



February 29, 2008

Full Year Report 2007:

Integration of SCHWARZ PHARMA Business into UCB Group on Target

Within the course of the integration process, a large share of SCHWARZ PHARMA AG's foreign business was transferred to the UCB Group. At the end of fiscal year 2007, 13 affiliates ceased to belong to the scope of consolidation of SCHWARZ PHARMA AG. Hence the presented business figures (preliminary and unaudited) show the results of the continued business activities of the remaining consolidated companies. The latter achieved net sales of €327.3 million in 2007 compared to €362.1 million in the previous year (-9.6%). SCHWARZ PHARMA expects a sales increase in fiscal year 2008.

February 29, 2008 - "Fiscal year 2007 was the year that marked our successful integration into the UCB Group", says Peter Möller, Chairman of the Executive Board of SCHWARZ PHARMA AG. "Together with UCB, we want to form a leading, next-generation biopharma company. The joint development pipeline, with its main focus on neurology and inflammatory diseases, is one of the 'best-filled' pipelines in the world." In May 2007, the annual general meeting of SCHWARZ PHARMA AG approved the domination and profit transfer agreement, with UCB SP GmbH as the controlling company and SCHWARZ PHARMA AG as the controlled company. This agreement was registered in the German commercial register in July 2007, thus becoming legally effective. Shareholders who did not accept the cash settlement offer from UCB SP GmbH, amounting to €104.60 per share, will receive a guaranteed dividend per share of €3.18 (net)/€3.43 (gross).

Sales Trend January to December 2007:

Sales: €327.3 million, -9.6%

In fiscal year 2007, SCHWARZ PHARMA Group sales reached €327.3 million, marking a decrease compared to the previous year (-9.6%).

German sales fell by 24.2% to €163.7 million. This significant sales decline is mainly due to the sales decline of the gastrointestinal drug Rifun[®] (pantoprazole) which amounted to only €3.9 million (-90.3%) as a result of the change of ownership. The top-performing products were the antiasthmatic drug Atmadisc[®] (fluticasone/salmeterol), achieving €47.8 million (+1.5%), and the hypertension drug Provas[®] (valsartan) with sales of €25.4 million (-31.9%). The sales decline of Provas[®] is due to a change in the reporting of earnings arising from a contractual adjustment. In 2007, sales of Neupro[®] (rotigotine transdermal patch) already reached €16.5 million, significantly exceeding our expectations.



Sales in the area “Rest of Europe” came to €17.4 million (+29.0%), marking a significant increase over last year. The group’s licensing business with other countries (Rest of the world) rose by 5.0% to €44.4 million. The top-performing products were Elantan[®] (isosorbidmononitrate) with sales of €10.7 million (+/- 0.0%), Ferro[®] (iron) with sales of €10.5 million (+1.5%), and Deponit[®] (glyceryl trinitrate) with sales of €8.7 million (+14.1%).

The sales of SCHWARZ PHARMA’s Asian affiliates remained almost unchanged at a level of €37.5 million.

Earnings trend January to December 2007:

Operating result: -€8.5 million;

Result of continued operations: -€74.7 million

SCHWARZ PHARMA achieved gross profit of €201.7 million in 2007, marking a year-over-year decline of -10.1%. The gross margin fell insignificantly from 61.9% to 61.6%.

Selling, general and administrative expenses fell significantly by 22.2% to €162.4 million. Restructuring programs and lower expenses for executive stock option programs led to a reduction in personnel expenses.

Research and development expenses fell significantly to €90.0 million (-29.0%), also due to progress made in the development pipeline where four projects are in the early stages of the filing process.

Other income came to €56.2 million in 2007. Again in 2007, other income was significantly affected by received milestone payments.

The operating result in the past fiscal year thus came to -€8.5 million against -€4.2 million in the previous year. The financial result came to -€3.3 million, compared to -€0.2 million in the previous year. The interest result improved from -€8.7 million in the previous year to €0.1 million in the year under review. This development is mainly due to a downward adjustment of the book value of Lipocine Inc., USA, amounting to €8.6 million, which became necessary last year.

The pre-tax result amounted to -€11.7 million against -€13.1 million in fiscal year 2006. The group’s income tax expense came to €63.0 million, up from -€7.0 million.

SCHWARZ PHARMA hence achieved a net result of -€74.7 million from continued operations in fiscal year 2007, compared to -€6.1 million in the previous year.

