



UCB S.A. Allée de la Recherche 60, B-1070 Brussels (Belgium)

## Press Release

Embargo : 25th March, 2004  
at 5:45pm

### UCB Group: confirmed increase of 2% in net results

*The Board of Directors proposes to distribute a gross dividend in increase by 2.5% compared to 2002.*

*At its meeting on the 25 March 2004, the Board of Directors approved the accounts for the 2003 financial year, which will be submitted for approval to the Shareholders' Meeting(\*):*

<b>The UCB Group in 2003</b> (in € million)		<b>Year</b>		<b>Variation</b>	
	<b><u>2002</u></b>	<b><u>2003</u></b>		At constant exchange rates	
<b>Turnover</b>	<b>2,514</b>	<b>2,966</b>		+18%	+29%
Pharma Sector	1,476	1,463			
Surface Specialties	1,037	1,501			
-of which Films	394	362			
Non-sectorial	1	2			
<b>Operating Profit (EBIT)</b>	<b>503</b>	<b>487</b>		-3%	+18%
Net financial charges	-9	-4			
<b>Ordinary Profit</b>	<b>494</b>	<b>483</b>		-2%	+16%
Pharma Sector	440	402			
Surface Specialties	34	66			
-of which Films	-13	3			
Non-sectorial	20	15			
Exceptional results	-27	-4			
<b>Profit before tax</b>	<b>467</b>	<b>479</b>			
Taxation	-136	-139			
Share in the profits/losses of apportioned companies	1	-			
<b>Net profit after taxation</b>	<b>332</b>	<b>340</b>		+2%	+22%
<b>Cash Flow</b>	<b>403</b>	<b>490</b>			

(\*) "The Auditors have confirmed that they have no reservations concerning the accounting information contained in the release and that it is in accordance with the annual accounts adopted by the Board of Directors."

**Contact : Arnaud Denis - Investor Relations Manager**

Tel : +32-(0)2-559.92.64 Fax : +32-(0)2-559.95.71

E-mail : [arnaud.denis@ucb-group.com](mailto:arnaud.denis@ucb-group.com) Internet : <http://www.ucb-group.com>

<b><u>Per UCB share</u></b> (in Euro)	<b>2002</b>	<b>2003</b>
Own funds	10.66	12.15
Ordinary profit before tax	3.40	3.29
Net profit after taxation	2.28	2.32
Net dividend	0.60	0.62
Price/Earnings ratio (based on the market price at 31 <sup>st</sup> December)	12.15	12.77
Market price at 31 <sup>st</sup> December	30.00	29.89
Number of shares	145,933,000	145,933,000

The past year showed an ordinary profit before tax of **€ 483 million**, a 2% decrease compared to 2002, which was a record year. At constant exchange rates, the ordinary result grew by 16%.

In 2003, the **Pharma Sector** achieved an excellent performance in both therapeutic areas.

Neurology, which represents 1/3 of sales, is the main growth engine. Available in 46 countries, *Keppra* owes its success mainly to its remarkable efficacy, its broad spectrum of action, its ease of use and its outstanding safety. *Keppra's* global sales increased by 55% at constant exchange rate and the drug has become a world leader in the epilepsy.

In Allergy, *Xyzal* has practically tripled its sales in Europe and *Zyrtec* has grown by 20% in US dollar on the American market.

The ordinary profit for the Sector has decreased from € 440 million in 2002 to € 402 million in 2003. At constant exchange rates, these results increased by 10%.

**Surface Specialities** positions itself as a world leader in environmentally-friendly resins for the coatings and graphic arts industry. The process of integrating the acquired businesses (resins, additives and adhesives) is progressing well, in line with the implementation plan.

The ordinary profit is increasing by 94%, due, among others, to the activities acquired from Solutia.

The Film business regains its profitability and is pursuing its objective of reducing costs, improving productivity and exploiting synergies.

**Research and Development** expenses for the Group have increased to € 270 millions, as opposed to € 262 millions in 2002. Investments have increased from € 164 million to € 654 million, which includes € 514 million dedicated to the acquisition of Solutia specialities in 2003.

