Full Year 2007 Financial Results

UCB on track:
Strong Financials Exceeding Outlook
Major Steps Forward in R&D

Solid revenue of EUR3.6 billion with net sales of EUR3.2 billion, were driven by outstanding Keppra® sales of more than EUR1 billion, Xyzal® sales growing to EUR168 million, excellent performance of Neupro® with sales of EUR52 million, supported by successful US launch.

Underlying profitability, recurring EBITDA, of EUR741 million was supported by successful integration of Schwarz Pharma with EUR166 million synergies realised in 2007.

Net profit reached EUR160 million, reflecting the acquisition related financial expenses, in addition to substantial restructuring expenses as well as additional investments for the launch of new products.

In 2007 UCB achieved three regulatory approvals and new product filings for four indications.

Brussels (BELGIUM), 29 February 2008 at 7:00 AM CET – UCB today announces its consolidated full year 2007 financial results.

Roch Doliveux, CEO of UCB, comments: "2007 was an important year for UCB – especially with two new product launches in the USA, four regulatory filings in the USA and the EU. We achieved an impressive amount of R&D milestones, although we did not meet all our R&D goals. I am particularly proud that more and more patients with severe diseases, especially with epilepsy and movement disorders, benefit from UCB's medicines. I am also pleased by the underlying positive financial performance, which is in line with previous years' all time high performance and supported by our successful integration."

Solid top line - cost containment – substantial realisation of synergies

Despite the impact of weakening US Dollar and Japanese Yen, total revenue reached EUR3 626 million remaining flat compared to 2007*. Net sales increased by 1%* while royalty income as well as other revenue declined, compared with the same period in 2006.

Net sales reached EUR3 188 million up 1%* (currency adjusted +6%) mainly driven by Keppra® *(levetiracetam),* Xyzal® (*levocetirizine*) as well as Neupro® (*rotigotine* transdermal system). This growth was achieved despite the fact that net sales were impacted by the patent expiration of Zyrtec® (*cetirizine*) in the USA and continued generic competition for other products, the impact of discontinued product sales following several divestments, the impact of the loss of products due to change of control clauses as well as state-mandated price reductions in Europe.

* Full consolidation of UCB and Schwarz Pharma – Comparison of reported FY 2007 versus pro-forma FY 2006 figures at actual rates

UCB's anti-epileptic, Keppra®, continued its strong growth, enhancing its market position in the treatment of epilepsy, and particularly its leadership in the USA and Europe supported by new indications and forms. Keppra® net sales grew by 35% (currency adjusted +43%) to EUR1 026 million, compared with 2006. UCB's prescription anti-histamine, Xyzal®, continued its growth in Europe and the emerging markets, reaching net sales of EUR168 million, up 18% compared to 2006 (currency adjusted +19%). Sales following the recent successful launch of Xyzal® in the USA are not consolidated but UCB's part of the profit sharing agreement with sanofi-aventis is reported in other revenue. UCB's anti-histamine, Zyrtec®, reached global net sales of EUR487 million, decreasing by 13% (currency adjusted -7%) during 2007, reflecting a slow-down in the USA (12 months in-market sales reached US dollars 1.54 billion) prior to patent expiration as well as sales decreases in Europe due to further generic erosion and Xyzal® substitutions and lower sales in rest of world mainly due to a weak allergy season in Japan. The Parkinson's patch, Neupro®, reached net sales of EUR52 million representing an excellent uptake after first European launches in 2006 and by the successful launch of Neupro® in the USA in July 2007.

Royalty income of EUR294 million, declined by 14%* mainly due to the remaining impact of the Boss patent expiry and the one-time income recognised in 2006 for toll-manufacturing fees, with solid royalty flows on sustained Zyrtec® sales in the USA and an increased continuing royalty income from UCB's biotechnology patents. Other revenue, which comprises milestone payments and profit share contributions as well as contract manufacturing sales for third parties, amounted to EUR144 million, down 2%.

Gross profit of EUR2 579 million is 6%* lower than 2006 with cost of sales of EUR1 047 million, up 19%*. Cost of sales was impacted by a one-time non-cash inventory step-up of EUR93 million as required by IFRS and additional EUR52 million amortisation expenses linked to the acquisition of Schwarz Pharma.

Marketing & Selling expenses of EUR1 054 million remained flat* with significant investments into the launches of Neupro® and Xyzal® in the USA, as well as in the preparation for expected launches, off-set by the realisation of synergies.

