



2007 annual results

Highlights

- **Marc Coucke accepts mission as CEO**
 - Lucas Laureys appointed Chairman of the Board of Directors
 - Jan Cassiman becomes COO
- **Key figures 2007**
 - EUR 789.3 million turnover (+8%)
 - 16% EBITDA margin (before non-recurring items)
 - EUR 81.4 million net extraordinary result
 - EUR 154.8 million net profit of the group
- **Successful Arseus IPO**
 - The Arseus IPO yields a considerable plus-value
 - After the Arseus IPO, Omega Pharma focuses entirely on its sole core activities: OTC
- **Strong balance sheet structure**
 - The net financial debt has been reduced from EUR 408.3 million at the end of 2006 to EUR 355.1 million at the end of 2007
 - The indebtedness (gearing ratio) has improved from 81% to 58%
- **As of 13 March 2008 Omega Pharma owns 1,934,994 treasury shares**
 - The Company thus holds 7.4% of the total number of shares
- **The Board of Directors will propose at the Annual Meeting to pay out a gross dividend of 0.50 euro per share**
- **The anti-snoring product Silence is the newest Star Brand and will be introduced in numerous countries beginning in 2008**

The condensed consolidated financial statement is published as an attachment to this press release.
www.omega-pharma.be

Key figures

Audited consolidated results according to IFRS ⁽¹⁾ – in EUR thousands	2007	2006	evolution
Net turnover	789,302	730,696	+8%
Operating cash flow (EBITDA) ⁽²⁾	125,554	120,106	+5%
<i>As % of the turnover</i>	15.9%	16.4%	-
Depreciations and amortizations (DA)	-16,427	-15,059	+9%
Non-recurring items	-23,133	-10,911	+112%
Operating result (EBIT)	85,994	94,137	-9%
Financial result	-34,437	-23,236	+48%
Profit from ordinary activities before taxes (EBT)	51,557	70,901	-27%
Taxes	-7,869	-11,645	-32%
Net profit from continuing operations	45,794	59,256	-23%
<i>Of which net profit from companies included according to the equity method</i>	2,106		
Recurring net profit from continuing operations	65,396	68,375	-4%
<i>Of which net profit from companies included according to the equity method</i>	2,106		
Net profit of the period from discontinued operations	108,993	12,883	-
Total net profit of the period	154,787	72,139	+115%
Average number of shares ⁽³⁾	25,799,638	25,831,353	
Data per share, in EUR			
Recurring net profit from continuing operations/share	2.53	2.65	-5%
Net profit from continuing operations /share	1.78	2.29	-23%
Net profit from discontinued operations /share	4.22	0.50	
Net profit per share ⁽⁴⁾	6.00	2.79	115%

(1) All figures refer to the continuing operations, except when explicitly mentioned otherwise.

(2) Operating cash flow (EBIT+DA) before non-recurring items but after corporate charges.

(3) Calculated on the basis of the weighted average number of shares, after deduction of treasury shares.

(4) As of 31 December 2007 there was a total of 221,660 additional dilutive shares from the future conversion of warrants, thus bringing the net profit and the recurring net profit per *diluted* share to 5.91 euro and 1.76 euro respectively.

Segment data

Non-audited management figures	Turnover			EBITDA ⁽¹⁾			
	2007	2006	Evolution	2007	2007 margin	2006	Evolution
Consolidated results in EUR millions (and %)							
Omega Pharma Belgium	199.0	220.2	-10%	23.6	11.9%	28.0	-16%
Omega Pharma France	190.4	172.8	+10%	21.2	11.1%	18.7	+13%
<i>Omega Pharma Europe</i>	<i>399.9</i>	<i>336.4</i>	<i>+19%</i>	<i>92.1</i>	<i>23.0%</i>	<i>82.3</i>	<i>+12%</i>
Northern Europe	99.6	96.3	+3%	25.7	25.8%	25.4	+1%
Southern Europe	143.1	129.6	+10%	27.7	19.4%	28.4	-2%
Rest Of World	157.2	110.5	+42%	38.8	24.7%	28.5	+36%
OTC operations	789.3	729.4	+8%	136.9	17.3%	129.0	+6%
Corporate charges				-11.4		-9.6	+19%
Arseus intercompany effect		1.3				0.7	
Omega Pharma OTC	789.3	730.7	+8%	125.5	15.9%	120.1	+4%

(1) Operating result, before non-recurring items, increased with amortizations and depreciations.

Comments to the income statement

In conformity with the applicable regulations, the income statement mainly reflects the situation of the OTC activities, even though Arseus was included in the consolidation scope at 100% until its IPO on 5 October 2007. The contribution of Arseus to the net result is included in the IFRS scheme at the bottom of the income statement.

