UCB half year results 2012: On track for growth

- In the first half 2012, total revenue increased by 2%[1] to EUR 1 706 million. Cimzia®, Vimpat® and Neupro® reaching combined net sales of EUR 413 million (+45%[1]). Keppra® with robust performance, notably in Japan
- Underlying profitability (recurring EBITDA) of EUR 347 million (-22%[1]) reflecting increase in revenue contrasted by higher operating expenses due to launch activities and R&D expenses. Core earnings per share are EUR 1.09 from EUR 1.44 in the first half 2011.
- Solid pipeline performance: Neupro® approved in the U.S.; Cimzia® filed in Japan, juvenile RA started, positive results for further arthritis indications PsA and AxSpA/AS; CDP7851 phase 3 initiated in PMO
- Financial outlook 2012 updated: total revenue expected to exceed EUR 3.2 billion; recurring EBITDA expected in the range of EUR 630 - 660 million and core earnings per share at approx. EUR 1.70.

Brussels (Belgium), 1 August 2012 – 7:00 AM (CET) - **regulated information -** UCB announced today its consolidated half year 2012 financial results. The first half year was marked by continuous execution and growth of core medicines Cimzia® (*certolizumab pegol*), Vimpat® (*lacosamide)* and Neupro® (*rotigotine*) with combined net sales total exceeding EUR 413 million (+45%[1]). Strong performance of Keppra® (*levetiracetam*) in Japan was offset by lower sales in Europe and U.S., reaching net sales of EUR 445 million (-12%[1]).

"With growth of 45% in the first half of 2012, Cimzia®, Vimpat® and Neupro® have reached over 354,000 patients and sales exceeding EUR 400 million. This performance further confirms our ambition to reach more than 1.5 million patients with Cimzia®, Vimpat® and Neupro®, with a peak sales target of at least EUR 3.1 billion in the second half of the decade," said Roch Doliveux, Chief Executive Officer of UCB. "This and solid Keppra® contribution allows UCB to even further invest in our future growth as we have now three phase 3 projects in clinical development aiming at more breakthrough innovation to people living with severe diseases."

Financial performance in the first six months 2012

Revenue in the first six months of 2012 increased by 2%[1] to EUR 1 706 million. Net sales amounted to EUR 1 527 million or 2%[1] higher (-2% at constant exchange rates) than the previous interim period because of the solid performance of the core medicines Cimzia®, Vimpat® and Neupro® as well as E Keppra® in Japan.

[1] Variance at actual rates versus the first half 2011

Cimzia® (*certolizumab pegol*) for Crohn's disease (CD) and rheumatoid arthritis (RA) reached net sales of EUR 209 million (+46%[1], +38% at constant rates). The anti-epileptic medicine, Vimpat® (*lacosamide)* reports net sales of EUR 150 million (+54%[1]; +46% at constant rates). The Neupro® (*rotigotine*) patch for Parkinson's disease and restless legs syndrome had net sales increasing by 20%[1] to EUR 54 million. Since 16 July 2012, Neupro® is also available in U.S. retail pharmacies.

The anti-epileptic Keppra® (*levetiracetam*) reached net sales of EUR 445 million which is 12%[1] (-15% at constant rates) lower than last year. The continued post-patent expiry erosion in North America (-10%[1]) and the increasing post-patent expiry erosion in Europe (-25%[1]) stands against a strong performance in the 'Rest of World' (+70%[1]) driven by the growth of E Keppra® in Japan.

Royalty income & fees reached EUR 83 million (-13%) due to expiration of patents, despite higher royalties received for Toviaz® (*fesoterodine*) which increased by 21%. Other revenue for the first half of 2012 increased to EUR 95 million (+16%) mainly driven by income received from UCB's collaborations in Japan, namely Otsuka and Astellas.

Gross profit reached EUR 1 183 million and is 2% higher than in first half 2011 following the increase of total revenue.

Operating expenses increased by 14% to EUR 956 million in first half 2012 with 9% increase in marketing & selling expenses reflecting the U.S. Neupro® and other regional launches of UCB's core medicines and with a 24% growth in research & development expenses progressing advanced development projects and strengthening the early portfolio. General & administrative expenses were held to a 3% increase.

