



Annual Results 2008

Turnover +3%, Net earnings +19%, Dividend +20%

- Recurring EBITDA margin remains level (16%) in recession environment
- Solid EBITDA contribution from Belgium and Emerging Markets
- Dividend increases to 0.60 euro gross per share

Nazareth, Belgium 12 March 2009 (5:45 PM CET) – Today, Omega Pharma publishes the results for the year 2008. The key figures are as follows:

| Consolidated IFRS figures (in EUR thousands) | 2008 | 2007 | Evolution |
|--|--------------|--------------|-----------|
| Net turnover | 811,283 | 789,302 | +3% |
| Operating cash flow (EBITDA) ⁽¹⁾ | 130,148 | 125,554 | +4% |
| <i>As a % of the net turnover</i> | <i>16.0%</i> | <i>15.9%</i> | |
| Depreciations and amortization (DA) | -21,672 | -16,427 | +32% |
| Non-recurring items | -9,901 | -23,133 | -57% |
| Operating result (EBIT) | 98,575 | 85,994 | +15% |
| Financial result excluding non-recurring financial charges | -35,827 | -34,437 | +4% |
| Non-recurring currency exchange differences | -4,040 | | |
| Result from ordinary activities before taxes | 58,708 | 51,557 | +14% |
| Income tax | -7,900 | -7,869 | 0% |
| Net result from ordinary activities | 50,808 | 43,688 | +16% |
| Net result from associates (24% participation Arseus) | 3,569 | 2,106 | +69% |
| Net result of the group ⁽²⁾ | 54,377 | 45,794 | +19% |
| Recurring net result from continuing operations ⁽³⁾ | 66,442 | 65,396 | +2% |
| Average number of shares ⁽⁴⁾ | 23,673,785 | 25,799,638 | -8% |
| Data per share, in euro | | | |
| Recurring net earnings from continuing operations/share | 2.81 | 2.53 | +11% |
| Net result/share ⁽²⁾ | 2.30 | 1.78 | +29% |

(1) Operating cash flow (EBIT+DA) before non-recurring items but after corporate cost

(2) From continuing operations

(3) Net result from continuing operations – non-recurring items (incl. currency exchange differences) and related tax effects according to the effective tax rate.

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

The consolidated income statement, the consolidated balance sheet and the consolidated cash flow statement are included in this document beginning on page 7.

Comments to the income statement

The consolidated turnover increased by 2.8% compared to 2007.

The gross margin amounts to 57.6% versus 57.4% in 2007 and thus increases slightly despite the higher turnover from generic drugs (with a lower margin). This occurs because of the ever higher added value of the international OTC brands of the group including the anti-snoring product Silence, the XLS slimming products, and the anti-insect products Para (Paranix against head lice, Parazeet against mosquitoes, and Paradust against house mite allergy).

The increase in the operating expenses (+1.8%) is an entire percentage point lower than the growth in turnover (+2.8%).

The cost for trade goods (+2.3%) also increases less quickly than the turnover. Among services and other goods (+3.9%), the costs for promotion and advertising are the main cause of the slight increase, which is inherent in the high number of introductions of new and renewed products in 2008.

Employee benefit expenses amount to 13% of the turnover and are to a strong degree related to the extended sales teams, which are a significant element of the unique business model of Omega Pharma. The number of personnel was 2,139 at the end of the reporting period.

The operating cash flow before non-recurring items but after corporate expense (EBITDA) amounts to 130.1 million euro. This is a 4% increase compared to 2007 and is above the growth in turnover.

There is an increase of 5 million euro for depreciations and amortization, of which 1 million euro can be attributed to the increased depreciation related to the new manufacturing site of Bittner Pharma which was put into operation at the beginning of 2008, and approximately 3 million euro of amortization on inventories related to the recent introduction of innovations which replace the corresponding product versions.

While in 2007 there were still 23 million euro for restructurings and non-recurring items, this dropped to 9.9 million euro in the latest reporting period, referring to various measures in Belgium, France, Ireland, Italy, Scandinavia, Spain, and the UK, primarily for further streamlining the organization. This indicates that the group is continuously optimizing integration and is making steady progress in this field.

The operating result (EBIT) amounts to 98.6 million euro versus 86.0 million euro in 2007 (+15%).

The financial result consists of 35.8 million euro for recurring items and 4.0 million euro for one-off currency exchange differences (primarily between the euro on the one hand and the British pound and the Scandinavian currencies on the other hand).

The net result from ordinary activities (OTC) amounts to 50.8 million euro (+19%). After addition of 24% of the net profit of Arseus, and making abstraction of the non-recurring items, the profit rises to 66.4 million euro.