The consolidated turnover of the OTC activities has grown by 8% compared to 2006. More detailed comments to the evolution of the turnover per business unit can be found further in this press release.

The gross margin amounts to 57% versus 54% in 2006. On the one hand, this margin improvement reflects the growth in sales contributed by the Star Brands and the Core Categories which are characterized by a higher gross margin. In 2006 these categories represented approximately 50% of the turnover. In the first half of 2007, their contribution had already increased to 60% and on an annual basis the growth trend has continued, to reach 62%. On the other hand, the first consolidation of Bittner Pharma and the lower sales of generic medicines in Belgium (with a lower gross margin) also had a positive impact on this level.

The operating expenses increased proportionally with the turnover (+9%). While the costs for trade goods remained flat, marketing expenses have been lifted by 8% – in line with the evolution of the turnover and consistent with the growth envisioned for the Star Brands and the Core Categories. Employee benefit expenses have increased by 13%, but this is mainly related to the inclusion of Bittner Pharma and the fact that this entity almost exclusively manufactures its product in-house.

The operating cash flow (EBITDA) before non-recurring items, but after corporate charges, amounts to 125.6 million euro – 5% higher than in 2006. Before corporate charges, the operating cash flow amounts to 136.9 million euro versus 129.0 million euro in 2006. This corresponds respectively to 17.3% and 17.7% of the turnover.

2007 yields a positive extraordinary result of 81.4 million euro net, which results from the plus-value of over 100 million euro on the Arseus IPO and a number of non-recurring expenses. On the one hand, these expenses are related to restructurings (e.g. in Belgium and Germany), outsourcing in the UK and in Ireland (manufacturing) - for an amount of almost 10 million euro. On the other hand, there are also non-recurring expenses - for a comparable amount - as a consequence of the new positioning as a pure OTC company, which involved a redefinition of inventories and trade receivables. Omega Pharma had indicated earlier that the positive exceptional result would amount to at least 70 million euro.

The reported operating result (EBIT) amounts to 86.0 million euro. When making an abstraction of the non-recurring expenses, the operating result would total 109 million euro which is 4 million euro better than the comparable figure for 2006.

The financial result is EUR 11 million less favorable than in 2006. Beside the general increase in the interest rates this is mainly related to the higher utilization of credit lines for financing the acquisitions of Bittner Pharma and Persee Médica. These acquisitions took place in the beginning of 2007 while the favorable effect related to the Arseus IPO was only manifested towards the end of last year.

The income taxes represent 15.3% of the profit before income taxes, versus 16.4% in 2006.

The net profit contribution from discontinued operations amounts to 109.0 million euro and comprises two elements. First, the (already mentioned) net proceeds from the Arseus IPO (101.0 million euro) and second, the net profit contribution of Arseus in 2007 prior to its IPO on 5 October 2007 of 8.0 million euro.

Cash flow and balance sheet information

The balance sheet information as of 31 December 2007 differs significantly from the situation as of 31 December 2006. This is mainly related to the carve-out and the IPO of Arseus on 5 October 2007. On the other hand Bittner Pharma and Persee Médica were included in the consolidation scope in the course of 2007, which also has an impact on the balance sheet situation.

Equity increased from 505.7 million euro to 612.2 million euro while total liabilities decreased from 796.8 million euro to 714.5 million euro.

As of 31 December 2007, the net financial debt is 355.1 million euro versus 408.3 million at the end of 2006. The indebtedness or 'gearing rate' (net financial debt as a percentage of total equity) evolved positively from 81% as of 31 December 2006 to 58% as of 31 December 2007. The value of the 7.5 million Arseus shares that Omega Pharma still holds following the IPO have not been deducted from the net financial debt for these calculations.

The net capex of the past year amounts to 2.4% of the turnover. In 2007 there was a major investment project at the Bittner Pharma manufacturing site in Austria.

The working capital (stock + trade receivables - trade payables) decreased in 2007 to 96.9 million euro. Due to a number of vigorous measures and the continuation of strict management of stock, trade receivables, and trade payables, the working capital expressed as a percentage of the turnover has evolved to 12.3% (31 December 2007).

Dividend

The Board of Directors will propose at the Annual Meeting to pay out a gross dividend of 0.50 euro per share (net 0.375 euro per share) over the period 2007. This represents a 25% increase versus 2006.

