



RESULTS 2006

**2006 a pivoting year: organization streamlined
in function of growth strategy**

Nazareth (Belgium), 15 March 2007 – Omega Pharma is publishing the 2006 accounting period results today. They can be found in a separate document at www.omega-pharma.be. This press release includes the key figures and related comments.

FOUNDATIONS LAID FOR FUTURE GROWTH AND PROFITABILITY

Following the major acquisition phase during the years 2000 through 2004, integration projects were initiated in 2005 and continued throughout 2006. Vigorous measures have been implemented in both the Consumer Health division and in Arseus, to optimize the organization. Moreover, the brand and distribution strategy has been strengthened in both divisions.

Despite these often far-reaching measures, the company has succeeded in maintaining the 2006 result at a reasonable level, while strengthening foundations for a continued growth and improved profitability in the future. These efforts are expected to begin paying off in 2007.

Consumer Health (OTC)

- The renewed strategy fuels the autonomous sales growth and underscores the improved profitability for the 2007-2011 era.
- The streamlining of the French organization has been achieved.
- The major acquisition of Bittner Pharma gives the company access as of 2007 to the fast growing OTC markets in Central and Eastern Europe, including Russia and Ukraine.

Professional Health - Arseus

- The organization has been restructured in function of the new business model.
- In the fourth quarter 2006, the turning point in the evolution of the turnover has been reached.
- The organization is fully on track for the projected IPO in 2008.

KEY FIGURES

Consolidated results according to IFRS - in EUR thousands	2006	2005	Evolution
Net turnover	1,005,993	959,881	+5%
Recurring operating cash flow (REBITDA)	154,099	152,115	+1%
Depreciations and amortizations (DA)	21,987	18,375	+20%
Recurring operating result (REBIT)	132,112	133,740	-1%
Non-recurring items	-17,085	-18,518	-8%
Operating cash flow (EBITDA)	137,014	133,597	+3%
Operating result (EBIT)	115,027	115,222	+0%
Financial result	-28,755	-24,189	+19%
Profit before taxes (EBT)	86,272	91,033	-5%
Taxes	14,132	15,348	-8%
Net profit	72,139	75,685	-5%
Recurring net profit for the period	86,425	91,081	-5%
Recurring net cash flow ⁽¹⁾	108,412	109,456	-1%
Weighted average number of shares ⁽²⁾	25,831,353	26,512,469	
Data per share, in EUR			
Net profit per share ⁽³⁾	2.79	2.85	-2%
Recurring net profit/share	3.35	3.44	-3%
Recurring cash flow/share	4.20	4.13	+2%

- (1) Recurring net profit for the period plus depreciations and amortizations
- (2) Calculated on the basis of the weighted average of the number of shares, after deduction of the number of treasury shares
- (3) As of 31 December 2006 there was a total of 456,000 additional dilutive shares from the future conversion of warrants, thus bringing the net profit and the recurring net profit per *diluted* share to 2.74 euro and 3.29 euro respectively.

COMMENTS WITH THE CONSOLIDATED FINANCIAL ACCOUNTS FOR 2006

Profit & Loss account

The consolidated turnover grew by 5% versus 2005. More detailed comments on the evolution of the turnover can be found in this press release under Segment reporting.

The gross margin amounted to 52.0% versus 51.8% in 2005.

The operating charges increased in line with the turnover (+4.9%). Over the full year, the marketing costs have been increased by over 10%. This illustrates that the company has continued to invest in the future, despite major restructuring. Personnel charges increased relatively less (+3.5%) than the growth in turnover (+5%).

The operating cash flow (EBITDA) amounts to 137 million euro, or 154 million euro when corrected for non-recurring items (REBITDA).

This brings the operating result, both including (EBIT) and excluding non-recurring items (REBIT) in line with the previous year.

Non-recurring items amounted to 17 million euro, of which 3.6 million euro was already reported in the third quarter. The remainder refers on the one hand to the destruction of stock, enabling the organization to fully implement the renewed brand and distribution strategy immediately. In the Consumer Health division this involved an amount of 3.3 million euro; at Arseus 4.5 million euro. On the other hand, this refers to redundancy and other charges related to the restructuring that was implemented throughout 2006. For Consumer Health (mainly in France) these charges amounted to 3.5 million euro; at Arseus the figure was over 1 million euro. Thanks to these measures, both Arseus and the Consumer Health division can now focus entirely on the implementation of their strategic growth plan for the future.

