



NUMICO

*Momentum  
for  
Growth*



# Agenda

**Results 2005: The Year of Momentum**

**Outlook 2006: The Year of Growth**

**Financial Performance and Outlook**

**Questions and Answers**

# 2005: The Momentum Continues

2002

2003

2004

2005



NUMICO

5.0%

7.1%

9.6%

11.9%

**The First Year of  
Double-Digit Growth**

# Record High Growth Driven by Both Divisions

2002

2003

2004

2005

**NUTRICIA**  
**BABYFOOD**

3.1%

5.6%

8.4%

11.7%

**NUTRICIA**  
*clinical*

9.1%

10.0%

11.9%

12.3%

# A Sharpened Portfolio

- **Project Focus finalized**
  - **Optimisation of industrial footprint of Baby Food in Europe**
- **Completed partial divestiture of China**
  - **New mandate for focus on key brand in selective geography**
- **Successful closure of Brazilian Baby Food**
- **Strengthened control of Sari Husada – Indonesia**
  - **Increased shareholding to 98.6%**

# Roll-Out of Promising Innovation Pipeline

## NUTRICIA BABYFOOD

- ◻ Fruitcups
- ◻ Eazypack
- ◻ Toddler Milk
- ◻ Prebiotics



**34% of  
total sales**

## NUTRICIA clinical

- ◻ Plastic Bottles
- ◻ FortiCare
- ◻ Pumps



**6% of  
total sales**

# Significantly Strengthened Organisation

15 New General Managers  
25 New Marketing Directors

**NUTRICIA**  
**BABYFOOD**

11 GM  
17 MD

**NUTRICIA**  
*clinical*

4 GM  
8 MD

# Strengthened Numico Position in Baby Food Via 2 Acquisitions



Italy (2004 Net Sales of €130 mln)

Together, a strong number 2 player in Italy



Asia-Pacific (2005 Net Sales of €327 mln)

Together, a leadership contender in Asia-Pacific



**Mellin**



Organization	Timing	
▫ New Management board	Nov. 05	✓
▫ Sales/ medical teams integrated	Sept. 05	✓
▫ New headquarters	March 06	
▫ Integration of IT systems	April 06	
▫ <b>Cost Savings (€15 mln annual confirmed)</b>		
▫ Streamlining of organisation (80 redundancies)	Sept. 05	✓
▫ New sourcing contract with jar supplier	Oct. 05	✓
▫ Insourcing of IMF volume	May 06	✓
▫ <b>Portfolio</b>		
▫ Nutricia brand terminated	Sept. 05	
▫ Streamlined Milupa portfolio	Oct. 05	✓
▫ 25% milk price decrease	Oct. 05	✓
		✓

# **Mellin** - Initial Results

## Volume and Net Sales Development

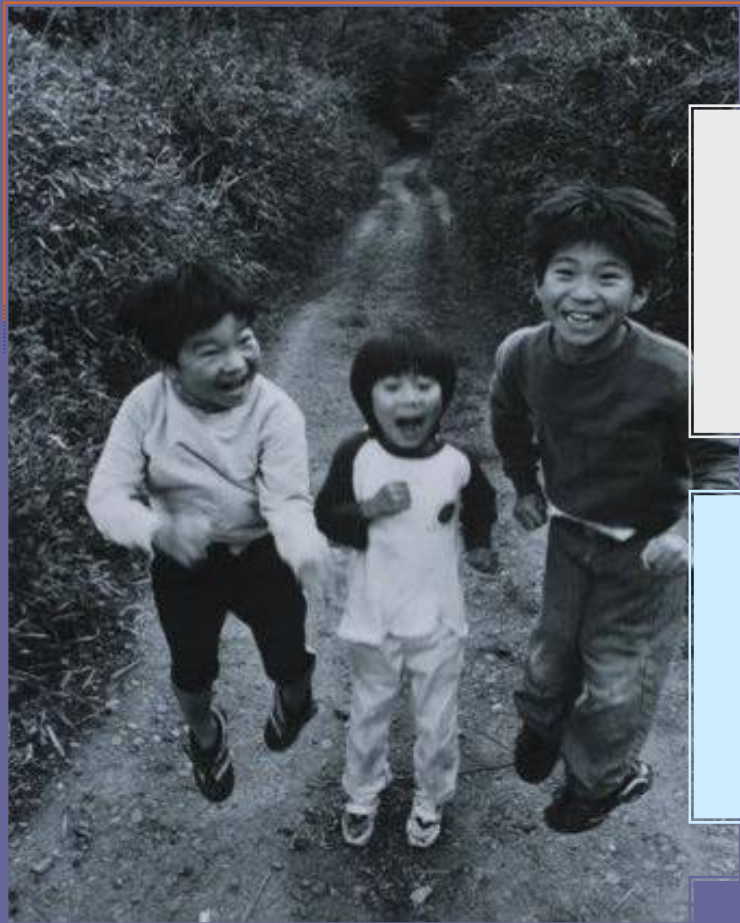
	Q1 05	Q2 05	Q3 05	Q4 05	Total
Volume (%)	3.4	3.3	9.9	22.4	10.0
Net Sales (%)	2.1	(4.8)	2.8	13.4	3.3

