



Press Release

UCB First Half-Year 2006 Financial Results

Strong revenue growth up 12% to 1.3 billion euro

Net profit from continuing operations up 44% to 237 million euro

- Revenue increased by 12% to 1,322 million euro (first half 2005: 1,184 million euro), driven by net sales, up 9%, and substantial royalty income contribution
- Strong growth in Keppra[®] net sales up 42% to 365 million euro, reinforcing US market leadership
- Solid allergy sales of 406 million euro (up 6%) with Zyrtec[®] continuing to grow in the U.S.A. and a steady performance from Xyzal[®]
- Investment in R&D up 24% to 307 million euro, reaching 27% of net sales, focused primarily on various indications for Cimzia[™], and successors of Keppra[®]
- Recurring EBITA of 290 million euro and recurring EBIT of 271 million euro, both up 9%
- Net profit from continuing operations of 237 million euro (up 44%), including net capital gains of 57 million euro on sale of non-core business (Bioproducts) and products (Delsym[®], Corifeo[®], Gastrocrom[®]) after restructuring expenses

- Xyzal[®] New Drug Application (NDA) filed with the Food and Drug Administration (FDA)
- Keppra[®] XR (extended release), a once daily formulation, entered phase III evaluation
- Extremely encouraging phase II trial data for Cimzia[™] in psoriasis, and all other Cimzia[™] programmes on track
- Acquisition of Epratuzumab, a specialist product for auto-immune diseases, such as Systemic Lupus Erythematosus

Brussels (Belgium), 27 July 2006, 7:00 AM CET – UCB today announced its financial results for the six months ended 30 June 2006.

Roch Doliveux, CEO of UCB, commenting on the first half 2006 performance, said: "UCB performed well in the first half of 2006, delivering solid results financially, in R&D and strategically. Keppra[®], now UCB's number one product, achieved outstanding growth and our allergy franchise continued to grow driven by Xyzal[®] and Zyrtec[®]. Significant progress was also made in our R&D pipeline, with the launch of a phase III trial for Keppra[®] XR, the new extended release form of Keppra[®] and approval of a number of new Keppra[®] indications. Furthermore Cimzia[™] was filed for regulatory approval in Crohn's disease with the FDA and European Medicines Agency (EMA) and achieved extremely encouraging phase II results in psoriasis."

"We are also on track in our preparations for a targeted launch of Cimzia[™] in Crohn's disease in the first half of 2007. Finally, the NDA for Xyzal[®] has been filed with the FDA."

Financial highlights

million EUR	H1 2006	H1 2005	Growth	
			Real rate	Constant rate
Net sales	1 133	1 040	9%	7%
Royalty Income	189	144	32%	29%
Revenue	1 322	1 184	12%	10%
Gross profit	1 041	906	15%	13%
Gross profit margin	78.7%	76.5%	-	-

M&S expenses	(360)	(310)	-16%	-15%
R&D expenses	(307)	(247)	-24%	-23%
G&A expenses	(102)	(94)	-8%	-7%
Other income/(expenses)	(1)	(7)	-	-
Total operating expenses	(770)	(658)	-17%	-16%

Recurring EBITA	290	266	9%	6%
Recurring EBIT	271	248	9%	6%
Non-recurring income	89	(2)	-	-
EBIT	360	246	46%	42%
Profit from continuing operations	237	165	44%	40%

Earnings per share (in EUR)*	1.66	1.15	-	-
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Net debt	(354)	(591)**	-	-
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* from continuing operations

** as of December 31, 2005

The unaudited first half-year 2006 Condensed Consolidated Interim Financial Statements (condensed balance sheet, condensed income statement and condensed cash flow statement according to IFRS) are attached to this Press Release. The first half-year 2006 Financial Report is available from today on the UCB Website (www.ucb-group.com).

Financial Review

Revenue: strong overall performance

Revenue grew by 12% during the first six months of 2006, driven by an increase in net sales of 9% and a 32% growth in royalty income, compared with the same period in 2005.

Keppra®

Keppra®, UCB's anti-epileptic, continued its strong growth, enhancing its market position in the treatment of epilepsy, and particularly its leadership in the U.S.A. Keppra® net sales grew by 42% to 365 million euro, compared with the same period in 2005.

Keppra® net sales grew in all its geographic regions, as follows:

million EUR	H1 2006	H1 2005	Growth	
			Real rate	Constant rate
U.S.A.	233	166	40%	34%
Europe	119	86	38%	38%
Rest of the world	13	6	135%	131%
Total Keppra®	365	258	42%	38%

Allergy franchise

UCB's allergy franchise grew by 6% to 406 million euro during first half 2006. Zyrtec®'s U.S. growth continued to be impressive: the U.S. in-market sales of Zyrtec® amounted to 798 million U.S. dollars of which reported sales by UCB were up 17% to 141 million euro (173 million U.S. dollars). Zyrtec®'s contribution in Japan returned to normal levels as anticipated after an exceptionally strong allergy season in the first half of 2005. Xyzal® continued to improve its market penetration and is now market leader in 8 European countries. Xyzal® sales grew by 13% worldwide to 88 million euro.

