



Warner Chilcott Reports Operating Results for the Quarter ended September 30, 2006

Strong sales growth continues and the Company completes its Initial Public Offering ("IPO")

HAMILTON, Bermuda, Nov 14, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Warner Chilcott Limited (Nasdaq: WCRX) today announced its results for the quarter ended September 30, 2006. Total revenue in the quarter rose to \$194.7 million, up 50.9%, from \$129.0 million in the prior year quarter driven primarily by new products. The Company reported a net loss of \$81.0 million for the quarter compared with a net loss of \$73.9 million in the prior year quarter. On September 20, 2006, the Company completed its IPO, selling 70.6 million shares of Class A common stock. After the completion of the IPO and related transactions the Company had one class of shares outstanding, Class A common shares, totaling 250.6 million.

Cash net loss in the quarter was \$11.0 million. Our results in the quarter included: \$8.5 million of accretion on preferred stock (the preferred stock was either redeemed with the proceeds of the IPO or converted into Class A shares), the buyout of our sponsors' advisory and monitoring agreement for \$27.4 million (\$27.4 million after-tax) and \$14.7 million (\$14.6 million after-tax) of non-cash share-based compensation directly related to the closing of the IPO. Excluding these three items, our adjusted cash net income for the quarter was \$39.5 million.

References in this release to "cash net income/(loss)" mean the Company's U.S. GAAP net income/(loss) adjusted for the after-tax effects of two non-cash items: amortization of intangible assets and amortization (or write-off) of deferred loan costs related to our debt. Reconciliations from the Company's reported results in accordance with U.S. GAAP to cash net income/(loss) and to adjusted cash net income/(loss) for all periods are presented in the table at the end of this press release.

"We had a strong quarter and are very pleased with our operating results," said CEO Roger Boissonneault. "Our recently launched products, LOESTRIN(R) 24 FE and TACLONEX(R), contributed to our strong revenue growth. With the completion of the IPO, and our achievements to date in 2006, we have established a solid foundation for continued growth."

Impact of the IPO

With the proceeds from our IPO, we prepaid \$405.0 million of our senior secured bank term loans which resulted in a charge to interest expense of \$10.7 million for the write-off of deferred loan costs in the quarter ended September 30, 2006. Also with the IPO proceeds, on October 31, 2006 we redeemed \$210.0 million of our 8.75% Senior Subordinated Notes due 2015 at a total redemption price of \$228.4 million. The interest premium of \$18.4 million as well as an \$8.0 million charge for the write-off of deferred loan costs in connection with the redemption of the notes will be included as a component of interest expense in the quarter ended December 31, 2006. Pro forma total indebtedness after the October 31st redemption of the \$210.0 million of notes is \$1,603.8 million as compared to \$2,221.9 million as of June 30, 2006.

Revenue

Revenue in the quarter ended September 30, 2006 increased \$65.7 million or 50.9% over the same quarter last year. The increase was driven by sales of LOESTRIN(R) 24 FE, DOVONEX(R) and TACLONEX(R), which together added \$65.7 million to the revenue for the quarter. In 2005, the Company promoted DOVONEX(R) for Bristol-Myers and earned \$5.0 million of co-promotion revenue in the quarter ended September 30, 2005.

Sales of the Company's oral contraceptives increased \$17.6 million in the third quarter, or 39.5%, compared with the prior year quarter. Beginning in April 2006, LOESTRIN(R) 24 FE became the Company's top priority in contraception with sales in the current quarter of \$15.1 million. During the period from July 2005 and continuing through March 2006, ESTROSTEP(R) was the Company's top promotional priority in contraception, which resulted in strong growth in filled prescriptions and drove a \$5.2 million, or 25.7%, increase in ESTROSTEP(R) net sales in the current quarter. OVCON(R) net sales in the quarter ended September 30, 2006 decreased \$2.7 million, or 11.5%, as a result of a decline in filled prescriptions compared with the prior year period due to the July 2005 shift in promotional emphasis to ESTROSTEP(R). Average selling prices in effect for ESTROSTEP(R) and OVCON(R) were approximately 10% higher during the quarter compared with the same quarter in 2005. In September 2006, we launched OVCON(R) 35 FE, a chewable version of our OVCON(R) 35 product. We subsequently changed the trade name of OVCON(R) 35 FE to FEMCON(R) to reduce potential market confusion between our FEMCON(R) brand and OVCON(R) 35.

