



NUMICO

The Building Year:

Focus on Growth

Q2 & HY 04 Results

12 August 2004



Agenda

- Progress Update
- Financial Performance: 1st Half 2004
- Outlook
- Q&A

Record Sales Growth in Q2 Driven by Both Divisions



+ 9.7%



+8.9%



+11.2%

Excellent Q2 Performance by



- Excellent growth performance of the UK, our largest Western European market, up 9.2% versus year ago
- 19% growth in ROW driven by Russia and the Middle East

The UK: The First Chapter of a Western European Growth Story

- Strong improvement in sales capabilities and category management
- Introduction of pre-biotics in IMF brands



The UK: Building Momentum

	<u>2002</u>	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>	<u>Q4 03</u>	<u>Q1 04</u>	<u>Q2 04</u>
Net Sales (vs LY)	2.1%	3.3%	3.4%	3.4%	4.1%	5.2%	9.2%
Marketing (vs LY)	(2.5)%	12.4%	(7.5)%	4.5%	22.4%	23.0%	22.0%
Market Share*	28.2%	27.7%	27.4%	27.5%	27.3%	26.8%	28.0%
Total Market Growth*	2.4%	0.1%	3.8%	4.7%	4.9%	5.8%	7.0%

* Source Nielsen

Second Consecutive Quarter of Double Digit Growth

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- Increased growth in Southern Europe
- Continued growth in Northern Europe

	<u>2003</u>	<u>H1 04</u>
Northern Europe	+8.9%	+9.4%
Southern Europe	+12.2%	+16.6%

Increased Momentum of Disease-Specific Products

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	<u>2003</u>	<u>H1 04</u>
General Malnutrition	+9.7%	+10.5%
Disease-Specific	+10.5%	+13.8%

Continuing to Build our Strengths



: Acquisition of Valio's Baby Brands, creating market leadership in Finland



: Strategic agreement with Zevex as exclusive manufacturer of enteral feeding pumps
-Enhances quality of pumps
-Ensures focus on nutritional products

Continuing to Drive Rationalization Program

- Divestment of Clinical business in Taiwan - May
- Divestment of Babyfood in South Africa - June
- Sale of Kampen factory - June
- Project Focus and Laager on track to deliver € 45 mln savings by 2006
- Booster delivered € 11 mln in HY 2004



Numico's Growth Performance is Strong

Numico's Focus is Sharp



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**A High-Growth, High-Margin,
Specialized Nutrition Company**



Financial Performance 1st Half 2004

Jean-Marc Huët

Financial Highlights: HY 2004

Comparable basis

- Total net sales up 9.2%; EBITA margin at 20.5%
- Nutricia Baby net sales up 7.8%; EBITA margin at 20.2% (up 120 bps)
- Nutricia Clinical net sales up 12.1%; EBITA margin at 28.5% (down 110 bps)
- Net result of EUR 97 mln compared to EUR (88) mln in HY 03
- Trade working capital improved by 160 bps versus H1 03 - on target for full year notwithstanding anticipated decline since Q4 03
- Net debt position at € 1,048 mln vs. €1,069 mln at beginning of year

Financial Highlights: Q2 2004

Comparable basis

- Total net sales up 9.7%; EBITA margin at 20.4% (down 80 bps)
- Nutricia Baby net sales up 8.9%; EBITA margin at 19.9% (up 140 bps)
- Nutricia Clinical net sales up 11.2%; EBITA margin at 29.0% (down 250 bps)
- Net result at EUR 49 mln compared to EUR (104) mln in Q2 03

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>	<u>Q2 04</u>	<u>HY 04</u>
Baby Food	5.4%	4.8%	8.1%	4.2%	5.6%	6.5%	8.9%	7.8%
Clinical Nutrition	9.6%	9.5%	11.8%	9.3%	10.0%	13.0%	11.2%	12.1%
Total	6.7%	6.4%	9.3%	5.9%	7.1%	8.0%	8.9%	8.4%
Total continued	-	-	-	-	-	8.7%	9.7%	9.2%

* Excluding the discontinued businesses of Baby Food and Clinical Nutrition

EBITA Margin Development

At actual rates, excluding exceptional items

	<u>Q1 03</u>	<u>Q2 03</u>	<u>Q3 03</u>	<u>Q4 03</u>	<u>FY 03</u>	<u>Q1 04</u>	<u>Q2 04</u>	<u>HY 04</u>
Baby Food	18.4%	18.4%	16.4%	16.4%	17.4%	20.5%	19.9%	20.2%
Clinical Nutrition	26.4%	31.1%	28.5%	28.7%	28.7%	27.9%	29.0%	28.5%
Total	19.5%	21.1%	17.9%	16.9%	18.8%	20.0%	19.8%	19.9%
Total continued	-	-	-	-	-	20.5%	20.4%	20.5%

Strong Performance by



*Comparable basis**

- Improved trend in W-European markets at 2.3% growth for H1
 - ▶ Encouraging growth, particularly in UK, Belgium and The Netherlands
 - ▶ Partially offset by portfolio rationalisation in selected Southern European markets (e.g. Italy)