### **Prospects for 2004**

UCB is very confident that its 2004 results will show a favourable trend (excluding exchange rate effects).

Within the **Pharma Sector**, *Keppra*, which continues to receive a very favourable welcome from the medical profession, will pursue its growth in the United States, in Europe and in the other countries where it is registered. *Xyza* should double its sales in Europe and *Zyrtec* continue its growth with our partner Pfizer in the U.S.

Over and above the anticipated improvement in demand, **Surface Specialties** will benefit from the synergies resulting from the integration of its acquired businesses.

### **Proposed dividend**

The net profit of UCB S.A. amounted to € 294 million in 2003. The Board of Directors recommends distributing a gross dividend of € 120 million, compared to € 117 million in 2002.

Shareholders would receive, on the 8 June 2004, a net dividend of € 0.615 per share compared with a € 0.60 last year, an increase of 2.5%.

---

## THE UCB GROUP IN BRIEF

<i>In million euros and dollars (*)</i>	1999	2000	2001	2002	<b>2003</b>	2003	Variation	
	€	€	€	€	€	\$	%	At constant exchange rates %
Group turnover (1)	1,842	2,204	2,475	2,514	<b>2,966</b>	3,740	+18%	+29%
R&D expenditure	173	182	218	262	<b>270</b>	341	+3%	
Operating profit before depreciation (EBITDA) (2)	544	620	756	833	<b>838</b>	1,057		
Depreciation (3)	-235	-243	-290	-330	<b>-351</b>	-443		
Operating profit (EBIT) (4)	309	377	466	503	<b>487</b>	614	-3%	+18%
Net financial charges (5)	-9	-7	-4	-9	<b>-4</b>	-5		
Profit before tax :								
ORDINARY	300	370	462	494	<b>483</b>	609	-2%	+16%
EXCEPTIONAL	-1	6	-6	-27	<b>-4</b>	-5		
Total	299	376	456	467	<b>479</b>	604	+3%	+22%
Taxation	-79	-107	-136	-136	<b>-139</b>	-175		
Share in profits/losses of apportioned companies	-	-	-2	1	<b>0</b>	0		
Profit after tax :	220	269	318	332	<b>340</b>	429	+2%	+22%
-Depreciation ordinary (6)	89	99	111	118	<b>136</b>	171		
exceptional (7)	1	2	3	9	<b>-5</b>	-6		
-Write-back of depreciation on R&D costs	-14	-17	-29	-39	<b>-57</b>	-72		
-Capital grants, less subsidies included in profits	-	-	-	-	<b>-</b>	-		
-Residual value of assets sold	4	1	4	9	<b>102</b>	129		
-Differences in provisions	8	73	41	-26	<b>-26</b>	-33		
Cash flow (8)	308	427	448	403	<b>490</b>	618		
Value added (9)	846	1,003	1,164	1,225	<b>1,318</b>	1,662		
Profit distributed	73	93	111	117	<b>120</b>	151		
Consolidated profit after tax per share	1.50	1.84	2.19	2.28	<b>2.32</b>	2.93		
Gross dividend per share	0.50	0.64	0.76	0.80	<b>0.82</b>	1.03		
Total of assets/liabilities	1,807	2,303	2,564	2,621	<b>3,091</b>	3,898		
Own funds (10)	1,042	1,206	1,391	1,565	<b>1,784</b>	2,250		
Capital expenditure during the year (11)	106	177	194	164	<b>654</b>	825		
R.O.C.E (12)	24%	24%	25%	24%	<b>21%</b>			
Personnel employed at 31st December	9,214	9,910	10,013	10,326	<b>11,559</b>			

*Exchange rate used on 31.12.2003: 1 euro = 1.261 US dollars*

- (1) The turnover is that published in the official presentation of the profit and loss account. The turnover does not include the royalties which are shown in the consolidated profit and loss account under "other operating income".
- (2) EBITDA : Earnings Before Interests and Taxes, Depreciation and Amortization
- (3) Ordinary Depreciation and Depreciation on R&D costs.
- (4) EBIT : Earnings Before Interests and Taxes.