In dermatology, sales for the third quarter increased 247.2% to \$80.2 million compared to \$23.1 million in the same period of 2005. The January 1, 2006 acquisition of DOVONEX(R) was a significant factor driving the increase in revenue in the quarter.

Sales of DOVONEX(R) accounted for \$30.9 million of the increase in revenue during the quarter compared with the prior year quarter. In March 2006, we began commercial shipments of TACLONEX(R) which added an additional \$19.7 million of revenue to our dermatology portfolio in the quarter ended September 30, 2006, compared with the prior year quarter. Sales of DORYX (R) increased \$1.5 million, or 6.6%, in the quarter ended September 30, 2006, compared to the prior year quarter. The increase was the result of higher pricing (approximately 18% compared to the prior year period) offset by a decrease in filled prescriptions. Filled prescriptions for DORYX(R), which had been growing during the period from July 2005 through June 2006, softened during the current quarter (approximately 4% compared to the prior year period) due to decreased promotional emphasis following the April 2006 launch of TACLONEX(R).

Sales of hormone therapy (HT) products decreased \$0.5 million, or 1.3%, in the quarter ended September 30, 2006, compared with the prior year quarter. The decrease was primarily attributable to a general decline in our established HT products, offset by sales of FEMTRACE(R). In addition, the Company believes that sales of its HT products in the quarter ended September 30, 2005 were reduced due to contractions in the levels of pipeline inventories.

Sales of the PMDD product, SARAFEM(R), increased \$1.4 million, or 20.1%, in the quarter ended September 30, 2006, compared to the prior year quarter due to price increases of approximately 10% and a contraction in the level of pipeline inventories in the prior year quarter compared to the current year, partially offset by a sharp decline in prescription demand.

Cost of Sales (excluding amortization of intangible assets)

Cost of sales increased \$17.6 million in the quarter ended September 30, 2006 compared with the same quarter in 2005 primarily due to the 57.0% increase in product net sales. Net sales of DOVONEX(R) and TACLONEX(R) accounted for a significant portion of the increase in product net sales and an even larger portion of the increase in cost of sales in the quarter. The cost of sales for DOVONEX(R) and TACLONEX(R), expressed as a percentage of product net sales, are significantly higher than the cost of sales for the Company's other products. Cost of sales as a percentage of product net sales increased to 20.1% in the quarter ended September 30, 2006 from 17.4% in the quarter ended September 30, 2005.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses for the quarter ended September 30, 2006 were \$99.7 million, an increase of \$61.5 million, or 161.3% from \$38.2 million in the prior year quarter. Included in the quarter ended September 30, 2006 was \$14.7 million of share-based compensation expense representing the impact of the acceleration of the vesting at the time of the IPO of certain restricted shares granted to management in 2005 and immediately vested shares granted to senior management. The current quarter also includes a \$27.4 million expense related to the buyout of our sponsor advisory and monitoring agreement and an increase in legal fees.

In addition, the continuation of our promotional activities in support of the launches of LOESTRIN(R) 24 FE and TACLONEX(R) increased SG&A expenses during the quarter. This included another round of direct to consumer advertising for LOESTRIN(R) 24 FE that began in September and will run through early November 2006.

Research and Development ("R&D") Activities

Investment in R&D totaled \$4.8 million in the quarter ended September 30, 2006 compared with \$39.3 million in the prior year quarter. Included in the quarter ended September 30, 2005 was \$35.0 million representing the Company's cost to acquire the rights to several line extensions of TACLONEX(R) and other product rights from LEO Pharma.