As a result and in-line with the financial guidance for 2012, underlying profitability - recurring EBITDA- went down by 22% to EUR 347 million reflecting an increase in revenue contrasted by higher operating expenses.

Net financial expenses were up by EUR 13 million and reached EUR 76 million (20%) mainly due to one-off financial expenses of EUR 9 million.

The average tax rate on recurring activities is 14% in the first half of 2012 compared to 21% in the same period of last year. The main reasons for the lower tax rate are reduction of tax rates, further recognition of tax losses and release of provisions.

Net profit after minority interest for the first half year is EUR 137 million (-31%). Core earnings per share (EPS), which reflect the after tax effects of non-recurring items, financial one-offs and amortisation of intangibles, decreased from EUR 1.44 in June 2011 to EUR 1.09 in June 2012, based on 179.1 million weighted average shares outstanding in June 2012 after 179.5 million in June 2011.

R&D update central nervous system (CNS)

In April, Neupro® received U.S. regulatory approval. The room temperature stable patch is now approved for early and advanced Parkinson's disease (PD) as well as restless legs syndrome (RLS). Neupro® is available for patients in the U.S. since July 2012.

In January, the Vimpat® open-label pilot Phase 2 study for adjunctive therapy in primary generalised tonic-clonic seizures (PGTCS) showed positive results. The compound will now move into Phase 3 development for PGTCS.

All other clinical development projects in epilepsy are also on track: brivaracetam for adjunctive therapy, Vimpat® for monotherapy in U.S. and Europe as well as paediatric adjunctive therapy and UCB0942.

R&D update immunology

In January, UCB has filed certolizumab pegol for marketing authorisation with the Japanese Ministry of Health, Labour and Welfare (MHLW). UCB and Astellas Pharma Inc. have agreed to co-develop and co-promote certolizumab pegol in Japan.
In February and April respectively, the Phase 3 trials for Cimzia® in psoriatic arthritis (PsA) and axial spondyloarthritis (AxSpA) including ankylosing spondylitis (AS) reported first positive results. Submission to regulatory authorities for these indications is planned by the end of 2012.
In March, for Cimzia® the Phase 3 program in juvenile rheumatoid arthritis, (Juvenile Idiopathic Arthritis, JIA) has started as scheduled. First results are expected in the second half of 2014.

In April, the sclerostin antibody (CDP7851/AMG 785) Phase 3 clinical trial program started for the treatment of postmenopausal osteoporosis (PMO). The Phase 3 program includes a two-year study in more than 5,000 postmenopausal women with osteoporosis where the primary endpoint will evaluate the incidence of new vertebral fractures at 12 months. Initial results from the phase 3 program are expected by the end of 2015.

The other clinical development projects in immunology, namely Cimzia® Exxelerate™ and C-Early™, *epratuzumab* in systemic lupus erythematosus (SLE), CDP7851 in fracture healing, *olokizumab* in RA and CDP7657 in SLE are advancing as planned.

Outlook 2012 updated

UCB expects its financial results in 2012 to be driven by the continued growth of Cimzia®, Vimpat® and Neupro® as well as by post-exclusivity expiry erosion for Keppra®. Revenue 2012 is now anticipated to exceed EUR 3.2 billion (previously approx. EUR 3.1bn). Recurring EBITDA is expected in the range of EUR 630-660 million (unchanged). Core earnings per share are expected at approximately EUR 1.70 – based on 179 million shares outstanding (previously EUR 1.60-1.70).