- (5) Net financial charges include income from non-consolidated shareholdings.
- (6) and (7) These amounts do not include depreciation on R&D costs.
- (8) Cash flow includes the total profits after taxation, including depreciation (not including depreciation on R&D costs), variations upwards or downwards in provisions for risks and charges, together with capital grants.
- (9) The value added is made up of depreciation (not including depreciation on R&D costs), employment costs, net financial charges and ordinary profit before taxation. Employment costs include the remuneration of Group personnel, social charges and pensions.
- (10) The main items included in own funds are the capital of UCB S.A., the share premium account, revaluation surpluses, consolidated reserves and minority interests.
- (11) The capital expenditure during the year 2003 includes the acquisition of the Resins, Additives and Adhesives activities of Solutia for an amount of € 514 million.
- (12) "Return on Capital Employed": this is the ratio between the ordinary profits (before taxation and financial charges) and capital employed (average over the two years of the total of the assets, after deduction of financial resources provided free of charge in the ordinary course of business, such as commercial debts and invoices to be received).

(TABLES COVERING THE REVIEW OF THE GENERAL SITUATION)

Consolidated turnover by Sector

<i>(in million euros)</i>	2002	2003	Variation (%)
Pharma	1,476	<b>1,463</b>	<b>-1%</b>
Surface Specialties	1,037	<b>1,501</b>	<b>45%</b>
Non-sectorial	1	<b>2</b>	
<b>TOTAL</b>	<b>2,514</b>	<b>2,966</b>	<b>18%</b>

Share of sales by Sector

	2002	2003
Pharma	59%	<b>49%</b>
Surface Specialties	41%	<b>51%</b>
	100%	<b>100%</b>

Profit/(loss) by Sector

<i>(in million euros)</i>	2002			2003			Variation	
	Ordinary	Except.	Total	Ordinary	Except.	Total	Ordinary	Total
Pharma	440	1	441	<b>402</b>	<b>29</b>	<b>431</b>	-9%	-2%
Surface Specialties	34	-18	16	<b>66</b>	<b>-33</b>	<b>33</b>	+94%	+106%
Non-sectorial	20	-10	10	<b>15</b>	<b>0</b>	<b>15</b>		
	494	-27	467	<b>483</b>	<b>-4</b>	<b>479</b>	-2%	+3%
Taxation			-136			-139		
Share in the profits/losses of apportioned companies			1			0		
<b>Total profit after taxation</b>			<b>332</b>			<b>340</b>		+2%

### Group research expenditure

	2002			2003		
<i>(in million euros)</i>	R&D	% of total expenditure	% of turnover	R&D	% of total expenditure	% of turnover
Pharma	213	81%	14%	<b>210</b>	<b>78%</b>	<b>14%</b>
Surface Specialties	49	19%	5%	<b>60</b>	<b>22%</b>	<b>4%</b>
TOTAL	262	100%		<b>270</b>	<b>100%</b>	

### Group investments

<i>(In million euros)</i>	2002		2003	
Pharma	100	61%	<b>88</b>	<b>13%</b>
Surface Specialties	58	36%	<b>560</b>	<b>86%</b>
Non-sectorial	6	3%	<b>6</b>	<b>1%</b>
TOTAL	164	100%	<b>654</b>	<b>100%</b>

