



NUMICO

Press Release

Numico to acquire EAC's Baby Food business for €1.2 bn in cash Numico launches approx. €550 mln equity offering, related to acquisition

Schiphol, 14 November 2005 - Royal Numico N.V. announces that it has signed an agreement to acquire EAC Ltd. A/S's Nutrition business, a leading Asian Baby Food company, for a total consideration of €1.2 bn in cash on a cash and debt free basis. The acquisition is expected to be earnings neutral by the end of the first full year of consolidation - excluding exceptional items - and accretive from there onwards. In connection with the acquisition, an approx. €550 mln equity offering by way of an accelerated book built offering will be launched today.

Key Highlights of the Transaction

- A leading specialised Baby Food company in Asia Pacific
- Leading market positions in key countries – China, Malaysia and Thailand
- Strong growth track record in markets with great upside potential
- Strong brand: Dumex – well regarded by the Medical Community
- Strong management with in-depth local expertise
- A stand-alone unit complementary with Numico's business
- Transaction expected to be EPS neutral in 2006 and accretive from 2007 onwards

The acquisition will provide Numico with leading market positions through the highly recognised Dumex brand in the fast growing Asian Infant Nutrition market, most notably in China, Malaysia and Thailand. The Asian Infant Nutrition market forms a significant and sustainable opportunity characterised by a very low per capita consumption, a high number of births and increasing GDP per capita, offering ample growth opportunities. This acquisition provides Numico with a strong platform to benefit from the long-term growth potential of the Asia Pacific market. EAC Nutrition is an excellent strategic and geographical fit with Numico's existing business in Indonesia, Australia and New Zealand.

EAC Nutrition will be managed as a separate division within Numico. Numico's Operations and Research & Development capabilities will be integrated into the EAC Nutrition organisation to maximise opportunities and cost synergies.

CEO Statement

Commenting on the acquisition Jan Bennink, CEO of Numico, stated, "*We are very pleased to welcome the people and brands of EAC to the Numico family. EAC Nutrition, a leading Asian Infant Nutrition company, brings highly complementary geographic coverage and expertise to our portfolio and represents an important new source of long-term growth to our Baby division.*"

Numico and EAC Nutrition are, in many ways, an ideal fit - combining EAC's leading sales and brand positions in key Asian markets and regional management expertise with Numico's strong nutrition and innovation skill set.

Together with Numico's leading position in Indonesia, EAC's strong standings in China, Thailand and Malaysia provide a unique platform to service the growth opportunities in the vast and fast-growing Asia Pacific market.

With this acquisition, Numico moves an important step further in becoming the truly leading, high-growth, high-margin specialised nutrition company. We are very confident that this acquisition will create superior value for consumers, employees and shareholders alike."

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Mr. Jan Erlund, Chairman of EAC's Supervisory Board, commented: "EAC Nutrition's strong brands and market positions constitute a considerable growth potential. I am satisfied with the overall outcome of the process, and I strongly believe that we have found an ideal new home for our nutritional business, with a seamless cultural, geographical and commercial fit between the two organisations and with Numico being a dedicated baby food and clinical nutrition company."

EAC Nutrition

EAC Nutrition is a leading baby food company primarily focused on the development, manufacturing and marketing of infant nutrition products under the Dumex family of brands, which include Mamex, Mamil, Dupro and Dugro in Asia. EAC Nutrition holds strong market positions in China, Thailand and Malaysia and additional presences in the Philippines and India, as well as a growing export business to other markets in Asia and – to a lesser extent - the Middle East. EAC Nutrition currently employs approx. 2,250 people including more than 475 Nutrition Advisors working with local Health Care Professionals to provide education and information on Baby Nutrition.

EAC Nutrition generated an annualised compounded average net sales growth of 15% over the period 2001 – 2005, and grew by 34% (based on local currencies) to €91 mln in the third quarter 2005, compared to the same period last year. The operating profit (EBIT) increased by 70% (in local currencies) to €10 mln, equivalent to an operating margin of 11.8% in the third quarter of 2005.