Net Interest Expense

Net interest expense for the quarter ended September 30, 2006 was \$55.7 million, an increase of \$16.3 million from \$39.4 million in the prior year quarter. Included in the quarter ended September 30, 2006 is \$10.7 million relating to the write-off of deferred loan costs associated with the \$405.0 million prepayment of our senior secured credit facility with a portion of the proceeds of our IPO. Additionally the increase in interest expense was primarily due to additional borrowings on the senior secured credit facility of \$240.0 million used to fund the purchase of DOVONEX(R), the milestone payment for TACLONEX(R) to LEO Pharma and an increase in interest rates on un-hedged variable rate debt.

Tax Rate

The Company operates in five primary tax jurisdictions: the United Kingdom, the United States, the Republic of Ireland, Bermuda and Puerto Rico. The difference between the statutory and effective tax rate for the quarter ended September 30, 2006 was predominantly due to the mix of taxable income among the various tax jurisdictions, a valuation allowance offsetting certain state loss benefits and other U.S. permanent items which result in recording a tax provision on a book loss. In addition, the tax provision includes various one-time items such as IPO-related expenses and adjustments for tax returns filed during the period. The effective income tax rate for interim reporting periods is volatile due to changes in income mix among the various

tax jurisdictions in which we operate.

Balance Sheet and Cash Flows

At September 30, 2006, the Company's cash and cash equivalents totaled \$287.9 million and funded debt outstanding totaled \$1,813.8 million with no borrowings outstanding under the Company's revolving credit facility. The Company used \$10.6 million of cash in operating activities in the quarter ended September 30, 2006 compared with cash provided by operations of \$9.9 million in the quarter ended September 30, 2005. Cash used in operations in the quarter ended September 30, 2006 was impacted by the \$27.4 million buyout of our sponsor advisory and monitoring agreement. Capital expenditures in the quarter totaled \$3.0 million and included continued investments in the Fajardo, Puerto Rico manufacturing facility and the completion of the implementation of a corporate-wide enterprise resource planning system.

Investor Conference Call

The Company will host a conference call, open to all interested parties, on Tuesday, November 14th, 2006 beginning at 8:00 AM EST. The number to call within the United States and Canada is (877) 809-2546. Participants outside the United States and Canada should call (706) 634-9509. The conference ID number is 1929762. A replay of the conference call will be available from two hours after the call through midnight EST November 28, 2006 and can be accessed by dialing (800) 642-1687 from within the United States and Canada or (706) 645-9291 from outside the United States and Canada.

The Company

Warner Chilcott is a leading U.S. specialty pharmaceutical company focused on developing, manufacturing, marketing and selling branded prescription products in the women's healthcare and dermatology therapeutic categories. WCRX-F

Forward Looking Statements

This press release contains forward-looking statements, including statements concerning our operations, our economic performance and financial condition, and our business plans and growth strategy and product development efforts. These statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "may," "might," "will," "should," "estimate," "project," "plan," "anticipate," "expect," "intend," "outlook," "believe" and other similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. These forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain and subject to a number of risks and uncertainties.

The following represent some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by our forward-looking statements: our substantial indebtedness; competitive factors in the industry in which we operate; our ability to protect our intellectual property; a delay in qualifying our manufacturing facility to produce our products or production or regulatory problems with either third party manufacturers upon whom we may rely for some of our products or our own manufacturing facility; pricing pressures from reimbursement policies of private managed care organizations and other third party payors, government sponsored health systems, the continued consolidation of the distribution network through which we sell our products, including wholesale drug distributors and the growth of large retail drug store chains; the loss of key senior management or scientific staff; an increase in litigation, including product liability claims and patent litigation; government regulation affecting the development, manufacture, marketing and sale of pharmaceutical products, including our ability and the ability of companies with whom we do business to obtain necessary regulatory approvals; our ability to successfully complete the implementation of a company-wide enterprise resource planning system without disrupting our business; our ability to manage the growth of our business by successfully identifying, developing, acquiring or licensing and marketing new products, obtain regulatory approval and customer acceptance of those products, and continued customer acceptance of our existing products; and other risks detailed from time-to-time in our financial statements and other investor communications.