Research & Development expenses of EUR788 million were 3%* lower due to decreasing expenses related to the successful completion of Phase III programmes, optimisation of key processes and cost reductions due to critical mass, whilst continuing to invest in UCB's development pipeline.

General & Administrative expenses of EUR267 million are down 15%* mainly due to realisation of synergies.

Operating profit (EBIT) of EUR344 million is down 48%* impacted by restructuring and integration expenses of EUR123 million, inventory step up of EUR93 million, impairment charges of EUR36 million, Cimzia® *(certolizumab pegol)* start up and other related expenses of EUR23 million. Synergies of EUR166 million and capital gains mainly on the sale of Cytec shares and OTC business in France, partly compensate the negative impact on the operating profit. In addition, 2006 operating profit included significant capital gains due to the divestiture of non-strategic products amounting to EUR135 million.

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Net profit amounted to EUR160 million, down 59%*, reflecting increased financial expenses in connection with the acquisition, a one-time non-cash impact of IFRS related inventory step-up of EUR93 million (pre-tax) and reduced after-tax contribution of non-recurring items.

Net profit adjusted for the after tax impact of one-off items and acquisition related inventory step-up amounts to EUR292 million, down 15%* (currency adjusted down 5%) with operating performance partially compensating the incremental acquisition related financial expenses and intangible amortisation expenses.

Underlying profitability, recurring EBITDA, reached EUR741 million decreasing by 1%* (currency adjusted growing by 7%), reflecting good operational performance nearly compensating for the weak US Dollar and Japanese Yen.

UCB's balance sheet as of the end of December 2007 is comparable to the balance sheet at year end 2006 as Schwarz Pharma's balance sheet was already fully consolidated as of that date. As of 31 December 2007 UCB's total liabilities and shareholders equity amounts to EUR9 555 million, less than the EUR10 560 million as of year end 2006 (restated). This is mainly the result of the sale of Cytec shares with a carrying value of EUR248 million, the efforts undertaken to reduce working capital further, and the use of available cash to reduce external borrowings.

The net debt position of UCB as of 31 December 2007 amounts to EUR1 915 million including financial borrowings of EUR2 420 million, mainly related to the acquisition of Schwarz Pharma. Net debt position as of 31 December 2006 was EUR2 108 million. The net debt reduction of EUR193 million stems from the sustained cash flow generation and the positive currency impact on the portion of the syndicated loan denominated in US Dollar.

Cash flow from operating activities reached EUR490 million in 2007, up 53%. Cash flow from investing activities was an outflow of EUR201 million mainly due to the second settlement for the Schwarz Pharma acquisition and further purchases of shares (-EUR217 million) as well as investments in fixed assets (-EUR220 million), partially offset by an inflow from proceeds from divestments (EUR271 million).

Cash flow from financing activities was impacted by dividend payments (-EUR164 million) and reimbursement of debt with available cash (-EUR600 million) amounting to an outflow of EUR766 million.

The Board of Directors recommends a gross dividend of EUR0.92 per share (net dividend of EUR0.69) per share compared to EUR0.90 last year (net dividend of EUR0.675 per share), an increase of 2.2% in line with UCB's dividend policy.

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Financial outlook for 2008

UCB expects 2008 to again be a year of progress in the execution of UCB's strategy and of substantial investment in the company's future growth. Revenue is expected to decrease to approximately EUR3.4 billion due, in substantial part, to the patent expiry of Zyrtec® and the expected start of generic competition to Keppra® in the USA along with further expected currency deterioration. Notwithstanding incremental marketing & selling expenses in connection with product launches and pre-launch activities, operating expenses should be slightly lower as a result of the continued cost containment efforts. Recurring EBITDA for the full year 2008 is expected to reach approximately EUR650 million. Net profit is expected to exceed EUR100 million in 2008.

R&D update

In 2007 UCB achieved multiple regulatory milestones and gained three regulatory approvals:

- Neupro® for the treatment of advanced Parkinson's in Europe and early Parkinson's in the USA
- Xyzal® for the treatment of allergy in the USA
- Cimzia®, for the treatment of Crohn's disease in Switzerland

Furthermore in 2007 UCB filed two products across four indications with regulatory authorities:

- Vimpat® for the treatment of diabetic neuropathic pain in Europe and the USA
- Vimpat® for the treatment of epilepsy in Europe and the USA
- Neupro® for the treatment of restless legs syndrome in Europe and the USA
- Neupro® for the treatment of advanced Parkinson's in the USA

In early 2008, UCB filed two additional products across two indications with regulatory authorities:

- Keppra® XR, for the treatment of epilepsy in the USA
- Cimzia® for the treatment of rheumatoid arthritis in the USA

In 2007 UCB made numerous advances in clinical development, biggest achievements amongst them were:

- Rikelta™ (*brivaracetam*) entered Phase III evaluation for the adjunctive treatment in partial-onset epilepsy
- CMC544 entered Phase III evaluation for the treatment of non-hodgkin's lymphoma (NHL)
- CDP323 entered Phase IIa evaluation for the treatment of multiple sclerosis

On 14 December 2007 UCB provided an update on latest R&D developments. Since that date, a Phase IIb trial has started evaluating *epratuzumab* in the treatment of systemic lupus erythematosus (SLE).