Acquisition

# **Mellin** - Initial Results

## Market Share Development

	2004	2005	Nov.Dec. 2005
Volume	22.4%	23.2%	24.7%
Value	21.0%	21.9%	23.2%



# A Great Business

- **Market reviews confirm major opportunity**
  - **Great positions in China, Thailand, Malaysia with good potential in Vietnam**
  - **Margin uplift can be achieved through premiumization and savings**
  - **Markets ready for additional innovations**
- **Motivated and experienced management teams in place**

# EAC Nutrition Results of 2005 Confirm Dumex Growth Potential

	2005	% LY
<b>Net Sales (€mln)</b>	<b>327</b>	<b>27.8%</b>
<b>EBITA (€mln)</b>	<b>34</b>	<b>33%</b>
<b>EBITA Margin (%)</b>	<b>10.5</b>	<b>+40 bps</b>

# Integration Nearly Completed

- **Integration of Numico's operations in China and Malaysia finalized**
- **Restructuring of Dumex' offices in Singapore and Copenhagen completed**
- **Closure of Philippines business announced today**
- **Hangzhou Baby cereal plant divested**
- **All options for India being explored, resolution in H1 2006**

# Outlook 2006

**2005: Net Sales Continued business €305 mln**

**2006: Net Sales Growth 20%**

**2006: EBITA Margin 15%**



***2006:  
The  
Year  
of  
Growth***

# 2006 Growth Factors

## Innovation

**NUTRICIA**  
**BABYFOOD**

- Toddler milk
- Fruit Purees
- Immunity claim  
on IMF

- Ramp up Capex  
investment in growth  
and quality

**NUTRICIA**  
*clinical*

- Plastic bottle
- Pumps
- PKU-  
acceleration

# 2006 Growth Factors



## Organization

- **Continuously upgrade organisation**

- **Increase marketing expertise**

- **Organize for maximum cross-pollination**

# 2006 Growth Factors



## Integration



- Divest non core assets fast and optimize organisation
- Focus on key country growth
- Import Numico innovations
- Accelerate growth through increased advertising spending
- Improve CRM

# 2006 Growth Factors

## Productivity

- Further reduce Working Capital
- Accelerate Booster program
- Keep EBITA margins stable to re-invest in business
- Continued focus on organisational streamlining and cost-cutting



**NUMICO**

**2006 Growth Factors**

**Organisation**

**Innovation**

**Integration**

**Productivity**

# 2006 Targets

Organic Net  
Sales Growth\*

EBITA  
Margin

11-13%

Stable






# Financial Performance 2005



# Key Figures 2005

Net sales (€ mln)	1,988	+15.7% (+11.9% constant scope)
EBITA (€ mln)	374	+13.9% (+9.7% constant scope)
EBITA margin (%)	19.0	(40) bps (constant scope)
EPS (normalised) (€)	1.24	+20.5%
Cash generated from operations (€ mln)	379	+27.1%
Trade working capital (% sales)	10.6	Improved by 210 bps
Shareholders' equity (€ mln)	680	Improved by €982 mln

# Strong Acceleration of Growth

	2002	2003	2004	2005
	5.0%	7.1%	9.6%	11.9%
	9.1%	10.0%	11.9%	12.3%
	3.1%	5.6%	8.4%	11.7%

