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NUMICO



**The Building Year:**  
***Fuelling the Growth***

**Q3 04 Results**  
**4 November 2004**

# Agenda

- Q3 & 9M 2004 Results
- Strategic Update
- Innovations
- Q&A
- Appendix

# Key Highlights: Q3 2004

- Continued strong performance for Nutricia Baby and Nutricia Clinical
  - ▶ Strong growth in Baby helped by continued acceleration of growth in Western Europe
  - ▶ Double-digit growth in Clinical, driven by ongoing focus on high growth regions, products and channels
- On track to deliver at high end of 2004 net sales growth target of 7-9% and EBITA growth of 10%, on a comparable basis

# Financial Highlights: Q3 2004

*Comparable basis*

- Total net sales up 9.7%; EBITA margin at 19.0%
- Nutricia Baby net sales up 9.0%; EBITA margin at 17.5%
- Nutricia Clinical net sales up 11.1%; EBITA margin at 28.4%
- Net result at EUR 44 mln compared to EUR (457) mln in Q3 03
- Trade working capital at 14.9% of sales improved by 260 bps versus Q3 03
- Strong free cash flow of EUR 66 mln - net debt further reduced to EUR 980 mln

# Financial Highlights: 9M 2004

*Comparable basis*

- Total net sales up 9.4%; EBITA margin at 19.9%
- Nutricia Baby net sales up 8.2%; EBITA margin at 19.3%
- Nutricia Clinical net sales up 11.7%; EBITA margin at 28.4%
- Net result at EUR 142 mln compared to EUR (545) mln in 9M 03
- Shareholders' equity improved by EUR 139 mln to EUR (330) mln

# Net Sales: Growth per Quarter

*Comparable basis (VLY)*

	<u>FY 03</u>	<u>Q1 04</u>	<u>Q2 04</u>	<u>Q3 04</u>	<u>9M 04</u>
Baby Food*	5.6%	6.5%	8.9%	9.0%	8.2%
Clinical Nutrition*	10.0%	13.0%	11.2%	11.1%	11.7%
<b>Total Continued*</b>	-	<b>8.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.4%</b>
Total	7.1%	8.0%	8.9%	8.1%	8.3%

\* Excluding the discontinued businesses

# EBITA Margin Development

*At actual rates, excluding exceptional items*

	<u>FY 03</u>	<u>Q1 04</u>	<u>Q2 04</u>	<u>Q3 04</u>	<u>9M 04</u>
Baby Food	17.4%	20.5%	19.9%	17.5%	19.3%
Clinical Nutrition	28.7%	27.9%	29.0%	28.4%	28.4%
<b>Total Continued</b>	-	<b>20.5%</b>	<b>20.4%</b>	<b>19.0%</b>	<b>19.9%</b>
Total	18.8%	20.0%	19.8%	18.8%	19.5%

# Absolute and Relative Sales Performance

**NUTRICIA**  
**BABYFOOD**

	Q1 03	Q2 03	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04
<b>Sales (€m)</b>	255	262	262	279	257	276	274
<b>VLY (%)</b>	5.4%	4.8%	8.1%	4.2%	6.5%	8.9%	9.0%

**NUTRICIA**  
*clinical*

	Q1 03	Q2 03	Q3 03	Q4 03	Q1 04	Q2 04	Q3 04
<b>Sales (€m)</b>	125	136	138	143	137	151	153
<b>VLY (%)</b>	9.6%	9.5%	11.8%	9.3%	13.0%	11.2%	11.1%

# Continued Strong Q3 Performance by



- Improved trend in W-European markets at 6% growth
  - ▶ Continued growth trend in the UK
  - ▶ Encouraging growth in Germany and the Netherlands
- Continued growth in ROW at 12%, driven by Russia, Indonesia, Turkey and Middle East
- Stable EBITA margin at 17.5% (up 20 bps). Marketing spend at similar high levels as H2 2003, up 20 bps versus H1 2004

# NUTRICIA BABYFOOD

**Comparable basis\*, in € mln**

	<u>Q3 04</u>	<u>VLY</u>	<u>9M 04</u>	<u>VLY</u>
Net Sales	274	9.0%	806	8.2%
A&P	35	5.2%	98	19.7%
(as % of sales)	12.6%		12.2%	
EBITA	48	10.2%	155	13.0%
EBITA Margin	17.5%	20 bps	19.3%	90 bps

\* Excluding discontinued business and exceptional items

# Strong Q3 Performance by

**NUTRICIA**



- Continued sales growth in strongholds - Germany and UK
- Performance driven by continued focus on high-growth geographies, disease-specific products and homecare/pharmacy channels
- EBITA margin resilient at 28.4%, excluding clinical restructuring charge of EUR 2.5 mln would amount to 30.0%