The net sales growth of the allergy franchise was as follows:

million EUR	H1 2006	H1 2005	Growth	
			Real rate	Constant rate
U.S.A. Zyrtec®	141	121	17%	12%
Europe Zyrtec® Xyzal®	64 80	69 72	-7% 11%	-7% 10%
Total Europe	144	141	2%	2%
Japan Zyrtec®	86	93	-7%	-3%
Rest of the world Zyrtec® + Xyzal®	35	28	23%	19%
Total Zyrtec®	318	304	4%	3%
Total Xyzal®	88	79	13%	12%
Total Allergy	406	383	6%	5%

Other UCB Products

Net sales of the Other UCB Products decreased by 9% to 362 million euro, driven by:

- the impact of the divestment of the peptides manufacturing and Food Diagnostics businesses
- the impact of a weaker cough and cold season on Tussionex® and Delsym® sales this spring

Metadate™ CD continues to perform well in the U.S.A.

million EUR	H1 2006	H1 2005	Growth	
			Real rate	Constant rate
Tussionex®	47	50	-6%	-10%
Nootropil®	50	53	-7%	-7%
Metadate™ CD/Equasym™ XL	35	28	23%	18%
Atarax®	27	24	14%	12%
Delsym® *	11	11	-4%	-8%
Bioproducts **	4	24	sold	sold
Other	188	209	-10%	-10%
Total other products	362	399	-9%	-10%

*Delsym® was sold as of 14th of June 2006. **Bioproducts was sold as of 28th of February 2006

Royalty income

Royalty income grew by 32% to reach 189 million euro, mainly driven by Zyrtec®'s performance in the U.S.A. and the contribution of other royalties containing some one-time retro-active payments. Following the expiry of the Boss patent in the first half of 2006, no further net royalty income will be derived from that patent in the future.

million EUR	H1 2006	H1 2005
Zyrtec® U.S.A.	77	69
Boss related	62	55
Other	50	20
Royalty income and fees	189	144

Boss related	(31)	(21)
Other	(4)	(7)
Royalty expenses *	(35)	(28)

Net royalty income and fees	154	116
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* Accounted for in Cost of Goods Sold

Operating income and expenses: a continuing robust performance

Recurring EBITA (290 million euro) and recurring EBIT (271 million euro) both increased by 9% **excluding** capital gains and non-recurring expenses.

EBIT increased by 46% to 360 million euro **including** non-recurring income of 89 million euro, largely due to the capital gains realised on the divestment of non-core business (Bioproducts) and products (Delsym[®], Corifeo[®] and Gastrocrom[®]) offset by non-recurring charges.

Operating expenses during the first half of 2006 grew as planned, mostly reflecting investment in UCB's future:

Marketing and selling expenses increased by 16% to 360 million euro, representing 32% of net sales. This increase is driven by higher investment in Keppra[®], the preparation for launch of Cimzia[™] in Crohn's disease, as well as by the reclassification of discounts to marketing and selling expenses in Japan following new co-distribution agreements for Zyrtec[®].

R&D investment increased by 24% to 307 million euro, representing 27% of net sales and reflecting the opportunities within UCB's broad R&D pipeline and the number of drug candidates in late stage development. R&D investment is likely to increase further in the second half of 2006 because of continuation and initiation of promising new development programmes. These include Phase III for Keppra[®] XR, Phase III for Epratuzumab, further development of Cimzia[™] in psoriasis and rheumatoid arthritis, as well as Phase IIIb/IV trials of Cimzia[™] in Crohn's disease, reflecting the interest of the treating specialist physicians. In addition, further investment is continuing in ongoing trials of *brivaracetam* and *seletracetam*, UCB's most advanced new CNS products.

The net sales and Recurring EBIT **contribution of the divested business and products** in the first half of 2006 amounted to:

million EUR	H1 2006	H1 2005	FY 2005
Net sales	19	42	98
Recurring EBIT	5	16	40

Net profit growth

The average tax rate on recurring activities amounted to 27% in the first half of 2006 (H1 2005: 28%). The average tax rate on non-recurring items reached 36% as a result of the full taxation of the capital gains on asset deals, mainly in the U.S.A., Belgium and Germany.

The divestment of non-core business and products resulted in after tax capital gains of 74 million euro, offset by other after tax non-recurring charges of 17 million euro. Net profit from continuing operations therefore increased by 44% to 237 million euro.

Net debt

Net debt on 30 June 2006 amounted to 354 million euro, a reduction from 591 million euro on 31 December 2005, largely due to the operating cash flow and 237 million euro proceeds from the sale of non-core business and products.

Cash flow

UCB's continuing operations generated a healthy operating cash flow of 167 million euro during six months of 2006 and a free cash flow of 348 million euro, including divestment proceeds.

