClientID=1

For the six months ended 30 June[1]	Actual		Variance	
€ million	2010	2009	Actual rates	Cst rates
Revenue	**1 644**	**1 596**	**3%**	**1%**
Net sales	1 431	1 379	4%	2%
Royalty income & fees	107	114	-6%	-7%
Other revenue	106	103	2%	1%
Gross profit	**1 098**	**1 087**	**1%**	**-1%**
Marketing & selling expenses	-405	- 421	-4%	-6%
Research & Development expenses	-320	- 323	-1%	-2%
General & administrative expenses	-98	- 99	-1%	-1%
Other operating income/(expenses)	-7	2	n.s.	n.s.
Recurring EBIT (REBIT)	**268**	**246**	**9%**	**5%**
Non recurring income/(expenses)	4	461	n.s.	n.s.
EBIT (operating profit)	**272**	**707**	**-62%**	**-63%**
Net financial expenses	-83	- 55	51%	49%
Profit before income taxes	**189**	**652**	**-71%**	**-72%**
Income tax expenses	-42	- 137	-69%	-71%
Profit from continuing operations	**147**	**515**	**-71%**	**-73%**
Profit from discontinuing operations	1	1	-7%	-7%
Net profit (after non-controlling interests)	**148**	**516**	**-71%**	**-73%**
Recurring EBITDA	**398**	**363**	**10%**	**6%**
Adjusted net profit [2]	**151**	**135**	**12%**	**7%**
Core net profit	**211**	**175**	**21%**	**16%**
Capital expenditures (including intangible assets)	22	34		
Net financial debt	1 869	1 752		
Cash flow from operating activities	139	- 45		
Number of shares - non-diluted	**180**	**180**	**0%**	**n.s.**
EPS (€ per non-diluted share)	**0.82**	**2.86**	**n.s.**	**n.s.**
Core EPS (€ per non-diluted share)	**1.17**	**0.97**	**21%**	**16%**

1 Except for the net financial debt, where 2009 relates to the situation as published in the audited consolidated financial statements as at 31 December 2009.

2 Adjusted for after- tax impact of one-off items and after-tax contribution from discontinued operations.

The statutory auditor has issued an unqualified review report dated 30 July 2010 on the company's condensed consolidated interim financial statements as of and for the six month period ended 30 June 2010, and has 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