*\* Comparable basis: excluding discontinued business*

# NUTRICIA



**Comparable basis\*\*, in € mln**

	<u>Q3 04</u>	<u>VLY</u>	<u>9M 04</u>	<u>VLY</u>
Net Sales	153	11.1%	441	11.7%
A&P	10	30.7%	29	17.8%
(as % of sales)	6.7%		6.6%	
EBITA*	43	8.0%	125	7.9%
EBITA Margin	28.4%	(80) bps	28.4%	(100) bps

\* *EBITA growth of 14.3% (Q3) and 10.1% (9M) excluding Clinical restructuring charge of EUR 2.5 mln*

\*\**Excluding discontinued Clinical Nutrition business*

# Net Sales and EBITA – Q3 04

*Comparable basis, excluding exceptionals, in € mln*

	Net Sales		EBITA		EBITA Margin	
	<u>Q3 04</u>	<u>VLY</u>	<u>Q3 04</u>	<u>VLY</u>	<u>%</u>	<u>bps</u>
<b>Baby</b>	274	9.0%	48	10.2%	17.5	20
Discont. Baby	2	-	-	-	-	-
<b>Clinical</b>	153	11.1%	43	8.0%	28.4	(80)
Discont. Clinical	-	-	-	-	-	-
<b>Non-allocated</b>	-	-	(10)	-	-	-
Discontinued	1	-	-	-	-	-
<b>Total</b>	<b>430</b>	<b>8.1%</b>	<b>81</b>	<b>14.0%</b>	<b>18.8</b>	<b>100</b>

# Net Sales and EBITA – 9M 04

*Comparable basis, excluding exceptionals, in € mln*

	Net Sales		EBITA		EBITA Margin	
	<u>9M 04</u>	<u>VLY</u>	<u>9M 04</u>	<u>VLY</u>	<u>%</u>	<u>bps</u>
<b>Baby</b>	<b>806</b>	<b>8.2%</b>	<b>155</b>	<b>13.0%</b>	<b>19.3</b>	<b>90</b>
Discont. Baby	14	-	(1)	-	-	-
<b>Clinical</b>	<b>441</b>	<b>11.7%</b>	<b>125</b>	<b>7.9%</b>	<b>28.4</b>	<b>(100)</b>
Discont. Clinical	1	-	-	-	-	-
<b>Non-allocated</b>	-	-	<b>(32)</b>	-	-	-
Discontinued	5	-	-	-	-	-
<b>Total</b>	<b>1,267</b>	<b>8.3%</b>	<b>247</b>	<b>8.9%</b>	<b>19.5</b>	<b>10</b>

# From EBITA to Net Result

*At actual rates, in € mln*

	<b>Q3 04</b>	<b>9M 04</b>
<b>EBITA</b>	81	247
<b>Financial income &amp; expenses</b>	(14)	(40)
<b>Tax</b>	(20)	(60)
<b>Amortization</b>	(1)	(1)
<b>Minority interests</b>	(2)	(5)
<b>Result divestments</b>	-	1
<b>Net result</b>	44	142
<b>Cash earnings</b>	45	143
<b>(C)EPS</b>	0.27	0.86
<b>Fully diluted (C)EPS</b>	0.25	0.80

# Balance Sheet

*At actual rates, in € mln*

	<u>Sept. 30<sup>th</sup> 2004</u>	<u>Dec. 31<sup>st</sup> 2003</u>
Intangible fixed assets	78	23
Tangible fixed assets	270	258
Financial fixed assets	28	31
Deferred tax asset	438	438
Current assets	747	866
<b>Total assets</b>	<b>1,561</b>	<b>1,616</b>
Current liabilities	491	412
Long-term liabilities	1,209	1,475
Provisions	163	173
Minority interests	28	25
Capital and reserves	(330)	(469)
<b>Total liabilities</b>	<b>1,561</b>	<b>1,616</b>

# Trade Working Capital

*Comparable basis*

	In € mln			As a % of net sales		
	Sept. 03	June 04	Sept. 04	Sept. 03	June 04	Sept. 04
<b>Inventory</b>	176	185	172	10.5%	11.1%	10.2%
<b>Receivables</b>	224	247	231	14.0%	14.8%	13.7%
<b>Payables</b>	(111)	(157)	(152)	(7.0)%	(9.4)%	(9.0)%
<b>Total</b>	<b>288</b>	<b>275</b>	<b>251</b>	<b>17.5%</b>	<b>16.5%</b>	<b>14.9%</b>

# Cash Flow Statement

*At actual rates, in € mln*

	<u>Q3 2004</u>	<u>9M 2004</u>
Net result	44	142
Depreciation	10	28
Amortization	1	1
Net change in trade WC	23	(28)
Net change in other WC	1	(4)
Other	-	(8)
<hr/> <b>Net CF from operations</b>	<hr/> <b>79</b>	<hr/> <b>131</b>
 <b>Net CF from investments/disposals</b>	 <b>(13)</b>	 <b>(36)</b>
<hr/> <b>Free cash flow</b>	<hr/> <b>66</b>	<hr/> <b>95</b>