# Organic Growth Mainly Volume Driven

NUTRICIA  
BABYFOOD




NUTRICIA  
clinical

NUMICO

*in %*


Volume	7.0	10.2	8.1
Price / Mix	4.7	2.1	3.8
<b>Organic growth</b>	<b>11.7</b>	<b>12.3</b>	<b>11.9</b>
Currency translation	0.1	(0.1)	0.1
Acquisitions/ divestments	6.5	(0.1)	3.8
Jar recall	(0.5)	-	(0.3)
<b>Reported growth</b>	<b>17.8</b>	<b>12.1</b>	<b>15.5</b>

# Double-Digit Growth for Both Divisions

	Q1 05	Q2 05	Q3 05	Q4 05	2005
	11.9%	12.7%	14.0%	8.0%	11.7%
	12.3%	13.3%	12.2%	11.5%	12.3%
	12.0%	12.9%	13.4%	9.3%	11.9%




Comparable basis and excluding recall impact in Q4

# Strong Absolute Performance in Q4 2005




<i>in € mln</i>	Q1 05	Q2 05	Q3 05	Q4 05
<b>NUTRICIA</b> <b>BABYFOOD</b>	285	309	311	322
<b>NUTRICIA</b> <i>clinical</i>	153	170	171	179
Constant Scope	437	479	481	501
 <b>NUMICO</b>	444	491	520	539

Constant scope excludes (de)consolidation effects and Q4 numbers include recall impact

# Stable EBITA Margin Development

	2002	2003	2004	2005
	18.0%	18.8%	19.7%	19.0%
	17.0%	17.4%	18.8%	18.1%
	25.5%	28.7%	27.9%	27.4%

# Improved Margins in Q4 2005

	Q1 05	Q2 05	Q3 05	Q4 05	Q4 05 VLY
	18.2%	17.7%	17.5%	18.9%	+110 bps
	27.0%	28.0%	27.1%	27.7%	+70 bps
	18.3%	19.0%	18.8%	19.9%	+100 bps

# Increased Momentum in Earnings Growth

	2004	2005	VLY
<b>Net result (€mln)</b>	113	198	75.5%
<b>EPS (€)</b>	0.68	1.15	69.7%
<b>Normalised net result (€mln)</b>	171	213	24.6%
<b>Normalised EPS (€)</b>	1.03	1.24	20.5%