2006 Financial Outlook

In the second half of 2006, the financial performance of UCB will be impacted by the following:

- The seasonal pattern of UCB's earnings profile, mostly arising in its allergy and cough & cold franchises. Historically, more than half of UCB's profit contribution has been realised during the first half of the year.
- Expected increase in net sales compared to the second half of 2005
- Decrease in royalty income due to the Boss patent expiry, as previously announced
- Expected acceleration of pre-launch activities for Cimzia™ in Crohn's disease
- Continuing substantial investment in R&D, including Epratuzumab

Notwithstanding the lost contribution from the recently divested non-core business and products as well as the increased investment in R&D, marketing and sales, we expect the Full Year 2006 net profit of the ongoing business to be in line with 2005 and in line with our previous guidance of 270 million euro, excluding capital gains and non-recurring charges.

Full Year 2006 net profit from continuing operations, including capital gains and after non-recurring charges, is expected to exceed 300 million euro.

Product and R&D Update

Central Nervous System (CNS)

Keppra[®] has made considerable progress towards further expanding its approved epilepsy indications, as well as extending its range of innovative formulations.

- Phase III clinical trials are ongoing for **Keppra**[®] **XR**, a once daily extended release formulation.
- Launch of the **Keppra**[®] **1000 mg tablet** in the U.S.A.
- The **intravenous formulation** has been launched in the first European countries and is on target for approval and launch in the U.S.A. in the second half of 2006. This is the first and only intravenous formulation of the second generation anti-epileptic drugs (AED) available in the critical care market.
- **Keppra**[®] was launched for **juvenile myoclonic epilepsy (JME)** in Europe and is expected to be approved and launched for this indication in the U.S.A. in the second half of 2006. **Keppra**[®] is the first and only AED to have demonstrated efficacy as an add-on therapy in this indication.
- Launch in Europe as a **monotherapy** is expected in the fourth quarter of 2006.
- Approval for the treatment of **Primary Generalised Tonic Clonic** seizures for **Keppra**[®] is expected in Europe and U.S.A. by mid 2007.
- The launch of **Keppra**[®] in **China** and **South Korea** is expected in the first half of 2007. Regulatory approval for the use of **Keppra**[®] as an anti-epileptic in **Japan** is expected to be submitted in the second half of 2007.
- **Keppra**[®] did not achieve its primary end-point in phase II trials for **neuropathic pain**. Therefore trials for this indication have been stopped.

The phase II clinical programmes of both **brivaracetam** and **seletracetam** are progressing well.

Following FDA approval in the USA, UCB has launched 40 mg, 50 mg and 60 mg dosage strengths of **Metadate CD**[™] CII (methylphenidate HCl, USP) Extended-Release Capsules for the treatment of attention deficit hyperactivity disorder (ADHD).

Inflammation and Respiratory

A New Drug Application for marketing approval for **Xyzal**[®] in the U.S.A. has been recently filed with the FDA.

Following **Cimzia**[™]'s excellent phase III results in **Crohn's disease**, a Biologic License Application was submitted to the FDA in February 2006 and the Marketing Authorisation Application to the EMEA in April 2006. Approval is expected in the first half of 2007 and launch is targeted to follow shortly afterwards. Preparation for launch is well advanced.

In May, UCB presented further clinical data on the PRECISE 1 and 2 phase III trials at the Digestive Disease Week gastroenterology congress, which was well-received. Cimzia[™]'s robust efficacy with simple consistent dosing for the treatment of Crohn's disease and its consistent tolerability profile clearly reinforces its potential to become a new treatment of choice in Crohn's disease.

Earlier in July, UCB announced highly encouraging phase II results for **Cimzia**[™] in the treatment of patients with moderate to severe **psoriasis**.

Phase III trials for the use of **Cimzia**[™] in **rheumatoid arthritis** are on schedule for completion at the end of 2006.

CDP435 failed to meet our criteria to proceed with phase I clinical development and further development has been discontinued.

UCB entered into a license agreement with Immunomedics, Inc. to obtain the worldwide licence for **Epratuzumab** for all autoimmune disease indications. It has FDA Fast Track designation and is in Phase III development for Systemic Lupus Erythematosus.

Forthcoming UCB R&D Presentation

UCB will be providing an update on its R&D pipeline at UCB 2006 R&D Days in London and New York on 26 and 28 September 2006, respectively.

Particular attention will be given to UCB's R&D strategy and innovative research techniques, progress in CNS (Keppra[®] XR, *brivaracetam*, *seletracetam*) and Inflammation (Cimzia[™], Epratuzumab), new products entering clinical evaluation, as well as UCB's patient focus.

Financial Calendar

R&D Day	26 September 2006 - London
	28 September 2006 - New York
Full Year 2006 Financial Results	28 February 2007
Annual Shareholders' Meeting	26 April 2007

About UCB

UCB (www.ucb-group.com <<http://www.ucb-group.com>>) is a leading global biopharmaceutical company 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 over 8,300 people in over 40 countries, UCB achieved revenue of 2.3 billion euro in 2005. UCB is listed on the Euronext Brussels Exchange and its worldwide headquarters are located in Brussels, Belgium.

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Forward-Looking Statement

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