# Consolidated Balance Sheet

## Assets

(After distribution)	31/12/2001 € thousand	31/12/2002 € thousand	31/12/2003 € thousand
<b>FIXED ASSETS</b>	<b>853 820</b>	<b>889 291</b>	<b>1 301 104</b>
I. Formation expenses (ann. VII)	638	466	343
II. Intangible assets (ann. VIII)	240 504	254 829	462 960
III. Consolidation differences (ann. XII)	22 662	27 732	94 927
IV. Tangible fixed assets (ann. XI)	580 258	589 413	726 115
A. Land and buildings	190 213	207 791	324 561
B. Plant, machinery and equipment	243 726	300 991	336 606
C. Furniture and vehicles	23 618	23 817	35 984
D. Leasing and other similar rights	5 715	5 158	3 004
E. Other tangible fixed assets	4 600	3 077	4 327
F. Assets under construction and advance payments	112 386	48 579	21 633
V. Financial fixed assets (ann. I to IV and X)	9 758	16 851	16 759
A. Apportioned companies	459	6 010	5 144
1. Investments	459	6 010	5 144
2. Amounts receivable	-	-	-
B. Other companies	9 299	10 841	11 615
1. Shares	4 007	3 942	3 157
2. Amounts receivable	5 292	6 899	8 458
<b>CURRENT ASSETS</b>	<b>1 710 034</b>	<b>1 731 644</b>	<b>1 789 831</b>
VI. Receivables of more than one year	80 758	71 856	45 821
A. Trade receivables	21 636	21 992	1
B. Other amounts receivable	59 122	49 864	45 820
VII. Stocks and contracts in progress	432 162	415 609	403 946
A. Stocks	432 162	415 609	403 946
1. Raw materials and consumables	98 725	91 035	105 705
2. Work in progress	80 229	85 373	70 215
3. Finished goods	191 919	181 419	182 468
4. Goods purchased for resale	60 024	57 111	44 853
5. Buildings for resale	-	-	-
6. Advance payments	1 265	671	705
B. Contracts in progress	-	-	-
VIII. Amounts receivable within one year	741 288	683 518	799 570
A. Trade receivables	448 761	416 553	508 896
B. Other amounts receivable	292 527	266 965	290 674
IX. Investments	339 054	443 136	392 519
A. Own shares	-	22 404	33 468
B. Other investments and deposits	339 054	420 732	359 051
X. Cash at bank and in hand	88 782	61 644	90 148
XI. Deferred charges and accrued income	27 990	55 881	57 827

<b>TOTAL ASSETS</b>	<b>2 563 854</b>	<b>2 620 935</b>	<b>3 090 935</b>
---------------------	------------------	------------------	------------------



The consolidated accounts have been drawn up in accordance with the regulations of the Royal Decree of the 1st September, 1986, concerning the annual accounts of holding companies, modified by the Royal Decree of the 25th November, 1991. In accordance with these Decrees, the consolidated accounts include the balance sheet, profit and loss account and the annex. In addition, the notes which follow the accounts refer to the financial situation of the Group, as shown in the balance sheet and the consolidated profit and loss account.

## Liabilities

	31/12/2001 € thousand	31/12/2002 € thousand	31/12/2003 € thousand
<b>CAPITAL AND RESERVES</b>	<b>1 382 633</b>	<b>1 555 155</b>	<b>1 772 389</b>
I. Capital	437 799	437 799	437 799
II. Share premium account	79	79	79
III. Revaluation surpluses	21 356	1 967	2 422
IV. Reserves (ann. XI)	916 779	1 132 258	1 351 333
V. Consolidation differences (ann. XII)	14 955	3 758	3 759
VI. Conversion differences	- 8 794	- 21 445	- 23 999
VII. Investment grants	459	739	996
<b>MINORITY INTERESTS</b>			
VIII. Minority interests	8 043	10 125	11 380
<b>PROVISIONS, DEFERRED TAX AND LATENT TAXATION LIABILITIES</b>	<b>244 911</b>	<b>201 558</b>	<b>250 587</b>
IX. A. Provisions for risks and charges	214 265	185 243	183 729
1. Pensions and similar obligations	22 964	26 893	48 782
2. Taxation	138	126	-
3. Major repairs and maintenance	4 062	3 099	2 839
4. Other risks and charges	187 101	155 125	132 108
B. Deferred tax and latent taxation liabilities	30 646	16 315	66 858
<b>CURRENT LIABILITIES</b>	<b>928 267</b>	<b>854 097</b>	<b>1 056 579</b>
X. Amounts payable in more than one year (ann. XIII)	203 336	126 412	312 450
A. Financial liabilities	198 604	121 684	307 785
1. Subordinated loans	-	-	-
2. Unsubordinated loans	83 256	49 032	41 347
3. Leasing and other similar obligations	899	863	1 265
4. Credit institutions	46 524	14 555	215 860
5. Other loans	67 925	57 234	49 313
B. Trade creditors	-	99	100
1. Suppliers	-	99	100
2. Bills of exchange payable	-	-	-
C. Advances received on contracts in progress	-	-	-
D. Other amounts payable	4 732	4 629	4 565
XI. Amounts payable in one year or less (ann. XIII)	677 147	681 110	697 295
A. Current portion of amounts payable after one year	4 689	54 040	52 429
B. Financial debts	158 349	127 994	98 354
1. Credit institutions	155 578	127 576	91 692
2. Other loans	2 771	418	6 662
C. Trade debts	234 467	210 345	256 222
1. Suppliers	232 617	208 462	252 916
2. Bills of exchange payable	1 850	1 883	3 306
D. Advances received on contracts in progress	913	67	62
E. Taxes, remuneration and social security	141 616	122 373	133 183
1. Taxes	67 467	60 051	57 280
2. Remuneration and social security	74 149	62 322	75 903
F. Other amounts payable	137 113	166 291	157 045
XII. Accrued charges and deferred income	47 784	46 575	46 834
<b>TOTAL LIABILITIES</b>	<b>2 563 854</b>	<b>2 620 935</b>	<b>3 090 935</b>