# Healthy Generation of Cash Flow

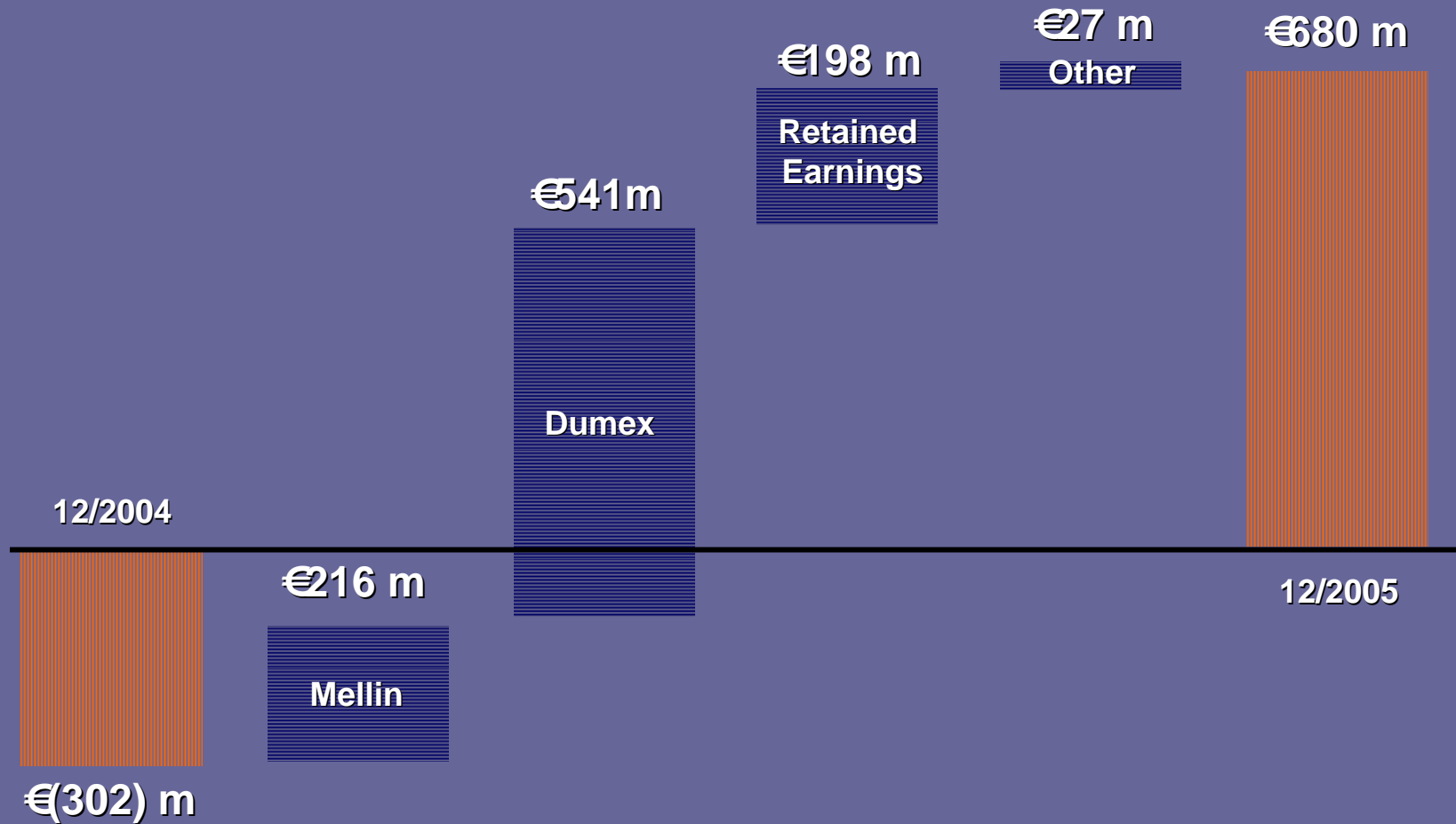
*in € mln*

	2004	2005	VLY
<b>Operating result</b>	<b>304</b>	<b>360</b>	<b>18.4%</b>
Depreciation/ impairment	46	42	
Movement in provisions	(5)	(11)	
Net change in trade WC	(14)	18	
Net change in non-trade WC	(37)	(41)	
Other	4	11	
<b>Cash generated from operations</b>	<b>298</b>	<b>379</b>	<b>27.1%</b>

# Improved Trade Working Capital Levels

<i>as % of sales</i>	2003	2004	2005
Receivables	13.1%	12.7%	12.2%
Inventory	9.4%	10.0%	9.6%
Payables	(8.8)%	(10.0)%	(11.2)%
<b>Total</b>	<b>13.7%</b>	<b>12.7%</b>	<b>10.6%</b>

# Strengthened Equity Position



# Numico Dividend Policy

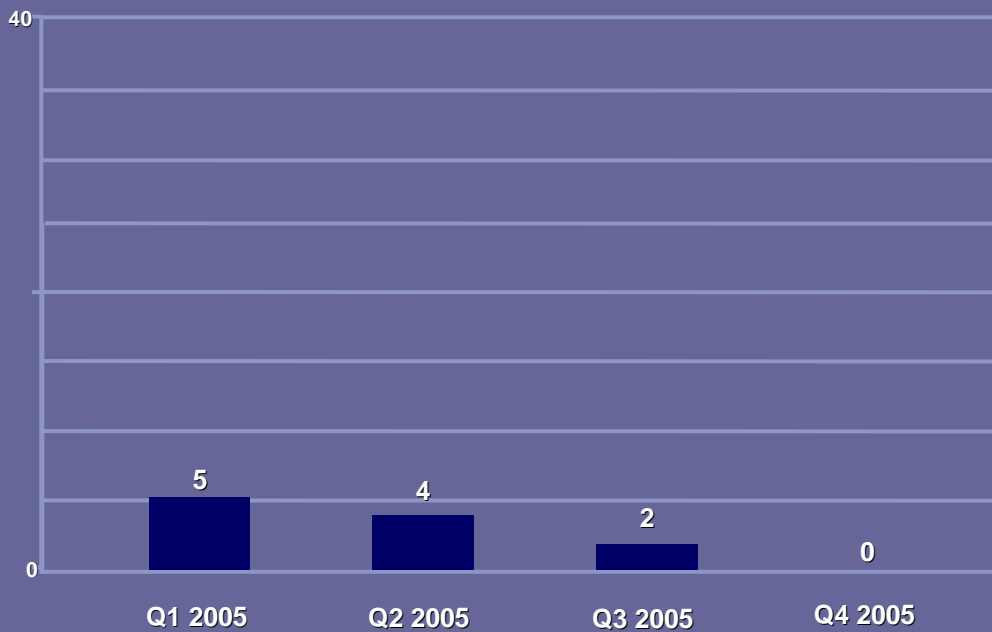
- Dividend policy is determined by Numico's growth profile
- Dividend pay-out ratio to reach 20% in the mid-term ( $\pm 5$  years)
- Option for shareholders to choose for cash or stock dividend
- Dividend to be declared and paid yearly