HY 2012 – Financial highlights

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

http://www.ucb.com/investors/financials/Financials-2012

For the six months ended 30 June[1]	Actual		Variance	
€ million	**2012**	2011	Actual rates	Cst rates
Revenue	**1 706**	**1 679**	**2%**	**-2%**
Net sales	1 527	1 501	2%	-2%
Royalty income and fees	83	96	-13%	-17%
Other revenue	95	82	16%	12%
Gross profit	**1 183**	**1 158**	**2%**	**-3%**
Marketing and selling expenses	-440	-405	9%	3%
Research and development expenses	-419	-337	24%	20%
General and administrative expenses	-94	-91	3%	1%
Other operating income/expenses (-)	-3	-6	-52%	-64%
Recurring EBIT (REBIT)	**227**	**319**	**-29%**	**-35%**
Non recurring income/expenses (-)	-14	-14	5%	3%
EBIT (operating profit)	**213**	**305**	**-30%**	**-37%**
Net financial expenses (-)	-76	-63	20%	20%
Profit before income taxes	**137**	**242**	**-43%**	**-51%**
Income tax expenses (-)	-2	-44	-96%	-96%
Profit from continuing operations	**135**	**198**	-31%	-41%
Profit from discontinued operations	2	1	21%	21%
Non-controlling interest	0	0		
Net profit (after non-controlling interests)	**137**	**199**	**-31%**	**-41%**
Recurring EBITDA	**347**	**443**	**-22%**	**-27%**
Adjusted net profit [1]	**140**	**203**	**-31%**	**-41%**
Capital expenditures (including intangible assets)	83	58	43%	n.a.
Net financial debt[2]	1 756	1 548	13%	n.a.
Cash flow from operating activities[3]	221	119	n.a.	n.a.
Weighted average number of shares - non-diluted	**179.1**	**179.5**		n.a.
EPS (€ per weighted average number of shares – non diluted)	**0.77**	**1.10**		
Core EPS (€ per weighted average number of shares – non diluted)	**1.09**	**1.44**	**-25%**	

[1] Adjusted for after-tax impact of non-recurring, one-off items and after-tax contribution from discontinued operations.

[2] Except for the net financial debt, where 2011 relates to the situation as published in the audited consolidated financial statements as at 31 December 2011.

[3] In 2011, the interest received & paid were re-classified from net cash flow generated by operating activities to the net cash flow used in financing activities.

"The statutory auditor has issued an unqualified review report dated 31 July 2012 on the company's condensed consolidated interim financial statements as of and for the six month period ended 30 June 2012, 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."

Conference call details:

1 August 2012 at 09.30 (CET) – Press conference call
To connect and register to the conference call & presentation *(preferably 10 mins in advance):* https://ucb-meeting.webex.com/ucb-meeting/onstage/g.php?d=842953874&t=a

Event password: *UCBHYRESULTS*
To access the conference call only: Access code: *842 953 874*
Belgium free call: 0800-77651 - Belgium toll: +32 2894 8317
UK free call: 0800-051-3810 - UK toll: +44-20-310-64804

1 August 2012 at 14.00 (CET) – Analysts' and investors' conference call / Webcast
Find the link to the webcast or dial-in details for the conference call on
http://www.ucb.com/investors/financials/Financials-2012

For further information

Antje Witte, Investor Relations UCB
T +32.2.559.9414, antje.witte@ucb.com

France Nivelle, Communications UCB
T +32.2.559.9178, France.nivelle@ucb.com

Laurent Schots, Media Relations, UCB

T +32.2.559.9264, laurent.schots@ucb.com

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 2011. 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. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial information, expected legal, political, regulatory or clinical results and other such estimates and results. By their nature, such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions which could cause actual results to differ materially 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, the inability to obtain necessary regulatory approvals or to obtain them on acceptable terms, costs associated with research and development, changes in the prospects for products in the pipeline or under development by UCB, effects of future judicial decisions or governmental investigations, product liability claims, challenges to patent protection for products or product candidates, changes in laws or regulations, exchange rate fluctuations, changes or uncertainties in tax laws or the administration of such laws and hiring and retention of its employees. UCB is providing this information as of the date of this press release and expressly disclaims any duty to update any information contained in this press release, either to confirm the actual results or to report a change in its expectations.

There is no guarantee that new product candidates in the pipeline will progress to product approval or that new indications for existing products will be developed and approved. Products or potential products which are the subject of partnerships, joint ventures or licensing collaborations may be subject to differences between the partners. Also, UCB or others could discover safety, side effects or manufacturing problems with its products after they are marketed.

Moreover, sales may be impacted by international and domestic trends toward managed care and health care cost containment and the reimbursement policies imposed by third-party payers as well as legislation affecting biopharmaceutical pricing and reimbursement.