Core Profit Drivers – China, Thailand and Malaysia

Numico intends to focus the activities of EAC Nutrition on profitable growth in the core markets. The 'Core Profit Drivers' are and are expected to remain centered around China, Thailand and Malaysia. These core markets accounted for approx. 90% of EAC Nutrition's net sales in the third quarter 2005. Net sales in these 'Core Profit Drivers' increased by 35.8% (in local currencies) to approx. €88 mln in the third quarter of 2005 compared to the same period in 2004. Operating profit (EBIT) for the Core Profit drivers amounted to €12 mln in the third quarter of 2005.

In China, EAC Nutrition is the leading market player with a volume-based market share of 17%. The Chinese market is the largest nutrition market in Asia and is expected to grow at double-digit rates over the coming years, driven by high annual birth rates, very low per capita consumption, increasing purchasing power and urbanisation of the population. EAC Nutrition is well positioned to capture these growth opportunities through – among others - its 150 distributors in more than 350 cities and its professional dealership to more than 2,700 healthcare formulas and 36,000 healthcare professionals. Net sales of the Chinese operations grew by 63% (in local currencies) to €42 mln in the third quarter of 2005, compared to the same period in 2004.

EAC Nutrition is the market leader in Thailand and Malaysia, with a volume-based market share of 30% and 18%, respectively. Thailand and Malaysia offer strong growth potential over the coming years and EAC Nutrition is well placed to benefit from these favourable market dynamics. Both countries are witnessing market growth that is increasingly driven by consumers' ability to switch from the main stream to the premium segment of the market. Net sales in Thailand and Malaysia grew by 16% to €21 mln and 16% to €20 mln, respectively in the third quarter of 2005, compared to the same period in 2004.

Net sales of Vietnam and the export countries amounted to €5 mln in the third quarter of 2005.

Markets under consideration – Philippines and India

Numico will put the acquired businesses in the Philippines and India under consideration and will divest EAC Nutrition's infant cereal company Hangzhou Future in China, in line with EAC's announcement on 24 October 2005 that it plans to take an impairment charge before year-end relating to the write-off of goodwill on the Hangzhou investment. These operations under consideration generated net sales and operating profit (EBIT) of €3 mln and €(2) mln respectively in the third quarter of 2005.

Numico intends to take a one-off restructuring charge of up to €35 mln related to integration costs and the implementation of the outcome of its review for the Philippines and India. Numico intends to complete the integration in 2006. The company expects that cost savings of €5 mln leading up to savings of €10 mln from 2007 onwards will be achieved in the areas of purchasing, packaging and optimisation of recipes.

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On a combined basis, net sales growth of Numico's Baby Food division would have been 18.1% compared to 14.0% as reported in the third quarter 2005. EBITA growth would have been 29.2% compared to 23.9% as reported and the combined EBITA margin would have been stable at 17.0% (17.6% reported) in the third quarter 2005.¹ More related detailed information can be found in Appendix 1-3 of this document.

Table 1: Numico's Baby Food performance combined with EAC Nutrition's core profit drivers² for Q3 05

€ mln	Q3 05		
	Numico Baby Food	EAC Nutrition 'Core Profit Drivers' ²	Combined Businesses
Net Sales (€ mln)	349	88	437
Growth VLY ³	14.0%	35.8%	18.1%
EBITA (€ mln)	62	12	74
Growth VLY ³	23.9%	59.7%	29.2%
EBITA Margin	17.6%	14.0%	17.0%

² Excluding Hangzhou Future in China and the activities in the Philippines and India; based on unaudited numbers

³ Growth VLY for Numico Baby Food is based on constant currencies and constant scope of consolidation

Management

EAC Nutrition has an experienced and dedicated international management team running its operations in each market. This local expertise is a great asset that will be utilised to achieve the plans for the entire Asia Pacific region going forward. Numico believes that the combined management team will also benefit from being part of a focused and specialised nutrition company.

On completion of the acquisition, Numico intends to structure and manage EAC Nutrition as a separate division within Numico. The new division will be led by Mr Mark Wilson, currently CEO of EAC, who will become a member of Numico's Executive Board reporting directly to Jan Bennink.