# 2005 Dividend

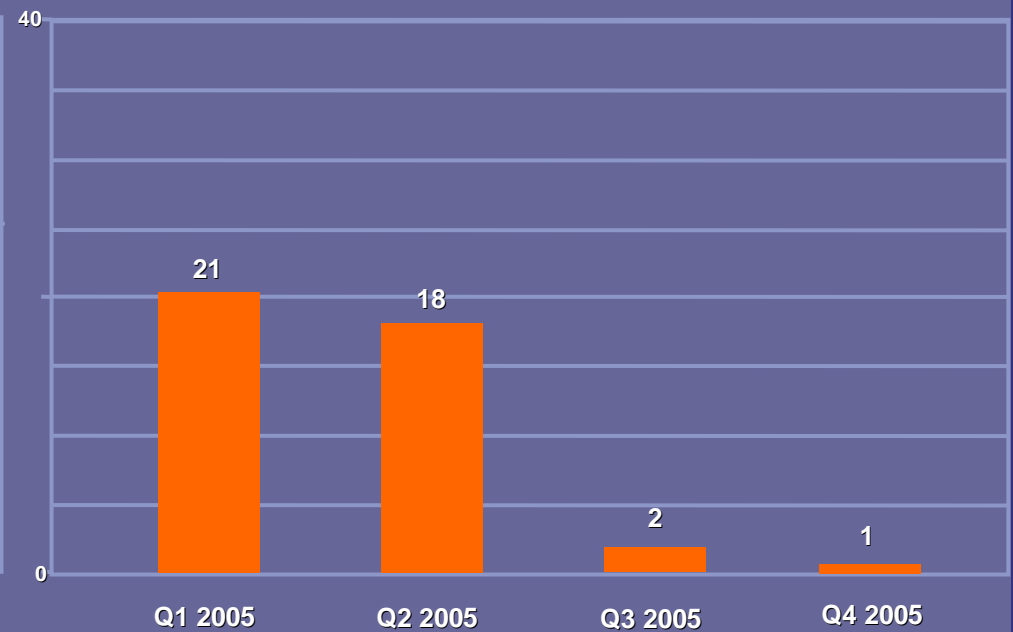
- **Proposal of €0.15, subject to approval by AGM on 3 May 2006**
- **Resulting dividend pay-out ratio for 2005 of approx. 12%, reflecting Numico's growth profile and organic investment opportunities**
- **Option for shareholders to choose for cash or stock dividend**
- **Ex-dividend date on Friday 5 May 2006**
- **Payment date on Monday 29 May 2006**

