Press release

Regulated information

Consolidated results for the first half of 2009

€ 1.67 recurring earnings per share after only six months thanks to structural cost savings in a most difficult sales period

Nazareth (Belgium), 27 August 2009 (5:45 u PM CET) — Omega Pharma is publishing its interim financial statement today for the period ending 30 June 2009. The full document can be found and consulted in detail at www.omega-pharma.be. This press release includes a selection of key figures and related comments.

The turnover of Omega Pharma, the specialist in non-prescription medicines and health products, decreased by 3% in the first half of 2009 to 411 million euro. The gross margin was 54.4%. Thanks to over 20 million euro of cost savings, Omega Pharma managed to post an EBITDA (1) of 67.4 million euro in spite of the current difficult macro-economic conditions. As a result, the net recurring EPS (2) for the first half of 2009 has already reached 1.67 euro. These positive results and lower financial charges, combined with a limited capex and an improved working capital has led to major free cash flow generation.

Marc Coucke, CEO Omega Pharma: “Omega Pharma has reacted very alertly to the recent recession, and thanks to strict cost containment measures, our profitability has remained at a high level. While not as good as the all-time high first half of 2008 - but thanks to the various measures that were put in place in a very timely manner – results are already much better than in the second half of 2008. The company has simultaneously continued to invest in new geographic growth markets as well as in research and innovation. In terms of turnover, the company should reap the fruits of this approach by year-end and in 2010. Combined with a structural lower cost basis this may prove extremely positive for our future profitability. The most recent reports from our 35 national organizations indicate that in most countries the demand for the Omega Pharma products is picking up again lightly. This confirms our prognosis for the full year. The first half of 2009 proved to be difficult, but in the end, led to a respectable result. Omega Pharma has full confidence in the future after this recession, thanks to the new growth markets, highly promising growth brands and a lower cost basis.”

Key figures

Consolidated results in thousand euro	First Half 2009	First Half 2008	Evolution
Net turnover	411 156	423 652	-3%
Operating cash flow (EBITDA)[1]	67 377	75 145	-10%
As a % of the net turnover	*16.4%*	*17.7%*	
Depreciations and amortization (DA)	-10 469	-9 296	+13%
Non-recurring items	-5 905	-2 952	
Operating result (EBIT)	51 003	62 897	-19%
Financial result	-13 322	-15 420	-14%
Profit before income tax (EBT)	37 680	47 478	-21%
Income tax	-5 922	-8 207	
Net profit from OTC for the period [3]	31 758	39 271	-19%
Net profit from associates (24% participation in Arseus)	2 247	2 371	-5%
Net profit of the group	33 848	41 578	-19%
Recurring net profit of the group [2]	38 981	44 084	-11%
Data per share			
Average number of shares [4]	23 347 309	24 059 515	
Net profit of the group / share (EPS)	1.45	1.73	-18%
Recurring net profit of the group [2]/share	1.67	1.83	-8%
Other operating indicators	1H2009	FY2008	
Capex [5] as a percentage of turnover	2.2%	2.6%	
Working capital [6] as a % of annualized turnover	11.3%	15.3%	
Net financial debt [7] (in million euro)	381.5	433.3	-12%

Notes and terminology: see page 3 of this press release

Comments regarding the income statement, balance sheet and cash flow statement

The consolidated turnover for the first half 2009 decreased by 3% compared to the same period last year. More detailed comments on the evolution of the turnover – both at group level and by business unit – can be found in the press release dated 16 July 2009 (cf. www.omega-pharma.be).

The gross margin is 54.4%. This decrease versus 59.1% in the first half of 2008 is primarily due to the product mix, but also to currency exchanges. It was mainly the generics in Belgium which gained impetus. It is important to note that the gross margin per category remained fairly well intact.

The cost basis decreased 20 million euro. While this implies that the cost savings plan for a total amount of 30 million euro on an annual basis is ahead of schedule, its implemention continues unabated. Worth noticing is that a number of costs have structurally decreased (e.g. personnel charges at -8%) while future-oriented expenses (e.g. in new and/or existing Emerging Markets) have been accelerated.

The operating cash flow [(1)] amounts to over 67 million euro, or 16.4% of the turnover. This is a more than decent result in the most difficult world-wide business and financial environment that Omega Pharma has ever witnessed.

Depreciations represent 2.1% of the turnover, a normal level for Omega Pharma. Amortization of inventories has been included at 1.7 million euro.

The extraordinary charges in an amount of 5.9 million euro mainly refer to restructuring measures that structurally reduced the cost basis, including for example, the closure of the Bional plant in the Netherlands.