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FY 2007 - Financial highlights*

EUR million	**Reported FY 2007** *(Audited)*	**Pro Forma FY 2006** *(Unaudited)*	**Pro Forma Variance*** *Actual rate* *(Unaudited)*	**Reported UCB FY 2006** *(Audited)*
Revenue	**3 626**	**3 631**	**0%**	2 551
Net sales	3 188	3 144	1%	2 177
Royalty income & fees	294	340	-14%	335
Other revenue[a]	144	146	-2%	39
Gross profit[b]	**2 579**	**2 754**	**-6%**	**2 010**
excluding inventory step up	2 672	2 754	-3%	2 010
M&S expenses	(1 054)	(1 049)	0%	(733)
R&D expenses	(788)	(815)	-3%	(615)
G&A expenses	(267)	(315)	-15%	(196)
Other operating income	10	33		9
Recurring EBIT (REBIT)[b]	**480**	**608**	**-21%**	**475**
excluding inventory step-up	573	608	-6%	475
Non-recurring income/(expenses)	(136)	61	na	97
EBIT (Operating profit)[b]	**344**	**669**	**-48%**	**571**
excluding inventory step-up	437	669	-35%	571
Financial expenses	(125)	(48)	>100%	(54)
Profit before income taxes	**219**	**620**	**-65%**	**517**
Income tax expenses	(60)	(228)	>100%	(150)
Net Profit (after minority interest)	**160**	**391**	**-59%**	**367**

Recurring EBITDA	**741**	**747**	**-1%**	**566**
Adjusted Net Profit [c]	**292**	**343**	**-15%**	**318**
EPS (Euro per non-diluted share)	0.89	2.17	-60%	2.54
Adjusted EPS (Euro per non-diluted share)	1.62	1.90	-15%	2.20
Number of outstanding shares (non-diluted in million)	180	180	0	

a *UCB reclassified income generated by license or profit sharing agreements as well as sales resulting from contract manufacturing as "other revenue" thus deducting them from net sales. The 2006 income statement on a reported and pro forma basis is restated accordingly*

b *After EUR93 million acquisition related inventory step-up*

c *Adjusted for after-tax impact of one-off items, after-tax contribution from discontinued operations and inventory step-up*

The 2007 Operating and Financial Report is now available in the IR section of the UCB website.

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.

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About UCB

UCB, Brussels, Belgium (www.ucb-group.com) is a global leader in the biopharmaceutical industry 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 around 12,000 people in over 40 countries, UCB achieved revenue of EUR3.6 billion in 2007. UCB S.A. is listed on the Euronext Brussels Exchange and, through its affiliate, owns approx. 89% of the shares of SCHWARZ PHARMA AG. SCHWARZ PHARMA AG (Monheim, Germany) is a member of the UCB Group.

Further information

Antje Witte, Vice-President Corporate Communications & Investor Relations, UCB Group
T +32.2.559.9414, Antje.witte@ucb-group.com

Mareike Mohr, Associate Director Investor Relations, UCB Group
T +32.2.559.9264, Mareike.mohr@ucb-group.com

Conference Call

UCB will host a Press Conference Call on Friday, 29 February 2008, 9.30 am GMT

Dial:	*(+32) (0) 2 789 86 04*	*Belgium*
	(+49) (0) 69 710 445 601	*Germany*
	(+44) (0) 20 8322 2048	*U.K.*
	(+44) (0) 20 8322 2048	*Europe*

UCB will host an Analyst & Investor call on Friday, 29 February 2008, 1.00 pm GMT

Dial:	*(+32) (0) 2 789 86 03*	*Belgium*
	(+49) (0) 69 710 44 5598	*Germany*
	(+44) (0) 20 3003 2657	*U.K.*
	(+44) (0) 20 3003 2657	*Europe*
	(+1) (0) 866 966 5335	*U.S.A.*

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.