We caution you that the foregoing list of important factors is not exclusive. In addition, in light of these risks and uncertainties, the matters referred to in our forward-looking statements may not occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as may be required by law.

Reconciliation of Adjusted Cash Net Income/(Loss) to GAAP Earnings

To supplement its condensed consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company is providing a summary to show the computation of adjusted cash net income/(loss) to add back certain noncash and one-time or nonrecurring charges. The Company believes that the presentation of adjusted cash net income/(loss) provides useful information to both management and investors concerning the

approximate impact of the above items. The Company also believes that considering the effect of these items allows management and investors to better compare the Company's financial performance from period-to-period, and to better compare the Company's financial performance with that of its competitors. The presentation of this additional information is not meant to be considered in isolation of, or as a substitute for, results prepared in accordance with GAAP.

WARNER CHILCOTT LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Sep-30-06	Sep-30-05	Sep-30-06	Sep-30-05
REVENUE:				
Product net sales	\$194,668	\$123,999	\$548,099	\$360,838
Other revenue	-	5,044	-	15,977
Total revenue	194,668	129,043	548,099	376,815
COSTS & EXPENSES:				
Cost of sales (excludes amortization)	39,186	21,624	108,204	77,507
Selling, general and administrative	99,671	38,168	198,978	121,401
Research and development	4,794	39,304	19,451	52,088
Amortization of intangible assets	63,151	59,400	185,125	180,100
Acquired in-process R&D	-	-	-	280,700
Transaction costs	-	-	-	35,975
Interest income	(1,721)	(393)	(2,506)	(1,050)
Interest expense	57,387	39,795	149,286	107,758
Accretion on preferred stock of subsidiary	8,484	8,374	26,190	23,010
(LOSS) BEFORE TAXES	(76,284)	(77,229)	(136,629)	(500,674)
Provision (benefit) for income taxes	4,744	(3,328)	8,361	(8,265)
NET (LOSS)	(81,028)	(73,901)	(144,990)	(492,409)
Preferential distribution to Class L shareholders	20,891	20,785	65,112	56,952
Net (loss) attributable to Class A shareholders	\$(101,919)	\$(94,686)	\$(210,102)	\$(549,361)
Earnings (Loss) per share:				
Class A - Basic & Diluted	\$(0.95)	\$(1.07)	\$(2.20)	\$(6.23)
Class L - Basic	\$2.20	\$1.95	\$6.33	\$5.35
Class L - Diluted	\$2.20	\$1.95	\$6.33	\$5.34
RECONCILIATION TO CASH				
NET INCOME/(LOSS):				
Net (loss)	\$(81,028)	\$(73,901)	\$(144,990)	\$(492,409)
+ Amortization of intangible assets, net of tax	58,007	54,168	169,779	164,143
+ Amortization of deferred loan costs, net of tax	12,008	2,257	16,593	6,317
Cash net income (loss)	\$(11,013)	\$(17,476)	\$41,382	\$(321,949)
Non-recurring, one-time charges included above (net of tax):				
+ Accretion on preferred stock of subsidiary	8,484	8,374	26,190	23,010
+ Sponsors' management fee buyout in SG&A	27,423	-	27,423	-

+ Non-cash share-based compensation	14,586	-	14,586	-
+ Expenses related to the Acquisition	-	-	-	341,853
ADJUSTED CASH NET INCOME/(LOSS)	\$39,480	\$(9,102)	\$109,581	\$42,914

WARNER CHILCOTT LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars)
(Unaudited)