Thanks to the major purchase of own shares, the average number of shares has decreased from 25.8 million in 2007 to 23.7 million in 2008, leading the net recurring earnings per share and the net earnings per share to increase by 11% and 29% respectively. The net recurring EPS amounts to 2.81 euro.

The cash flow⁽¹⁾ grew 21% to 72.5 million euro.

Balance sheet information

The main evolutions in the balance sheet can be summarized as follows:

On the asset side, the intangible assets demonstrate a 4% increase. This is primarily related to the consolidation goodwill of the acquisitions that have been realized in the course of 2008. R&D also evolved from 14 million euro to 18 million euro, thus illustrating the enhanced innovation strategy.

The working capital (inventories + trade receivables - trade payables) evolved to 124.2 million euro, i.e. 15.3% of the consolidated turnover. This represents (after correction for acquisitions) an increase of 23.6 million euro versus 2007. This needs to be largely reduced in 2009 through the recently launched programme.

On the liabilities side, equity was mainly impacted by the net profit on the one hand and the purchase of treasury shares on the other hand.

On 31 December 2008, the net financial debt (NFD)⁽²⁾ amounted to 433.3 million euro and corresponds to a NFD/EBITDA ratio (as applied for the covenant calculation) of 2.9. The net financial debt was affected in 2008 by the increased working capital, and the substantial purchase of treasury shares for a total amount of 47.7 million euro. Thanks to the high profitability and the working capital improvement programme, Omega Pharma can generate considerable free cash flows, which make it possible to significantly decrease the NFD/EBITDA ratio.

The net capex (excluding acquisitions) of the past period represents 2.6% of the turnover.

Dividend

At the General Meeting, the Board of Directors will propose the pay out of a gross dividend of 0.60 euro per share (net 0.45 euro per share) for the year 2008. This is a 20% increase compared to 2007 and corresponds to a 26% pay-out ratio.

(1) Net profit from ordinary activities + depreciations and amortization

(2) Net financial debt = current and non-current financial liabilities + current and non-current derivative financial instruments - cash and cash equivalents)

Comments by business unit

| Non-audited management figures | Turnover | | | EBITDA ⁽¹⁾ | | | |
|--|--------------|--------------|------------|-----------------------|----------------|--------------|------------|
| Consolidated figures in EUR million (and %) | 2008 | 2007 | Evolution | 2008 | 2008 margin | 2007 | Evolution |
| Omega Pharma Belgium | 205.0 | 199.0 | +3% | 29.7 | 14.5% | 23.6 | +26% |
| Omega Pharma France | 187.4 | 190.4 | -2% | 19.4 | 10.4% | 21.2 | -8% |
| Northern Europe | 102.0 | 99.6 | +3% | 25.2 | 24.7% | 25.7 | -2% |
| Southern Europe | 147.6 | 143.1 | +3% | 22.0 | 14.9% | 27.7 | -21% |
| 'Rest Of World' | 169.1 | 157.2 | +8% | 43.8 | 25.9% | 38.8 | +13% |
| OTC operational | 811.3 | 789.3 | +3% | 140.1 | 17.3% | 136.9 | +2% |
| <i>Corporate expense</i> | | | | -10.0 | | -11.4 | -12% |
| Omega Pharma | 811.3 | 789.3 | +3% | 130.2 | 16.0% | 125.5 | +4% |

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

- In **Belgium**, the recurring operating cash flow increased by 26% with a 3% growth in turnover. This corresponds with a 14.5% EBITDA margin while this was still 11.9% in 2007, thus underscoring the success of the implemented restructurings and the increase efficiency of the Belgian operations.
- **Omega Rest of World** also scores a satisfying performance with a 13% growth of the operating cash flow at an 8% increase in turnover. This splendid performance comes mainly on the account of the Emerging Markets (Central and Eastern Europe, Australasia, and exports). The high EBITDA margin of 25.9% confirms the power of Omega's business model in the Emerging Markets, i.e. strong local brands (for example Bittner) combined with a selection of international Omega brands.
- In **Northern Europe**, the recurring operating cash flow remains at about the same level as 2007 and the 24.7% margin confirms the success of the innovation strategy and the synergies achieved.
- In **France and Southern Europe**, the slow-down of turnover during the fourth quarter also affected profitability. Additional marketing expenses, often for relatively expensive cosmetic brands, did not result in the expected level of the turnover for the fourth quarter 2008, and hence impacted the profitability ratio.

More detailed comments to the evolution of the turnover by business unit can be found in the press release issued on 22 January 2009 (www.omega-pharma.be).

Prognosis ^(*)

Considering the group strategy and the unique positioning in the OTC sector, Omega Pharma is convinced that a slight growth in turnover for 2009 is a realistic expectation.

