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# NUMICO



## **Phase I of the Building Year**

Q1 2004 Results

**4 May 2004**

# Key Highlights

- Strong start to the year for both divisions - well on track to meet 2004 targets
- Continuing to strengthen senior management team, filling key positions in both businesses
- Substantial improvements in corporate governance – full compliance by next year

# Key Highlights: Project Focus In Full Swing

## ■ Product Transfers:

- ▶ Transfer of IMF already completed, well ahead of schedule
- ▶ Next step to transfer cereals and jars in the next 12 months

## ■ Factories:

- ▶ 3 plants now sold and 2 plants on track to be sold by Q3
- ▶ Additional plant (primarily a 3<sup>rd</sup> party manufacturer) will be sold
  - 8 Baby plants to ultimately remain in Western Europe

## ■ In summary, project Focus on track to deliver

# Financial Highlights: Q1 2004

*Comparable basis*

- Total net sales up 8.0%, at high end of 6 – 8% target
- EBITA growth at 8.5% and EBITA margin at 20.0%
- Net result up threefold to €48 mln – best result since Q2 2001
- Trade working capital improved by 280 bps versus Q1 03 - on target for full year notwithstanding anticipated deterioration since Q4 03
- Net debt position only slightly improved at €1,058 mln, primarily due to higher level of working capital

# Net Sales and EBITA

*Comparable basis, in € mln*

	Net Sales		EBITA		EBITA Margin	
	<u>Q1 04</u>	<u>VLV</u>	<u>Q1 04</u>	<u>VLV</u>	<u>%</u>	<u>bps</u>
Baby	257	6.5%	52	11.0%	20.5	90
Discont. (Baby)	5	-	0	-	-	-
Clinical	138	12.8%	38	15.4%	27.7	110
Non-allocated	-	-	(10)	73.7%	-	-
Discontinued	2	-	-	-	-	-
<hr/> Total	<b>402</b>	<b>8.0%</b>	<b>80</b>	<b>8.5%</b>	<b>20.0</b>	<b>10</b>

# Net Sales: Growth per Quarter

*Comparable basis (VLY)*

	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>	<u>Q4 03</u>	<u>FY 03</u>	<u>Q1 04</u>
Baby Food	5.4%	4.8%	8.1%	4.2%	5.6%	6.5%
Clinical Nutrition	9.6%	9.5%	11.8%	9.3%	10.0%	12.8%
<b>Total*</b>	<b>6.7%</b>	<b>6.4%</b>	<b>9.3%</b>	<b>5.9%</b>	<b>7.1%</b>	<b>8.0%</b>

\* Including discontinued businesses (Baby Food)

# EBITA Margin Development

*At actual rates*

	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>	<u>Q4 03</u>	<u>FY 03</u>	<u>Q1 04</u>
Baby Food	18.4%	18.4%	16.4%	16.4%	17.4%	20.5%
Clinical Nutrition	26.4%	31.1%	28.5%	28.7%	28.7%	27.7%
<b>Total*</b>	<b>19.5%</b>	<b>21.1%</b>	<b>17.9%</b>	<b>16.9%</b>	<b>18.8%</b>	<b>20.0%</b>

\* Including discontinued businesses (Baby Food) and non-allocated costs

# Nutricia Baby: Encouraging Performance

*Comparable basis\**

- Increased focus and additional marketing spend starting to bear fruit
  - ▶ Growth trend in West European markets picking up to >2% in Q1
  - ▶ Encouraging growth particularly in UK and Belgium
- Continued strong growth in ROW at 12%, in particular Russia, Indonesia and Turkey
- EBITA margin increased 90 bps to 20.5% due to product and geographic mix, despite 20.0% higher marketing spend

*\* Excluding discontinued Baby Food business*

# Nutricia Baby

*Comparable basis\*, in € mln*

	<u>FY 03</u>	<u>VLY</u>	<u>Q1 04</u>	<u>VLY</u>
Net Sales	1,058	5.6%	257	6.5%
A&P	118	9.6%	29	20.0%
EBITA	184	6.8%	52	11.0%
EBITA Margin	17.4%	20 bps	20.5%	90 bps

*\* Excluding discontinued Baby Food business in Q1 04 and Q1 03*

# Nutricia Clinical: Strong Performance

## *Comparable basis*

- Sales increase driven by historic strongholds - Germany, UK and NL - and high double digit growth in our focus markets; France, Spain and Italy
- EBITA margin increased 110 bps to 27.7%
- Continued strong performance through increased focus on homecare, pharmacies and value added (disease) specific products

# Nutricia Clinical

*Comparable basis, in € mln*

	<u>FY 03</u>	<u>VLY</u>	<u>Q1 04</u>	<u>VLY</u>
Net Sales	542	10.0%	138	12.8%
A&P	34	4.1%	9	0.0%
EBITA	155	24.6%	38	15.4%
EBITA Margin	28.7%	330 bps	27.7%	110 bps