The financial result was 4.6 million euro less favourable than in 2005. This was mainly due to the general increase in interest rates.

Profit taxes represent 16.4% of Earnings Before Taxes (EBT), in line with the previous year.

The recurring netto profit for the accounting period amounted to 86.4 million euro, i.e. 3.35 euro per share.

Cash flow & balance sheet information

Regarding the balance sheet, various mutations refer to changes in the consolidation circle. The main changes in Equity refer to the profit of the period and the mutations related to the buy-back of treasury shares. On the Liability level, there was a shift from short-term to long-term financial debts. As of 31 December 2006 (i.e. prior to the closing of the Bittner Pharma acquisition), the net financial debt amounted to 408.3 million euro, versus 421.2 million at the end of 2005, and this despite a number of acquisitions including Bional and the buy-back of treasury shares. The gearing ratio (net financial debt as a percentage of total Equity) evolved favourably: from 92% as of 31 December 2005 to 81% as of 31 December 2006.

Net capex represented 2.4% of the turnover in 2006, which corresponds to the normal level.

The Working Capital (stock + trade receivables – trade payables) decreased from 161.5 million euro in 2005 to 152.1 million in 2006 (-6%) – and this even with a 5% increase in turnover. Thanks to the continuation of strict stock management, trade payables and trade receivables, the working capital expressed as percentage of the turnover has evolved from 16.8% (31 December 2005) to 15.1% (31 December 2006).

Dividend

The Board of Directors will propose to the General Meeting that the Company pay out a gross dividend for the 2006 accounting period of 0.40 euro per share (net 0.30 euro per share). This is a 25% increase compared to 2005.

SEGMENT REPORTING; FIGURES PER BUSINESS UNIT

Non-audited management figures. Consolidated results according to IFRS - in EUR thousands	Turnover			REBITDA			
	2006	2005	Evolution 2006/2005	2006	2006 margin	2005	Evolution 2006/2005
Omega Belgium	220.2	193.7	+14%	28.0	12.7%	24.4	+15%
Omega France	172.8	178.4	-3%	18.7	10.8%	18.6	+1%
Omega Europe	336.4	303.6	+11%	82.3	24.5%	74.3	+11%
Consumer Health (OTC)	729.4	675.7	+8%	129.0	17.7%	117.3	+10%
Fagron Group	96.8	98.3	-2%	16.3	16.8%	17.6	-7%
OmegaSoft	25.2	27.5	-8%	6.2	24.6%	7.7	-19%
Omega Dental	107.3	99.2	+8%	10.3	9.6%	10.2	+1%
Omega Medical	47.3	59.2	-20%	1.9	4.0%	3.2	-41%
Professional Health (B2B)	276.6	284.2	-2%	34.7	12.5%	38.7	-10%
Total Omega Pharma	1,006.0	959.9	+5%	154.1	15.3%	152.1	+1%

Consumer Health (OTC)

Turnover grew at the rate of 8% for the full year. This growth was almost entirely autonomous growth (i.e. approximately 7%), and precisely matches the stated intent for 2006 to grow twice as fast as the OTC market in Western Europe. The REBITDA has increased faster than the turnover, and corresponds with 17.7% of the turnover (versus 17.4% in 2005).

- Omega Belgium witnessed another extremely strong year, with solid growth for the Star brands and the generic medicines of Eurogenerics distributed in Belgium by Omega Pharma. The recurring operational cash flow has evolved almost fully in parallel with the turnover and reflects the product mix of proprietary brand products and generic products.
- Omega France managed to achieve sales growth after restructuring in the second quarter. Although the turnover on an annual basis is still slightly lower than in 2005, the REBITDA margin of 10.8% is already back to the 2005 level. This performance confirms that the renewed sales organization is effectively achieving further structural improvements, which will also manifest themselves in terms of profitability.
- Omega Europe posted a 11% higher turnover in 2006 than in 2005 and an equally higher recurring operating cash flow. The REBITDA margin of 24.5% again demonstrates the value of Omega Pharma's business model. With the acquisition of Bittner Pharma, this business unit and the corresponding reporting segment is divided as follows:

Non-audited management figures. Consolidated results according to IFRS - in EUR thousands	Turnover		REBITDA	
	2006	Evolution	2006	Margin
Omega Northern Europe ⁽¹⁾	96.3	+8%	25.4	26.4%
Omega Southern Europe ⁽²⁾	129.6	+15%	28.4	21.9%
Rest of the World ⁽³⁾	110.5	+8%	28.5	25.8%
Omega Europe	336.4	+11%	82.3	24.5%

(1) Denmark, Finland, Germany, Norway, and Sweden

(2) Cyprus, Greece, Italy, Portugal, and Spain

(3) Ireland, the Netherlands, UK, and Central and Eastern Europe, exports

Arseus – Professional Health

After three quarters in which the turnover decreased, the turning point was reached in the fourth quarter. On an annual basis, there is still a slight decrease in turnover of 2%.

The REBITDA margin for the full year is at the same level as in the first half of 2006. Despite the repositioning of the distribution portfolio at Omega Medical, this business, too, has managed to close the accounting period with a positive margin.

The integration exercise, the termination of unprofitable distributions and their replacement with new activities that fit into the Arseus business plan, have not been easy. But they have begun to bear fruit at Arseus in general – and at Omega Medical as well.

The results of these efforts are expected to become visible during 2007, which has been marked as the reference year in anticipation of the split-off of Arseus.

PROGNOSES⁽¹⁾

The Consumer Health division of Omega Pharma has further enhanced its ambitious growth prognoses and now forecasts a compounded annual autonomous growth rate of 7% for the 2007-2011 period. Until recently, the division put forward a 6% autonomous growth rate, already twice as fast as the growth of the OTC market in Western Europe. Moreover, the Consumer Health division has set itself the target of raising the EBITDA margin to 20% by the end of that period!

Thanks to the structural measures implemented in 2006, and to the access that the company has as of 2007 to the attractive OTC markets in Central and Eastern Europe, the Consumer Health division projects the 2007 turnover at between 820 and 840 million euro. This corresponds with a 12% to 15% YoY growth rate. This is partially autonomous, and partly from the acquisition of Bittner Pharma, which is included in the consolidation circle as of 1 January 2007.

Arseus, the Professional Health division of the group, forecasts a sales growth of at least 6% for 2007, with a target surpassing 300 million euro.

The 2007 turnover for the entire group is expected to be between 1.120 and 1.140 billion. With the restructuring and refinement of the strategy introduced in 2006, the group also expects a further improvement in all profitability ratios at group level.

With the Arseus IPO targeted for 2008, Omega Pharma has a 2010 goal of achieving a turnover of more than 1 billion euro, as a pure OTC company with a strengthened balance sheet. This is the magical border that the group surpassed in 2006, but which then also included Arseus. With this achievement, Omega Pharma will be able to position itself among the select circle of the world's leading OTC companies.

⁽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.

PURCHASE AND CANCELLATION OF TREASURY SHARES

In the course of the accounting year 2006, the company bought back 586,377 treasury shares at an average price of 48.40 per share. As of 31 December 2006, the company held 1,272,794 treasury shares.

After the Extraordinary Shareholders Meeting (ESM) of 7 July 2006 approved the cancellation of 1,418,616 treasury shares, the ESM of 9 March 2007 approved the cancellation of another 1 million treasury shares.

As a result of this decision, the number of effective shares is now 26,146,641. The company still holds 272,794 treasury shares. This is 1.04% of the total number of outstanding shares. A notification of participation has also been received from Couckinvest NV and Mr. Marc Coucke, who jointly hold 7,924,746 shares, corresponding to 30.31% of the total number of effective shares and to 30.04% of the total number of effective and future voting rights.

REVIEW BY THE STATUTORY AUDITOR

The statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Peter Van den Eynde and Peter Opsomer, has confirmed that their audit work, which is substantially complete, has not revealed any significant matters requiring adjustment of the 2006 condensed consolidated income statement, balance sheet or statements of cash flows as attached to the press release.

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Financial calendar

Thursday 19 April 2007	Trading Update 1 st Quarter 2007
Monday 4 June 2007	Annual General Shareholders Meeting
Thursday 19 July 2007	Trading update 2nd Quarter 2007
Wednesday 29 August 2007	Results 1 st Half 2007
Thursday 18 October 2007	Trading update 3rd Quarter 2007
Thursday 17 January 2008	Trading update 4th Quarter 2007