In this respect, Omega Pharma will continue to bear fruit from the geographic expansion already initiated, enabling its sales platforms to lay the foundations for sustained growth over the next several years. The remarkable 2008 performance justifies the assumption that the market for the health and personal care products of Omega Pharma will continue to grow structurally in the Emerging Markets – even in less prosperous economic times. The restoration of generic drug growth in Belgium represents another opportunity.

In the more mature Western European OTC organizations of Omega Pharma, the combination of synergies (geographic roll-out of successful products) and new innovative products, should improve the competitive position of many local organizations.

In addition, Omega Pharma will continue to pay permanent attention to the product mix, in which products with an optimal price/quality ratio represent strong assets, considering the current economic environment.

Based on all of these preparations, Omega Pharma would under normal economic conditions look forward to a strong 2009. Because not all preparations may come to their full expression in the actual, changed environment – in which Omega Pharma still appears to be a little to moderately sensitive to the recession – the combination of these various factors is expected to lead merely to a slight growth.

From a profitability perspective, Omega Pharma is already fully benefitting from the deflation that has occurred for many services of high relevance for the group (logistics, marketing, etc.) in order to provide an equally strong or even stronger support of its activities at a reduced cost level. This vigorous cost savings project should yield a minimum 30 million euro of savings and result in an improvement of the working capital with over 20 million euro, without losing market share and without affecting the internal dynamics. This plan has already been introduced in all countries and is being rigorously implemented.

The expected slight growth in turnover, combined with the cost savings programme and lower financial charges, may have a positive impact on the net earnings per share in 2009.

() 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 to the current economic environment, differences between expectations and reality may vary more strongly than before.*

Review by the Statutory Auditor

The statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren bcvba, represented by Peter Van den Eynde, has confirmed that the audit of the consolidated balance sheet, consolidated income statement and consolidated cash flow statement, which is substantially completed, has to date not revealed any material misstatements. The statutory auditor has also confirmed that the accounting data included in the enclosed press release do not include any material inconsistencies with the consolidated balance sheet, consolidated income statement and consolidated cash flow statement from which the press release has been derived.

Upcoming events for shareholders

| | |
|--------------------------------------|--|
| Thursday 16 April 2009 (5:45 PM CET) | Trading Update first quarter 2009 |
| Monday 4 May 2009 (7:00 PM CET) | Annual general meeting of shareholders, Nazareth (Belgium) |
| Wednesday 6 May 2009 | Listing ex-coupon |
| Monday 11 May 2009 | Dividend payment date |

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Consolidated income statement

| <i>IFRS figures in thousand euro</i> | 2008 | 2007* |
|--|----------------|----------------|
| Operating income | 817,490 | 792,527 |
| Turnover | 811,283 | 789,303 |
| Other operating income | 6,207 | 3,224 |
| Operating expenses | 718,916 | 706,533 |
| Trade goods | 344,201 | 336,301 |
| <i>Trade goods purchased</i> | 341,969 | 331,578 |
| <i>Changes in inventories of raw materials, components, work in progress and finished goods.</i> | 2,232 | 4,723 |
| Services and other goods | 232,526 | 223,793 |
| Employee benefit expenses | 107,408 | 101,775 |
| Depreciations and amortization | -21,672 | -16,427 |
| Changes in provisions for liabilities | -3,389 | -688 |
| Other operating expenses | 16,497 | 28,925 |
| <i>Of which restructuring charges</i> | 9,901 | 23,133 |
| <i>Of which other</i> | 6,596 | 5,792 |
| Operating result | 98,574 | 85,994 |
| Financial income | 1,315 | 406 |
| Financial expense | -41,182 | -34,843 |
| Financial result | -39,867 | -34,437 |
| Net result from continuing operations excluding associates and before income tax | 58,707 | 51,557 |
| Net result of associates (accounted for according to the equity method) | 3,569 | 2,106 |
| Result from ordinary activities before income tax | 62,276 | 53,663 |
| Income tax | 7,900 | 7,869 |
| Result from continuing operations | 54,376 | 45,794 |
| Result from discontinued operations | 0 | 7,999 |
| Minority interests | -117 | 0 |
| Result of the period | 54,259 | 154,787 |
| <i>Total number of shares outstanding on December 31</i> | 24,227,303 | 26,205,848 |
| <i>Of which treasury shares</i> | 879,994 | 1,353,128 |
| <i>Weighted average after deduction of treasury shares</i> | 23,673,785 | 25,799,638 |
| <i>Earnings per share (in EUR)</i> | 2.30 | 6.00 |
| <i>Earnings per share from continuing operations excluding associates</i> | 2.30 | 1.78 |
| <i>Diluted earnings per share (in EUR)</i> ** | 2.30 | 5.91 |

*All figures until and including the 'Net result from continuing operations excluding associates and before income tax' refer to the continuing operations in the OTC sector.