Financing the Transaction

The total consideration for EAC Nutrition amounts to € 1.2 bn in cash, resulting in a sales multiple of 3.4x and an EBITA multiple of 25x based on the annualised net sales and EBITA of the 'core profit drivers' (please refer to page 2) of EAC Nutrition in Q3 05. In connection with the acquisition, Numico will issue new ordinary shares to raise approx. € 550 mln. Numico has also secured underwriting commitments from ABN AMRO and Goldman Sachs for a new bank facility of € 1.75 bn to finance the balance of the purchase consideration and to refinance Numico's existing borrowings, excluding the convertible debenture loan 2003. The bank loan facility of € 1.75 bn consists of a senior unsecured revolving credit facility of € 1.4 bn and a Term Loan of € 350 mln, both maturing in 2010. Numico will account for the write-down of the costs of € (2) mln related to the refinancing in 2004 in the fourth quarter of 2005. If the equity offering does not proceed, the acquisition will be financed through committed debt facilities.

Table 2: Pro forma changes to Net Debt and Shareholders' Equity

30 September 2005	€ mln
Net Debt	
Actual reported	1,122
Acquisition EAC Nutrition	1,200
Expected proceeds equity offering ⁴	(550)
Pro forma Net Debt	1,772
Shareholders' Equity	
Actual reported	73
Newly issued shares ⁴	550
Pro forma Shareholders' Equity	623

⁴ Assumes issuance and gross proceeds of € 550 mln

¹ On a comparable basis and based on unaudited numbers

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Numico expects Net Debt/EBITDA to be less than 4.0x by year-end, with EBITDA/net interest expenses (interest coverage) to remain above 5.5x. The company intends to bring down Net Debt/EBITDA to below 3.0x within 12 to 18 months post completion of the transaction.

Completion of the acquisition is expected in December 2005 and is conditional upon Numico and EAC shareholder approvals. Numico will hold an extraordinary general meeting for shareholders to approve the proposed transaction. This meeting will be held on 2 December 2005 at 11.00 CET at Numico's Head Office, WTC Schiphol Airport, Schiphol Boulevard 105, 1118 BG Schiphol Airport, The Netherlands. EAC will hold an extraordinary shareholder meeting on 6 December 2005 to approve the proposed transaction.

Equity Offering

The issue of new ordinary shares will be executed by way of an accelerated bookbuilt offering ("Offering") to be launched immediately following this announcement. Based on the closing price of Numico shares on Euronext Amsterdam on Friday 11 November 2005 of €35.43, the approx. €550 mln equity issue would result in the issue of approx. 15.5 mln new shares, representing approx. 9% of the current outstanding share capital of Numico. The offering will be structured as a private placement of shares in the Netherlands and elsewhere. ABN AMRO Rothschild and Goldman Sachs International will be conducting the offering as joint lead managers and book runners. The book building process is expected to close at 20:00 CET on 14 November 2005, but may be closed earlier or later at the discretion of ABN AMRO Rothschild and Goldman Sachs International.

Existing 3.9% shareholder Findim Group SpA, an investment holding company in which Numico's Supervisory Board member Marco Fossati holds a controlling interest, has indicated its intention to participate in the Offering for up to 10% of the shares issued.

In addition, certain members of Numico's Executive Board intend to participate in the Offering as part of their obligation to buy Numico shares for the equivalent of 100% of base salary to be accumulated over four years (please refer to page 52 of the 2004 Annual Report). The maximum number of shares to be allocated to members of the Executive Board will be less than 20,000. Numico will determine the final allocations to be made to Findim Group SpA and members of the Executive Board in light of demand from institutional investors.

The offering is conditional upon the admission of the new ordinary shares to listing on Eurolist by Euronext Amsterdam N.V. and certain other customary conditions. Application for admission to trading will be made. Barring unforeseen circumstances, it is currently expected that settlement of the Offering will take place on Friday, 18 November 2005.

The new ordinary shares will be offered in a private placement to eligible institutional investors only.

The issue of new ordinary shares is not conditional upon the acquisition or the approval of Numico's shareholders. If the acquisition is not completed, proceeds from the equity offering will be used to reduce indebtedness.

On the assumption that the equity offering proceeds, the company has undertaken not to issue any additional shares for a period of 180 days, subject to exceptions customary in offerings of this nature.

No prospectus has been or will be published in connection with the placing of the new ordinary shares. The number of shares to be included in the equity issue will be less than 10% (representing ca. 17.3 mln shares) of the outstanding shares of Numico.

When issued, the new ordinary shares will rank pari passu in all respects with Numico's existing issued ordinary shares.

Numico is being advised by ABN AMRO / Alfred Berg and Goldman Sachs International in relation to the acquisition.