# Shareholders' Equity: Changes since Dec. 31<sup>st</sup> 2003

*At actual rates, in € mln*

<b>Shareholders' Equity at December 31<sup>st</sup> 2003</b>	<b>(469)</b>
Net result	142
Currency translation effects	(2)
Other	(1)
	<hr/>
<b>Shareholders' Equity at September 30<sup>th</sup> 2004</b>	<b>(330)</b>



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**The Building Year:**  
***Fuelling the Growth***  
**- Strategic Update -**

# Project Focus on Track

## Objective

- Optimise and simplify manufacturing network
- Close 8 out of 16 Baby Food plants in Western Europe
- Annualized cost savings of EUR 35 mln by 2006

- 5 Plants already divested
- On track to achieve cost savings of EUR 35 mln by 2006
- IMF transfer completed
- Transfer of jars and cereals on track for finalization by summer 2005

**NUTRICIA**



# Restructuring Already Well Underway

## Objective

- Optimise and simplify manufacturing network
  - Improve efficiency
  - Closure of 2 plants; reduce workforce by 125
  - Total annual cost savings of EUR 5 mln by 2007
- 
- Social plan negotiations well underway – one already agreed
  - Implementation to be completed by the end of 2005

# Project Booster on Target

## Objective

- Ongoing initiative to manage the variable cost base to sustain gross margins
- Recurring annual cost savings of EUR 20 mln

- Savings year-to-date of EUR 17 mln

# Portfolio Rationalization Nearly Complete

## Objective

- Rationalization of portfolio on the basis of high-growth, high-margin criteria

- Closure of Baby Food operations in India, South Africa, Mexico, Brazil (Milk) all completed
- Closure of Clinical operation in Taiwan completed
- Question remains on Baby (cereals) in Brazil and Baby in China

	<b>Sales 9M 04</b>	<b>% Growth 9M 2004</b>	<b>EBITA 9M 2004</b>
China & Brazil	€ 12 mln	(25.9)%	€ (10) mln

# Innovations

**NUTRICIA**



- Move Sip feed (40% of business) from tetra pack to highly preferred plastic bottle



- ▶ Strongly preferred by HCP's and patients
- ▶ Easy to use
- ▶ Reclosable

First launch in Q1 2005 - UK

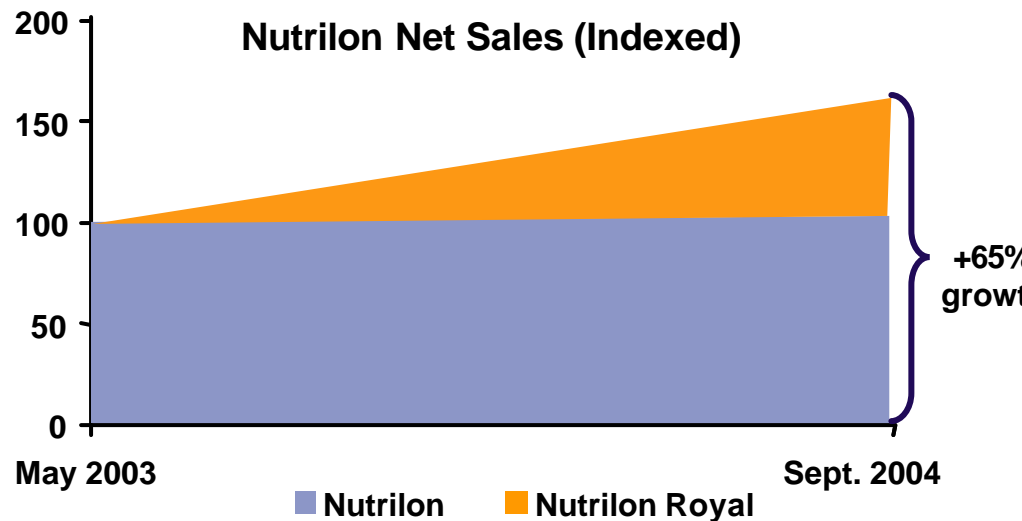
# Innovations

**NUTRICIA**  
**BABYFOOD**

- Launch of Nutrilon Royal in Indonesia in June 2003



- ▶ Enhances brain development (LCP)
- ▶ Premium price versus Nutrilon Standard and competition