## Consolidated Profit & Loss Account

	31/12/2001 € thousand	31/12/2002 € thousand	31/12/2003 € thousand
I. Sales and operating income	2 903 703	2 923 320	3 327 593
A. Turnover	2 475 333	2 514 009	2 966 051
B. Changes in work in progress, finished goods and orders in process	36 832	- 15 131	- 45 479
C. Production capitalized	187 503	217 221	216 137
D. Other operating income	204 035	207 221	190 884
II. Cost of sales and operating charges	- 2 437 904	- 2 420 923	- 2 841 049
A. Materials	711 224	701 547	929 958
1. Purchases	721 551	740 947	961 786
2. Changes in stocks	- 10 327	- 39 400	- 31 828
B. Services and miscellaneous	787 840	795 951	853 061
C. Wages, salaries, social charges and pensions	585 342	604 125	692 070
D. Depreciation and reductions in value on formation costs and on tangible and intangible fixed assets	289 570	329 722	348 418
E. Reductions in value on stocks, orders in process and on commercial debts	1 072	6 035	20 238
F. Provisions for risks and charges	41 048	- 42 747	- 39 868
G. Other operating charges	21 056	25 389	34 677
I. Depreciation on consolidation differences	752	901	2 495
III. Operating profit	465 799	502 397	486 544
IV. Financial income	118 876	127 990	229 724
A. Income from financial fixed assets	2 234	-	3 328
B. Income from current assets	32 912	24 090	16 454
C. Other financial income	83 730	103 900	209 942
V. Financial charges	- 122 820	- 136 758	- 233 522
A. Interest and other debt charges	38 010	25 625	31 014
B. Depreciation on consolidation differences	-	-	-
C. Reductions in value on current assets other than those covered in II E above	170	92	75
D. Other financial charges	84 640	111 041	202 433
VI. Ordinary profit before taxation	461 855	493 629	482 746
VII. Exceptional income	112 634	109 328	114 675
A. Write-back of depreciation and of reductions in value on tangible and intangible fixed assets	29 820	38 483	68 279
B. Write-back of depreciation on consolidation differences	-	-	-
C. Write-back of reductions in value of financial fixed assets	1	1	-
D. Write-back of provisions for exceptional risks and charges	30 205	35 350	12 772
E. Surpluses on disposal of fixed assets	50 273	1 446	28 104
F. Other exceptional income	2 335	34 048	5 520
VIII. Exceptional charges	- 118 214	- 136 581	- 118 210
A. Exceptional depreciation and reductions in value on formation costs on tangible and intangible fixed assets	4 099	8 690	5 806
B. Exceptional depreciation on consolidation differences	-	-	-
C. Reductions in value of financial fixed assets	-	2 354	-
D. Provisions for exceptional risks and charges	22 611	51 821	25 778
E. Deficits on disposal of fixed assets	642	670	12 996
F. Other exceptional charges	90 862	73 046	73 630
IX. Profit for the year before taxation	456 275	466 376	479 211
X. A. Transfer from deferred tax and latent taxation liabilities	63	460	371
B. Transfer to deferred tax and latent taxation liabilities	-	-	-
XI. Taxation on profits	- 136 314	- 136 137	- 140 203
A. Taxation	- 139 957	- 136 314	- 143 986
B. Adjustment of taxes and write-back of tax provisions	3 643	177	3 783