	As of September 30, 2006	As of December 31, 2005
ASSETS		
Current assets:		
Cash & cash equivalents	\$287,910	\$11,502
Accounts receivable, net	50,419	29,765
Inventories	59,421	31,398
Prepaid expenses & other current assets	52,842	46,900
Total current assets	450,592	119,565
Property, plant and equipment, net	44,863	37,102
Intangible assets, net	1,594,857	1,519,847
Goodwill	1,260,777	1,260,777
Other non-current assets	56,920	80,924
TOTAL ASSETS	\$3,408,009	\$3,018,215
LIABILITIES		
Current liabilities:		
Accounts payable	\$19,335	\$17,629
Accrued expenses & other current liabilities	111,848	114,054
Current portion of long-term debt	222,299	14,000
Total current liabilities	353,482	145,683
Other liabilities:		
Long-term debt, excluding current portion	1,591,526	1,975,500
Other non-current liabilities	128,675	128,597
Total liabilities	2,073,683	2,249,780
Preferred stock in subsidiary	-	435,925
SHAREHOLDERS' EQUITY	1,334,326	332,510
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$3,408,009	\$3,018,215

WARNER CHILCOTT LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands of U.S. dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Sep-06	Sep-05	Sep-06	Sep-05
CASH FLOWS FROM OPERATING				

ACTIVITIES:				
Net (loss)	\$ (81,028)	\$ (73,901)	\$ (144,990)	\$ (492,409)
Adjustments to reconcile net (loss) to net cash provided by/(used in) operating activities:				
Depreciation	2,033	771	5,006	2,035
Amortization of intangible assets	63,151	59,400	185,125	180,100
Acquired in-process research & development	0	0	0	280,700
Amortization of debt finance costs	13,505	2,702	19,019	7,563
Stock compensation expense	15,051	1,778	16,076	3,727
Accretion of preferred stock in subsidiary	8,484	8,374	26,190	23,010
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivable, prepaid and other assets	(18,249)	2,760	(26,342)	(4,297)
(Increase)/decrease in inventories	(11,859)	(7,076)	(28,023)	8,037
(Decrease)/increase in accts payable, accrued & other liab's	(6,015)	46,026	(3,307)	23,710
Increase/(decrease) in income taxes and other, net	4,361	(30,903)	3,052	(54,128)
Net cash (used in)/ provided by operating activities	\$ (10,566)	\$ 9,931	\$ 51,806	\$ (21,952)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of intangible assets	(7,200)	(7,200)	(260,136)	(21,600)
Purchase of business, net of cash acquired	0	0	0	(2,922,555)
Proceeds from sale of fixed assets	0	0	0	48
Capital expenditures	(2,992)	(2,049)	(11,374)	(4,266)
Net cash (used in) investing activities	\$ (10,192)	\$ (9,249)	\$ (271,510)	\$ (2,948,373)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings under bank term credit facility	0	0	240,000	1,400,000
Proceeds from issuance of senior subordinated notes	0	0	0	600,000
(Repayments) on predecessor long-term debt	0	0	0	(195,000)
(Repayments) under senior secured credit term loan facility	(408,075)	(3,500)	(415,675)	(7,000)
Borrowings under revolving credit facilities	64,600	0	84,600	20,000
(Repayment) of revolving				

credit facilities	(64,600)	0	(84,600)	(20,000)
Proceeds from share capital issue, net of expenses	1,005,682	0	1,005,682	880,029
Proceeds from issuance of preferred stock	0	0	0	402,822
Purchase of treasury stock	(6,330)	0	(6,330)	0
Purchase of preferred stock in subsidiary	(327,164)	0	(327,164)	0
Payments for debt finance costs	0	(962)	0	(83,624)
Other	164	2	(401)	0
Net cash provided by/ (used in) financing activities	264,277	(4,460)	496,112	2,997,227
Net increase/(decrease) in cash and cash equivalents	\$243,519	\$(3,778)	\$276,408	\$26,902

SOURCE Warner Chilcott

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