** Taking the dilutive impact of outstanding warrants which are "in the money" into account

Consolidated balance sheet

| <i>IFRS figures in thousand euro</i> | 2008 | 2007 |
|--|------------------|------------------|
| Non-current assets | 1,002,646 | 968,250 |
| Intangible assets | 878,967 | 845,318 |
| Property, plant and equipment | 50,074 | 50,199 |
| Financial assets | 46,467 | 45,508 |
| <i>Of which: Associates</i> | <i>44,527</i> | <i>42,774</i> |
| Deferred income tax assets | 26,318 | 26,384 |
| Other non-current assets | 821 | 841 |
| Current assets | 414,606 | 358,449 |
| Inventories | 122,931 | 100,686 |
| Trade receivables | 202,242 | 176,651 |
| Other current assets | 55,640 | 45,683 |
| <i>Of which income tax assets</i> | <i>28,085</i> | <i>22,681</i> |
| Cash and cash equivalents | 33,793 | 35,429 |
| TOTAL ASSETS | 1,417,253 | 1,326,699 |
| EQUITY | 600,520 | 612,166 |
| Share capital and share premium | 366,841 | 366,294 |
| Retained earnings | 262,815 | 306,664 |
| Treasury shares | -24,144 | -63,242 |
| Fair value and other reserves | 4,641 | 4,212 |
| Cumulative translation adjustments | -9,850 | -1,762 |
| Minority interests | 217 | 0 |
| LIABILITIES | 816,733 | 714,533 |
| Non-current liabilities | 439,299 | 450,774 |
| Provisions | 3,887 | 6,267 |
| Pension obligations | 6,147 | 8,369 |
| Deferred income tax liabilities | 69,045 | 68,059 |
| Borrowings (non-current financial liabilities) | 344,781 | 334,439 |
| Other non-current liabilities | 14 | 64 |
| Derivative financial instruments | 15,425 | 33,576 |
| Current liabilities | 377,434 | 263,759 |
| Borrowings (current financial liabilities) | 101,850 | 22,526 |
| Trade payables | 200,930 | 180,421 |
| Income tax liabilities | 27,207 | 26,115 |
| Taxes, remuneration and social security | 13,762 | 14,005 |
| Other current payables | 28,631 | 20,692 |
| Derivative financial instruments | 5,054 | - |
| TOTAL EQUITY AND LIABILITIES | 1,417,253 | 1,326,699 |

Condensed consolidated cash flow statement

| <i>IFRS figures in thousand euro</i> | 2008 | 2007* |
|---|----------------|-----------------|
| Profit before income tax (from continuing operations excluding associates) | 58,708 | 51,557 |
| Taxes paid | -9,289 | -19,297 |
| Adjustments for operational non-cash items | 15,353 | 24,850 |
| Interests paid and financial non-cash items | 31,712 | 34,426 |
| Gross cash flow from operating activities | 96,484 | 91,536 |
| Changes in working capital (limited definition) | -27,328 | 14,774 |
| Other elements in the working capital (changes in consolidation circle, others) | -17,800 | -8,246 |
| Total cash flow from operating activities | 51,356 | 98,064 |
| Cash flow from discontinued operations | | 272,708 |
| Capital expenditures (purchases) | -23,066 | -21,632 |
| Disposals of investment goods | 1,845 | 2,659 |
| Cash and cash equivalents from acquisitions | 631 | 481 |
| Investments in existing shareholdings (post payments) and in new holdings | -17,556 | -211,949 |
| Total cash flows from investing activities | -38,147 | 42,267 |
| Proceeds from the issue of share capital | 547 | 8,020 |
| Purchases of own shares | -47,676 | -60,990 |
| Dividend distribution | -11,464 | -10,343 |
| Change in debts | 72,845 | -33,088 |
| Interests received (paid) | -27,548 | -34,069 |
| Total cash flow from financing activities | -13,296 | -130,470 |
| Cash and cash equivalents - start of the period | 35,429 | 28,605 |
| Impact of discontinued operations on cash and cash equivalents | 0 | -2,532 |
| Gains or losses on currency exchange on cash and cash equivalents | -1,549 | -505 |
| Cash and cash equivalents - end of the period | 33,793 | 35,429 |
| Cash flow from operating activities of discontinued operations | - | -7,078 |
| Cash flow from investing activities of discontinued operations | - | -15,421 |
| Cash flow from financing activities of discontinued operations | - | 25,377 |
| Total net cash flow from discontinued operations | - | 2,878 |

* All figures refer to continuing operations except when explicitly mentioned otherwise.