# Only 1 New Ephedra Claim Filed in Q4 2005

## Rexall Sundown



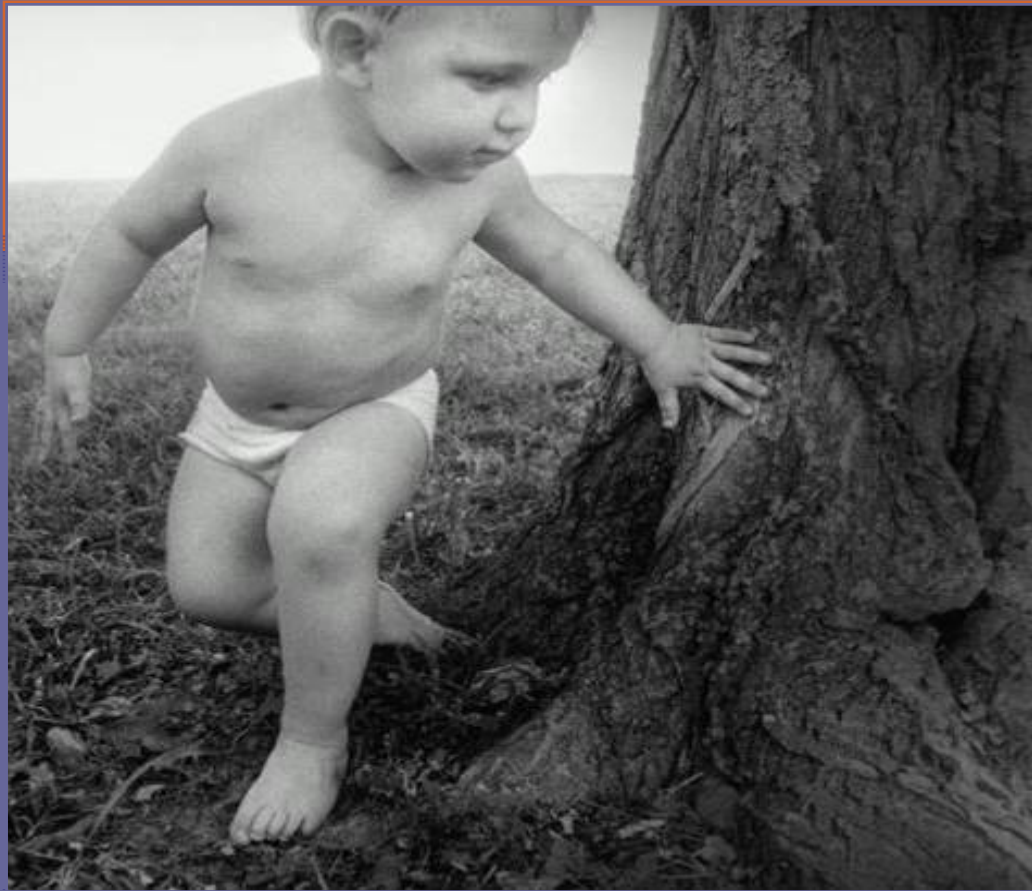
## GNC



# Nearly 75% of Ephedra Portfolio Resolved

	2004	2005
Claims filed	150	54
Claims dismissed	22	52
Claims settled	15	154*
No. of active claims (year-end)	249	97
% portfolio resolved	19%	74%

\* Of which 64 are subject to Bankruptcy Court approval



## Divisional Overview

**NUTRICIA**  
**BABYFOOD**

# We Continue To Invest In The Business

Q1 05

Q2 05

Q3 05

Q4 05

A&P spend (€ mln)

32

36

40

44

% of sales

11.1%

11.8%

13.0%

13.9%

# All Regions Contributed To Accelerated Growth

	2004	2005
<b>Total</b>	<b>8.4%</b>	<b>11.7%</b>
Western Europe	3.4%	3.8%
Eastern Europe	21.1%	30.4%
ROW	13.6%	16.6%

## Margins are Stable

Q1 05      Q2 05      Q3 05      Q4 05      2005

<b>EBITA margin</b>	<b>18.2%</b>	<b>17.7%</b>	<b>17.5%</b>	<b>18.9%</b>	<b>18.1%</b>
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# Divisional Overview

**NUTRICIA**



# Continued Growth in All Regions

	2004	2005
<b>Total</b>	<b>11.9%</b>	<b>12.3%</b>
Northern Europe	10.8%	9.6%
Southern Europe	14.4%	13.1%
ROW	11.9%	20.8%




# High Levels of Growth at Stable Margins

<i>% of sales</i>	Q1 05	Q2 05	Q3 05	Q4 05	2005
A&P spend	6.3%	6.9%	7.0%	5.9%	6.6%
R&D	2.5%	2.5%	3.2%	2.9%	2.8%
Sub-total	8.8%	9.4%	10.2%	8.8%	9.4%
EBITA margin	27.0%	28.0%	27.1%	27.7%	27.4%