The financial result is -13.3 million euro. The improvement by over 2 million euro versus the first half of 2008 principally results from lower interest rates and a decreased indebtedness.

The net profit of the OTC operations [(3)] amounts to 31.8 million euro. This is 34 million euro for the group when the 24% contribution of Arseus is included.

The net recurring profit of the group [(2)] amounts to 39 million euro or 1.67 euro per share.

The free cash flow [8)] is 72.7 million euro.

Capex [(5)] is 9 million euro, which is 2.2% of the turnover (compared to 2.6% in FY2008), indicating that investments were also implemented in a selective manner.

The net financial debt (NFD) [(7)] decreased from 433 million euro on 31 December 2008 to 381 million euro on 30 June 2009.

This document refers to a number of alternative performance measures, which are used internally to evaluate business performance, and which were previously mentioned prior to the implementation of IFRS, thus enabling an historical comparison. Definitions:

(1) Operating result before non-recurring items, increased with deprecations and amortization.
(2) Net result from continuing operations, including associates, after income tax and corrected for non-recurring items and their corresponding tax effect (for EPS: the preceding definition divided by the average number of shares)
(3) This figure only refers to the OTC operations of Omega Pharma, i.e. excluding the 24% by Arseus. In other words: net result excluding associates after income tax.
(4) Calculated on the basis of the weighted average number of shares, after deduction of treasury shares
(5) Capex (cf. cash flow statement): investments (purchased) reduced by disposals of investment goods (each time excluding acquisitions).
(6) Working capital (cf. balance sheet): inventories + trade receivables – trade payables
(7) Net financial debt (cf. balance sheet): current and non-current financial liabilities + current and non-current derivative financial instruments – cash and cash equivalents
(8) Free cash flow (cf. cash flow statement): total net cash flow of the period, before dividend payment and debt reduction.

Results by business unit

Consolidated results in EUR million (and %)	Turnover First Half			EBITDA [1] First Half			
	2009	2008	Evolution	2009	margin	2008	Evolution
Belgium	112.0	102.9	+9%	14.7	13.1%	15.5	-5%
France	83.3	91.0	-8%	9.7	11.6%	10.0	-3%
Western Europe	174.9	190.6	-8%	38.8	22.2%	41.4	-6%
Emerging Markets	41.0	39.1	+5%	10.5	25.6%	13.2	-20%
OTC operational	**411.2**	**423.6**	**-3%**	**73.6**	**17.9%**	**80.1**	**-8%**
Corporate expense				-6.2		-5.0	
Omega Pharma	**411.2**	**423.6**	**-3%**	**67.4**	**16.4%**	**75.1**	**-10%**

- Belgium: Profitability decreased because of a modified product mix and a future-oriented investment policy in own brands.
- France: Profitability maintained its level despite decreasing turnover as the cost savings programme was consistently implemented.
- Western Europe: Compensated for lower turnover figures and gross margins with strict cost containment.
- Emerging Markets: Heavy investments in new countries, structures, and product support. Consequently, the profitability came in at a lower, but still acceptable level, and the foundations have been laid for achieving nice results as soon as economies and currency exchange rates stabilize.

Prognosis (*)

The most recent trends indicate that the demand for Omega Pharma products is picking up again slightly. This confirms that the 2009 turnover will remain in the vicinity of the 2008 turnover, despite the weaker first half of the year.
Over the past twelve months, Omega Pharma has restructured its operations in order to achieve a lower cost basis, and has invested in new geographic markets and future-oriented innovative launches and cross-fertilizations. It therefore looks with full confidence to the future after this period of recession.

(*) 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. Considering the reduced visibility which is inherent in the current economic environment, differences between expectations and reality may vary more strongly than before.

Statement

This Trading Update is edited by the Board of Directors of Omega Pharma. The Interim Financial Report for the 6 months period ended 30 June 2009, to which this press release refers, also includes the Review report of the statutory auditor, which is an unqualified statement.

Omega Pharma, a pure OTC play

Since its creation in 1987, Omega Pharma has grown into a multinational group with over 2,000 staff and with operations in over 35 countries. Since the carve-out of Arseus in October 2007, Omega Pharma is one of the few companies dealing solely in OTC products. Even though approximately 90% of the group turnover is currently generated in Western Europe, Omega Pharma already features in the world-wide Top Twenty ranking in the market for over-the-counter medicines and personal care products.

Financial calendar

Thursday 15 October 2009 (5:45 PM CET) Trading Update on the third quarter 2009
Thursday 21 January 2010 (5:45 PM CET) Trading Update on the fourth quarter 2009

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