The result of discontinued operations (which is shown separately in the income statement) amounted to €946.7 million in the year under review (2006: €19.2 million) and was mainly impacted by the transfer of 13 affiliates to the UCB group and the related deconsolidation effects. These effects are included in the Other income of the discontinued business activities.



Sales achieved by the discontinued operations came to €531.0 million in fiscal year 2007, compared to €638.2 million in the previous year, the USA accounting for more than half this figure.

Expenses in the discontinued operations came to €486.2 million. In addition, attributable taxes on income came to €19.2 million.

Cash flow statement, balance sheet, and employees

Net Cash Position -€2.3 million, Equity Ratio 9%

The consolidated group recorded a cash outflow from operating activities of €218.5 million in fiscal year 2007. This was mainly due to tax payments, despite a lower level of trade receivables.

Cash outflows for investments totaled €187.1 million against a figure of €66.7 million in 2006. The majority of investments, totaling €150.3 million, were made in property, plant and equipment, primarily for expanding the company's fine chemistry production in Shannon/Ireland.

The cash inflow from financing activities came to €142.3 million compared to €49.0 million in the same period of the previous year. These changes are mainly due to the different financing structure of the group since, compared to the previous year, financial transactions are now concluded by an affiliate of the UCB Group. Dividend payments led to cash outflows of €10.2 million. The net cash position came to -€2.3 million as per December 31, 2007.

The SCHWARZ PHARMA Group had an average worldwide workforce of 3,714 employees in fiscal year 2007 (2006: 4,359; -14.8%).

Outlook for 2008

In 2008, the reported external sales of the group will include, in addition to the current third-party sales of SCHWARZ PHARMA AG and its affiliates, the sales achieved through dealings with UCB affiliates excluding the SCHWARZ PHARMA Group. SCHWARZ PHARMA expects a sales increase and a negative net result for 2008 in the face of the start-up expenses for producing the drug fesoterodine.

This outlook does not include earnings from the divestment of products or partnerships and other divestments. Not included in this outlook are also possible costs and expenses arising in connection with the continuing integration of SCHWARZ PHARMA into the UCB Group as a result of the domination and profit transfer agreement.



SCHWARZ PHARMA AG and Affiliates*
(Fiscal year Jan. 1 to Dec. 31)

€million	2007	2006
Continued operations		
Net sales	327.3	362.1
Cost of goods sold	125.6	137.8
Gross profit (loss) on sales	201.7	224.3
Selling and marketing expenses	109.8	125.7
General and administrative expenses	52.6	83.2
Research and development costs	90.0	126.7
Amortization of intangible assets	13.4	11.9
Impairment loss under IAS 36	0.6	4.1
Other income (expense)	56.2	123.1
Operating result	-8.5	-4.2
Interest result	-3.3	-0.2
Income from at-equity investments	0.0	0.0
Other income from investments	0.1	-8.7
Pre-tax result	-11.7	-13.1
Taxes on income	63.0	-7.0
Result after taxes	-74.7	-6.1
Discontinued operations		
Result from discontinued operations	946.7	19.2
Net profit (loss) for the year	872.0	13.1
Minority interests	1.2	0.7
Consolidated net income (loss)	870.8	12.4
EPS (€) in continued operations		
EPS 'basic' (€)	-1.53	-0.13
EPS 'diluted' (€)	-1.53	-0.13
EBITDA (excl. one-time effects; continued business areas)	34.5	17.5
EBIT (excl. one-time effects; continued business areas)	8.7	-10.9
Number of shares		
Annual average, million units	48,797	47,418
As per December 31, million units	48,798	48,776

***Comment:**

- Preliminary, unattested figures
- Percentage rate changes are not shown due to their insignificance.

SCHWARZ PHARMA AG (seated in Monheim, Germany) is a company of the UCB Group, Brussels/Belgium (www.ucb-group.com). UCB is listed on the Euronext exchange in Brussels and holds around 89% of all SCHWARZ PHARMA shares.

UCB is a leading global biopharmaceutical company whose focus is on researching, developing, and commercializing innovative pharmaceutical and biotechnological products in the fields Central Nervous System, allergic and respiratory diseases, immunological and inflammatory diseases, and oncology. UCB achieved sales of €3.6 billion (pro forma) in 2007 and employs more than 11.000 workers in 40 countries.

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