# Financials Explained

# 2005: High Growth At Healthy Margins

	Sales € mln	VLV	EBITA € mln	EBITA margin
	1,221	11.7%	221	18.1%
	673	12.3%	185	27.4%
Non-allocated	-	-	(45)	-
Constant scope	1,894	11.9%	360	19.0%
Acquisitions	94	-	14	-
	<b>1,988</b>	<b>15.7%</b>	<b>374</b>	<b>18.8%</b>

# 2005: Strong Growth in Operating Result

<i>in € mln</i>	2004	2005	VLY
<b>EBITA</b>	<b>333</b>	<b>374</b>	<b>12.4%</b>
Exceptionals	(26)	(11)	-
Amortisation	(4)	(10)	-
Result divestments	2	25	-
Acquisition and integration costs	-	(18)	-
<b>Operating result</b>	<b>304</b>	<b>360</b>	<b>18.4%</b>

# Q4 Operating Result Explained

<i>in € mln</i>	<b>Q4 05</b>	<b>Explanation</b>
<b>EBITA</b>	<b>103</b>	
Exceptionals	(7)	€(5) mln related to product recalls (Jars,ITX)
Amortisation	(5)	Includes €(2) mln write-down on former China assets
Result divestments	7	Release of provisions related to former divestitures
Acquisition and integration costs	(3)	Remainder of Mellin integration costs
<b>Operating result</b>	<b>95</b>	

# Significant Increase In Earnings

<i>in € mln</i>	Q4 05	VLY	2005	VLY
<b>Operating result</b>	<b>95</b>	<b>37.1%</b>	<b>360</b>	<b>18.4%</b>
Share in result jv's/ associates	1	-	3	-
Financial income and expenses	(16)	-	(61)	-
Tax	(34)	-	(101)	-
<b>Net result</b>	<b>46</b>	<b>n.a.</b>	<b>201</b>	<b>70.4%</b>
Minorities	0	-	3	-
Net result attr. to equity holders	46	n.a.	198	75.5%

# Normalised Net Result Explained

<i>in € mln</i>	Q4 05	2005
Net result attr. to equity holders	46	198
Result divestment (net of tax)	(5)	(17)
Integration & acquisition costs (net of tax)	2	13
Exceptionals	6	9
Write-down DTA	10	10
<b>Normalised net result</b>	<b>59</b>	<b>213</b>



# Outlook

# Outlook 2006 – Sales and EBITA

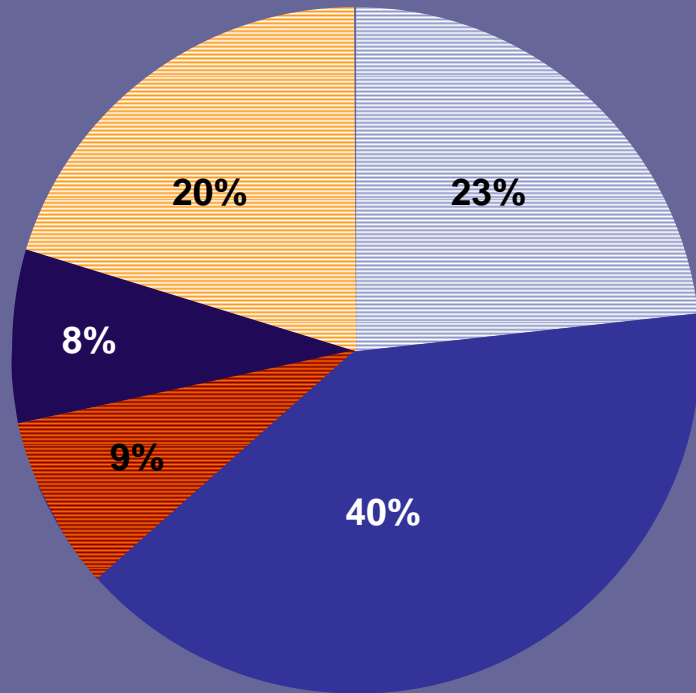
- Outlook based on constant scope including Mellin and Dumex (for the full year 2005)
- 2006 organic sales growth between 11 and 13%
  - Including Dumex at 20% growth
- 2006 EBITA margins will remain in line with 2005
  - Dumex 2006 EBITA margin at 15%
  - Additional €8 mln in stock option expenses (non-cash) (IFRS 2)
  - Non-allocated costs will increase
- H1 EBITA margins somewhat lower than H2 due to phasing of A&P spend