# From EBITA to Net Result

*At actual rates, in € mln*

	<u>Q1 03</u>	<u>Q1 04</u>
<b>EBITA</b>	74	80
<b>Financial income &amp; expenses</b>	(21)	(13)
<b>Tax</b>	(20)	(18)
<b>Amortization</b>	(19)	0
<b>Minority interests</b>	(2)	(2)
<b>Result divestments</b>	4	1
<b>Net result</b>	<u>16</u>	<u>48</u>
<b>Cash earnings</b>	35	48
<b>(C)EPS</b>	0.21	0.29

# Financial Income and Expenses

*At actual rates, in € mln*

	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>	<u>Q4 03</u>	<u>Q1 04</u>
Interest income	8	7	8	9	5
Interest expenses	(32)	(30)	(28)	(27)	(15)
<b>Sub-Total</b>	<b>(24)</b>	<b>(23)</b>	<b>(20)</b>	<b>(18)</b>	<b>(10)</b>
Impact convertible buy-back					(4)
Other					1
<b>Total</b>					<b>(13)</b>

# Balance Sheet

*At actual rates, in € mln*

	<u>December 2003</u>	<u>March 2004</u>
<b>Intangible fixed assets</b>	23	23
<b>Tangible fixed assets</b>	258	260
<b>Financial fixed assets</b>	31	33
<b>Deferred tax asset</b>	438	438
<b>Current assets</b>	866	768
<b>Total assets</b>	<u>1,616</u>	<u>1,522</u>
<b>Current liabilities</b>	412	405
<b>Long-term liabilities</b>	1,475	1,332
<b>Provisions</b>	173	172
<b>Minority interests</b>	25	27
<b>Capital and reserves</b>	(469)	(414)
<b>Total liabilities</b>	<u>1,616</u>	<u>1,522</u>

# Trade Working Capital

*Comparable basis*

	In € mln			As a % of net sales		
	March 03	Dec. 03	March 04	March 03	Dec. 03	March 04
Inventory	184	154	168	11.7%	9.4%	10.2%
Receivables	216	213	231	13.8%	13.0%	14.0%
Payables	(111)	(143)	(141)	(7.1)%	(8.7)%	(8.6)%
<b>Total</b>	<b>289</b>	<b>224</b>	<b>258</b>	<b>18.4%</b>	<b>13.7%</b>	<b>15.6%</b>

# Cash Flow Statement

*At actual rates, in € mln*

	<u>Q1 2003</u>	<u>Q1 2004</u>
Net result	16	48
Depreciation	26	9
Amortization	19	0
Net change in trade WC	82	(38)
Net change in other WC	104	(3)
Other	-	(4)
<hr/> <b>Net CF from operations</b>	<b>247</b>	<b>12</b>
 <b>Net CF from investments/disposals</b>	<b>(3)</b>	<b>(8)</b>
<hr/> <b>Free cash flow</b>	<b>244</b>	<b>4</b>

# Shareholders' Equity: Changes since 31 Dec. 2003

*At actual rates in € mln*

<b>Shareholders' Equity at 31<sup>st</sup> December 2003</b>	<b>(469)</b>
Net result	48
Repurchase of shares	(1)
Currency translation effects	8
<b>Shareholders' Equity at 31 March 2004</b>	<b>(414)</b>



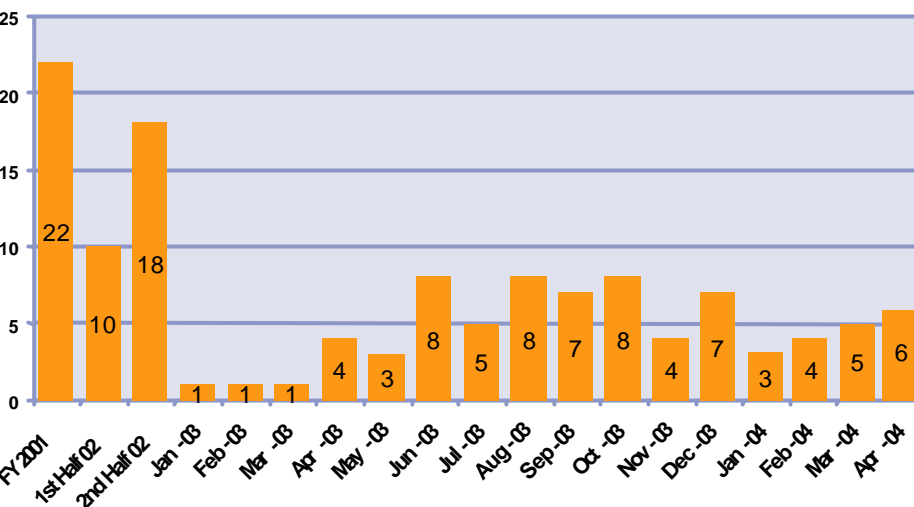
# Questions & Answers



# Appendix

# Ephedra: Overview of Claims Filed

## GNC



## Rexall Sundown