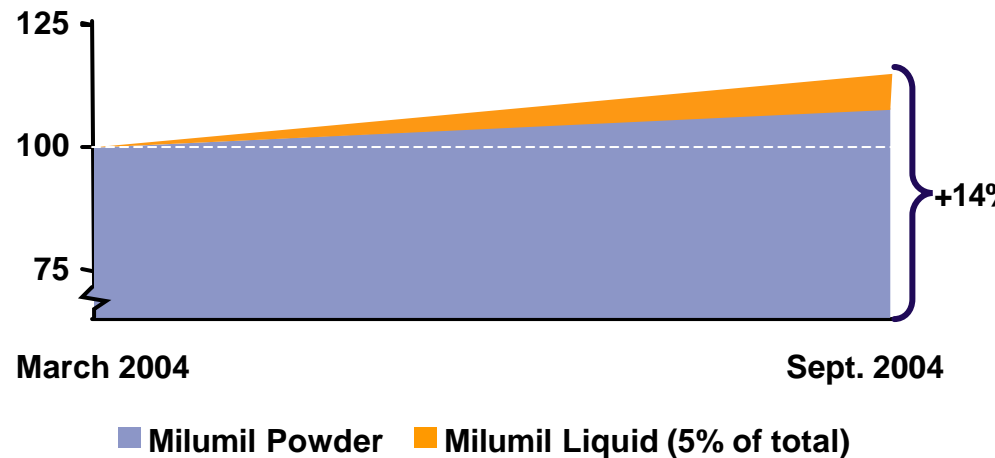
# Innovations

**NUTRICIA**  
**BABYFOOD**

- Launch of liquid IMF in Germany / Switzerland in April 2004



Milumil Net Sales (Indexed)



# Innovations

## NUTRICIA BABYFOOD

- Introduction of liquid toddler milk in Ireland and Austria as part of European roll-out in Q4 2004



Ireland



Austria

# Innovations

## NUTRICIA BABYFOOD

- Launch of revolutionary new IMF packaging in H1 2005 (UK)



- ▶ Strongly preferred by consumers
- ▶ Highly practical
- ▶ Easy to handle
- ▶ Hygienic



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



# Questions & Answers

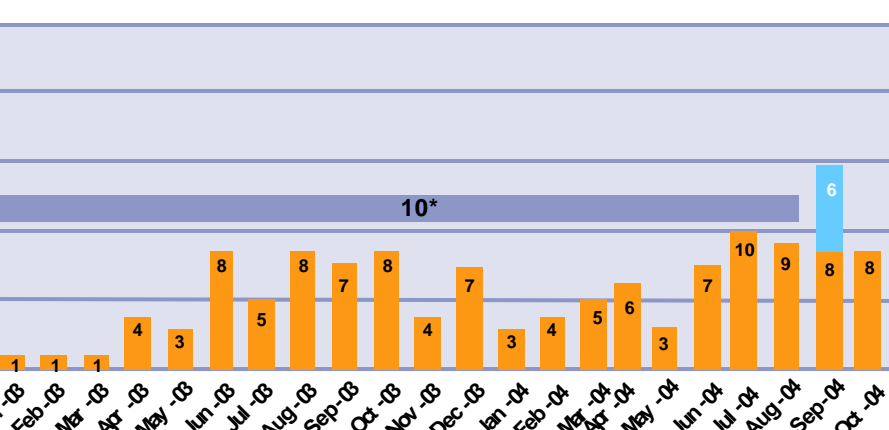


# Appendix

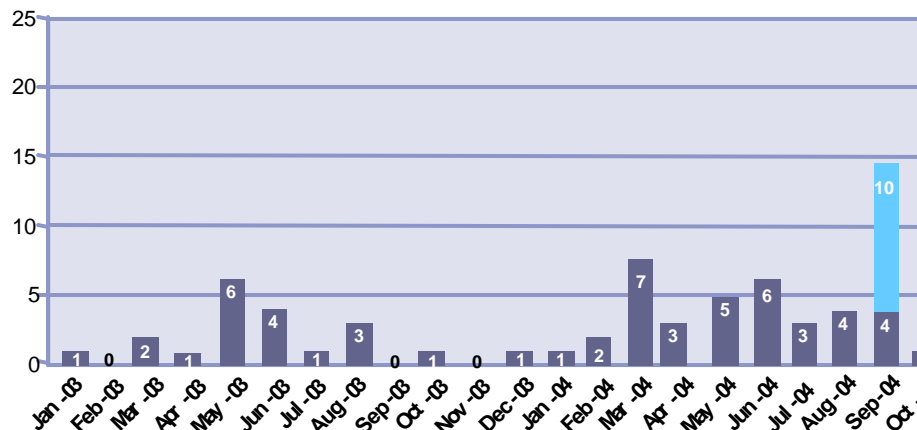
# Ephedra: Overview of Claims Filed

## Stable Trend

### GNC



### Rexall Sundown



■ \*10 Additional cases filed over last 12 months made aware in July 04 by a bankrupt Manufacturer

■ Claims filed at GNC and RXSD due to Tort Reform becoming effective in Mississippi as of 1 September 2004