	31/12/2001 € thousand	31/12/2002 € thousand	31/12/2003 € thousand
XII. Profit of the consolidated companies	320 024	330 699	339 379
XIII. Share in the profits (losses) of apportioned companies	- 1 543	1 114	298
A. Profits	89	1 168	323
B. Losses	- 1 632	- 54	- 25
XIV. Consolidated profit	318 481	331 813	339 677
A. Minority interests	- 471	- 413	1 535
B. Share of the Group in the profit	318 952	332 226	338 142

#### Summarised presentation of the consolidated profit and loss account

	31/12/2002	31/12/2003			
I. Ordinary profit	€ thousand	€ thousand	(1) The detail of depreciation on fixed assets:		
Turnover	2 514 009	2 966 051	Ordinary depreciation	- 118 077	- 136 169
Other income	409 311	361 542	Depreciation on R&D costs	- 212 546	- 214 744
Operating costs and other charges	- 2 090 300	- 2 490 136		- 330 623	- 350 913
Depreciation (1)	- 330 623	- 350 913	Depreciation amounted to € 348,418 thousand compared with		
Operating profit (2)	502 397	486 544	€ 329,722 thousand in 2002 (Item II D) plus depreciation on consolidation		
Financial income (3)	- 8 768	- 3 798	differences of €2,495 thousand against € 901 thousand in 2002 (Item II I).		
Ordinary profit before tax	493 629	482 746			
II. Exceptional profit	- 27 253	- 3 535	(2) Operating profit or EBIT		
III. Profit before tax	466 376	479 211	(Earnings Before Interest and Taxes)		
Deferred taxation	460	371			
Taxation	- 136 137	- 140 203	(3) Detail of financial income / charges by Sector:		
Share of UCB in the results of the apportioned companies	1 114	298	Pharma Sector	- 4 515	5 220
IV. Profit after tax	331 813	339 677	Surface Specialties	- 22 263	- 25 153
Profit attributable to minority interests	- 413	1 535	Non-sectorial activities	+ 18 010	+ 12 807
Profit attributable to UCB	332 226	338 142		- 8 768	- 7 126
			Income from non-consolidated shareholdings	-	3 328
				- 8 768	- 3 798

#### Main exceptional results by Sector

	31/12/2002 € thousand	31/12/2003 € thousand
Pharma		
Write-back of depreciation on R&D costs	31 209	52 622
Provisions for risks and charges	- 10 122	- 2 591
Restructuring costs	- 15 647	- 14 243
Depreciation	- 2 035	- 2 393
Start-up costs	- 2 170	- 1 240
Other	- 640	- 2 725
Total Pharma	595	29 430
Surface Specialties		
Surplus on the sales of assets	-	20 695
Write-back of reevaluation surplus and on consolidation difference	30 483	-
Write-back of depreciation on R&D costs	1 973	3 230
Provisions for risks and charges	- 12 109	- 4 581
Restructuring (of which Films in 2003 € -11 mio)	- 33 318	- 44 164
Start-up costs of industrial units and stopping of product	- 2 193	-
Litigations	- 1 521	- 8 165
Other	- 1 385	- 210
Total Surface Specialties	- 18 070	- 33 195
Non-sectorial		
Surplus on the sales of assets	63	-
Write down in value	- 11 458	- 830
Other	1 617	1 060
Total non-sectorial	- 9 778	230
<b>TOTAL</b>	<b>- 27 253</b>	<b>- 3 535</b>