- Continued strong growth in ROW at 16%, particularly in Russia, Indonesia, Turkey and Middle-East

- EBITA margin at 20.2% (up 120 bps) due to favourable product and geographic mix. Marketing spend at same high levels of H2 2003, up 28% (or 220 bps) versus same period year ago

** HY comparison excluding discontinued Baby Food business*

NUTRICIA BABYFOOD

Comparable basis, in € mln*

	<u>HY 04</u>	<u>VLY</u>	<u>Q2 04</u>	<u>VLY</u>	<u>Q1 04</u>	<u>VLY</u>
Net Sales	532	7.8%	276	8.9%	257	6.5%
A&P	64	28.4%	35	34.4%	29	20.0%
EBITA	108	14.4%	55	17.8%	52	11.0%
EBITA Margin	20.2%	120 bps	19.9%	140 bps	20.5%	90 bps

* Excluding discontinued Baby Food business and exceptional items

Strong Performance by

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Comparable basis*

- Continued sales growth in strongholds - Germany and UK - for H1
- Improved growth primarily driven by Southern Europe
- Continued robust EBITA margin at 28.5%
- Dynamic performance through continued focus on homecare, pharmacies and disease-specific products

** HY comparison excluding discontinued Clinical Nutrition business*

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Comparable basis*, in € mln

	<u>HY 04</u>	<u>VLY</u>	<u>Q2 04</u>	<u>VLY</u>	<u>Q1 04</u>	<u>VLY</u>
Net Sales	288	12.1%	151	11.2%	137	13.0%
A&P	19	7.3%	10	16.2%	9	0.0%
EBITA	82	7.9%	44	2.1%	38	15.4%
EBITA Margin	28.5% (110) bps		29.0% (250) bps		27.9%	60 bps

* Excluding discontinued Clinical Nutrition business

Net Sales and EBITA – HY 04

Comparable basis, excluding exceptionals, in € mln

	Net Sales		EBITA		EBITA Margin	
	<u>HY 04</u>	<u>VLY</u>	<u>HY 04</u>	<u>VLY</u>	<u>%</u>	<u>bps</u>
Baby	532	7.8%	108	14.4%	20.2	120
Discont. Baby	12	-	(2)	-	-	-
Clinical	288	12.1%	82	7.9%	28.5	(110)
Discont. Clinical	2	-	-	-	-	-
Non-allocated	-	-	(22)	-	-	-
Discontinued	3	-	-	-	-	-
Total	837	8.4%	167	6.7%	19.9	(30)

From EBITA to Net Result

At actual rates, in € mln

	<u>HY 04</u>	<u>Q2 04</u>	<u>HY 03</u>
EBITA	167	86	100
Financial income & expenses	(26)	(13)	(57)
Tax	(40)	(22)	(7)
Amortization	(1)	-	(35)
Minority interests	(4)	(2)	(3)
Result divestments	-	-	(86)
Net result	<u>97</u>	<u>49</u>	<u>(88)</u>
Cash earnings	98	49	(53)
(C)EPS	0.59	0.30	-

Trade Working Capital

Comparable basis

	In € mln			As a % of net sales		
	June 03	March 04	June 04	June 03	March 04	June 04
Inventory	175	167	184	11.1%	10.2%	11.1%
Receivables	223	229	245	14.2%	14.0%	14.8%
Payables	(115)	(141)	(156)	(7.3)%	(8.6)%	(9.4)%
Total	283	255	273	18.0%	15.6%	16.4%

Shareholders' Equity: Changes since Dec. 31st 2003

At actual rates, in € mln

Shareholders' Equity at December 31st 2003

(469)

Net result

97

Currency translation effects

(6)

Shareholders' Equity at June 30th 2004

(378)

Outlook 2004: Sales Targets Raised

- Overall organic sales growth
 - ▶ Nutricia Baby organic sales growth
 - ▶ Nutricia Clinical organic sales growth

<u>Old</u>	<u>New</u>
6 – 8 %	7 – 9 %
5 – 7 %	6 – 8 %
8 – 12 %	10 – 12 %

- Overall EBITA growth of approx. 10%

Outlook 2004: Other Targets

- Trade working capital to reach 12.5% of net sales
- Non-allocated costs will be around EUR 42-44 mln
- Capex to be 5% of sales for the year



Questions & Answers



Appendix

Progress Update: IFRS

- Transition to IFRS compliance well on track for completion before year-end
- No material overall impact on shareholders' equity 01/01/04
- Market value of IRS and Forward Contracts at 30/6/04: €(13) mln
- Indicative Impact on 2004 P&L Account*
 - ▶ (IFRS 2) Share based payments (options): not material
 - ▶ (IAS 19) Employee benefits: not material
 - ▶ (IAS 37) Provisions, contingent liabilities: one-off, not material
- IAS 32/39 not yet taken into account
- No other material impact anticipated as it stands today

* Not material defined as less than € 5 mln on average