Comments per business unit

In 2007, **Omega Pharma Belgium** clearly felt the effects of external factors in the business environment, leading to negative growth of sales. Despite the less solid turnover of generic medicines, the pressure on the gross margin remained relatively limited. The impact on the EBITDA margin was however larger than on the gross margin as the fixed costs were less well covered at the lower sales level. In 2007, the EBITDA margin is 11.9% versus 12.7% in 2006.

Following the restructurings of 2005 and 2006, **Omega Pharma France** was able to achieve a nice growth in turnover. That the French organization can achieve further structural improvements is illustrated by the increase in the operating cash flow of 13%, on sales growth of 10%. The EBIT margin evolved from 10.8% in 2006 to 11.1% in 2007. A solid contribution came from the Star Brands XLS (slimming products) and Paranix (products against head lice), as well as from strong local brands in the Core Categories including Innoxia (dermocosmetics, make-up) and Phytosun arômes (aroma therapy).

Omega Pharma Europe continues to illustrate the profitability of the business model with its 23% EBITDA margin.

In Northern Europe, the Scandinavian organizations were able to translate strong sales growth into a further improvement in profitability. Due to the weaker evolution of the turnover in Germany and the corresponding margin evolution in 2007, the operating cash flow for Northern Europe ended with only a 1% growth. The 25.8% EBITDA margin confirms the Northern European organization as the most profitable of the group. The organization has a traditional strong position in the dermocosmetics segment with the ACO (Scandinavia) and Claire Fisher (Germany) brands. In addition, the Star Brands Wartner (freezing of warts), Predictor (home diagnostics), and Paranix were successfully commercialized in one or more countries within this region.

The organization in Southern Europe witnessed a solid, internal sales growth of 10%. This performance was to a large extent based on the numerous product launches in the region's countries. The Star Brands XLS and Paranix have entered the list of brands with the highest sales contribution for the segment. The Italian-origin brands Sant'Angelica (skin care products) and Cellulase (anti-cellulitis products) are also included in this list as a result of intense cross-selling to other countries in the region. Because of the corresponding introduction and support expenses, the operating cash flow could not yet evolve in parallel with the turnover in 2007. With a 19.4% EBIT margin, this organization remains extremely profitable even at strongly concentrated marketing investments.

In the Rest of World segment, the operating cash flow grew 36%. This growth comes primarily from the activities in Central and Eastern Europe, where Omega Pharma has only gained a direct presence since January 2007 through the acquisition of Bittner Pharma. Bittner Balsem (strengthening tonic) and Aflubin (resistance-enhancing products) have immediately joined Davitamon (vitamin products), Bional (herbal/natural food supplements), and Paranix/Lyclear in the list of most important products in terms of sales contribution to this segment. The group is ready to roll out the first three Star Brands into this region in the course of 2008, and to develop further synergies.

Top management structure

Following consultation between the chairman of the Appointment Committee and the Executive Committee, the Board of Directors has decided to propose Marc Coucke as Chief Executive Officer (CEO). Marc Coucke has accepted this mission and steps down as Chairman of the Board of Directors. Lucas Laureys has been proposed as the new Chairman of the Board of Directors and has accepted. Jan Cassiman continues to be member of the Executive Committee in his capacity as Chief Operating Officer (COO). Following the same procedure, the Executive Committee is being further strengthened with the addition of Sam Sabbe in the capacity of Chief Strategic Officer (CSO).

Further comments regarding these changes will be made at a press conference to which other stakeholders of the company are also invited. This press conference will take place tomorrow (Friday 14 March) at 11:00 CET in the Corporate building, Nazareth. The presentation used at the press conference will simultaneously be published on the corporate website (www.omega-pharma.be).

Prognoses ⁽¹⁾

For 2008, Omega Pharma anticipates an internal growth between 3% and 7%. It is expected that this growth will be achieved mainly during the second half of 2008.

Share buy-back

On 31 December 2007, the company owned 1,338,538 of its own shares. Today this number has increased to 1,934,994 own shares – i.e. 7.4% of the total number of shares.

Review by the Statutory Auditor

The statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Peter Van den Eynde, has confirmed that their audit work, which is substantially complete, has not revealed any significant matters requiring adjustment of the 2007 condensed consolidated income statement, balance sheet, or statements of cash flows as attached to the press release.

Upcoming events for shareholders

Thursday 17 April 2008 (17:45 CET)

Trading Update first quarter 2008

Monday 5 May 2008 (19:00 CET)

Annual Shareholders Meeting, Nazareth (Belgium)

For more information, please contact

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⁽¹⁾ *Disclaimer: This press release contains forward-looking information which is based on current internal estimates and expectations as well as market expectations. Forward-looking statements contain inherent risks and apply exclusively on the date they are made. The actual results may differ substantially from those included in the forward-looking statements.*