# Outlook 2006 – Capex

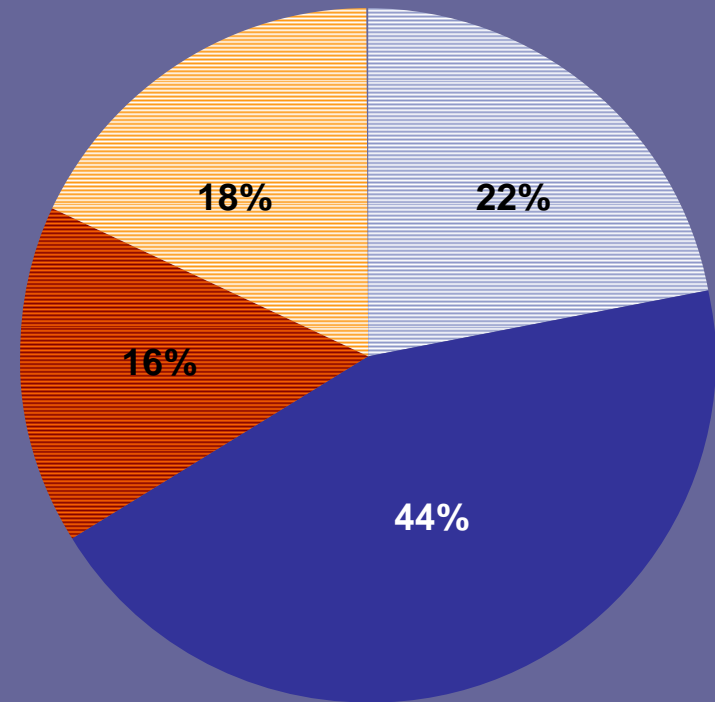
- **Capex will reach 6 - 7% of total sales**
  - **Increase in quality and safety investments**
  - **Continued innovation spend in both Baby and Clinical**
  - **Dumex capex of €30 mln mainly relating to Shanghai plant**

# Outlook 2006 – Capex

2005



2006



Efficiency/Maintenance

Innovation/Growth

Quality/Safety

Focus

IT



*Questions  
and  
Answers*



## *Appendix*

# Balance Sheet

<i>in € mln</i>	2004	2005
Intangible fixed assets	123	767
Tangible fixed assets	314	336
Financial fixed assets	28	26
Derivative fin. instruments	-	9
Deferred tax assets	374	362
<b>Non-current assets</b>	<b>839</b>	<b>1,500</b>
Stocks	173	194
Trade debtors	215	285
Other receivables	67	78
Cash and cash equivalents	220	1,457
<b>Current assets</b>	<b>675</b>	<b>2,014</b>
Non-current assets classified as held for sale	-	22
<b>Total assets</b>	<b>1,514</b>	<b>3,536</b>

# Balance Sheet

2004

2005

*in € mln*

<b>Shareholders' equity</b>	<b>(302)</b>	<b>680</b>
Minority interests	17	2
Long term loans	1,140	1,913
Pensions and post employ. prov.	97	110
Other provisions	13	7
Derivative financial instruments	18	13
Deferred tax liabilities	58	181
Other financial liabilities	39	50
<b>Non-current liabilities</b>	<b>1,356</b>	<b>2,274</b>
Trade creditors	172	254
Other creditors	181	168
Derivative financial instruments	-	1
Current tax liability	46	73
Short term loans	1	62
Short term provisions	34	22
<b>Current liabilities</b>	<b>434</b>	<b>580</b>
<b>Total equity and liabilities</b>	<b>1,514</b>	<b>3,536</b>

*At actual rates; at December 31<sup>st</sup>*

# Warning about forward-looking statements

Some statements in this document are "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied.

These forward-looking statements are based on current expectations, estimates, forecasts and projections and our beliefs and assumptions about future events. Forward-looking statements include, without limitation, statements concerning our results or financial position and the other factors discussed in our annual report. An overview of the most important financial factors that may affect Numico's results are provided in the company's most recent Annual Report.

Given these uncertainties, no assurance can be given as to our future results or financial position. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this document and are neither predictions nor guarantees of future events or circumstances. Numico does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.