A briefing to institutional investors, analysts and media will take place at 11:00am CET at Numico's Head Office, WTC Schiphol Airport, Schiphol Boulevard 105, 1118 BG Schiphol Airport, The Netherlands. Institutional investors, analysts and media unable to attend the meeting will be able to dial in to listen to the presentation in full and/or view the slides on www.numico.com.

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This announcement includes statements that are forward-looking in nature. By their nature, forward-looking statements involve risk, uncertainties and assumptions because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of Numico. Actual results and developments may differ materially from those expressed in such statements and from historical trends, depending on a variety of factors. Such factors may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Royal Numico is a high-growth, high-margin specialised nutrition company with leading positions in Baby Food and Clinical Nutrition and brings products to the market under the brand names Nutricia, Milupa and Cow & Gate, among others. The company serves customers in over 100 countries and employs approx. 11,000 people (see also: www.numico.com).

For any questions you might have, please contact:

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Appendix 1

Selected information on EAC Nutrition

	DKK mln		€ mln	
	Q3 2005	YTD 2005	Q3 2005	YTD 2005
As Reported				
Net Sales	679	1,789	91	240
<i>Growth</i>	34%	29%	34%	29%
Operating Profit (EBIT)	76	211	10	28
<i>Margin</i>	11.2%	11.8%	11.2%	11.8%
Core Profit Drivers				
Net Sales	654	1,719	88	230
<i>Growth</i>	35.8%	30.3%	35.8%	30.3%
Operating Profit (EBIT)	92	255	12	34
<i>Margin</i>	14.0%	14.8%	14.0%	14.8%
Other (Hangzhou, India, the Philippines)				
Net Sales	25	71	3	9
<i>Growth</i>	(2.4%)	(1.7%)	(2.4%)	(1.7%)
Operating Profit (EBIT)	(16)	(44)	(2)	(6)
<i>Margin</i>	(63.6%)	(61.8%)	(63.6%)	(61.8%)

Source: EAC Nutrition figures extracted in DKK from EAC Ltd. A/S third quarter results

Note: Exchange rate DKK/EUR of 7.46 used for all figures

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Appendix 2

Numico and EAC Nutrition Combined

	Numico		EAC Nutrition		Combined	
	Q3 2005	YTD 2005	Q3 2005	YTD 2005	Q3 2005	YTD 2005
Numico and EAC Nutrition as Reported						
Net Sales (€ mln)	520	1,454	91	240	611	1,694
<i>Growth VLY constant scope*</i>	13.4%	12.8%	34.0%	29.0%		
EBITA (€ mln)	98	271	10	28	108	299
<i>Growth VLY constant scope*</i>	19.9%	8.2%	70.0%	43.3%		
<i>EBITA Margin</i>	18.7%	18.6%	11.2%	11.8%		
Numico as Reported and EAC Nutrition's 'Core Profit Drivers' Only						
Net Sales (€ mln)	520	1,454	88	230	608	1,684
<i>Growth VLY constant scope*</i>	13.4%	12.8%	35.8%	30.3%		
EBITA (€ mln)	98	271	12	34	110	305
<i>Growth VLY constant scope*</i>	19.9%	8.2%	59.7%	45.1%		
<i>EBITA Margin</i>	18.7%	18.6%	14.0%	14.8%		

* Growth based on constant scope as reported in companies' Q3 results release

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Appendix 3

Numico Baby Food and EAC Nutrition combined

	Numico Baby Food		EAC Nutrition		Combined	
	Q3 2005	YTD 2005	Q3 2005	YTD 2005	Q3 2005	YTD 2005
Numico Baby Food and EAC Nutrition as Reported						
Net Sales (€ mln)	349	954	91	240	440	1,194
<i>Growth VLY constant scope*</i>	14.0%	12.9%	34.0%	29.0%		
EBITA (€ mln)	62	170	10	28	72	198
<i>Growth VLY constant scope*</i>	23.9%	7.5%	70.0%	43.3%		
<i>EBITA Margin</i>	17.6%	17.8%	11.2%	11.8%		
Numico Baby Food as Reported and EAC Nutrition's 'Core Profit Drivers' Only						
Net Sales (€ mln)	349	954	88	230	437	1,184
<i>Growth VLY constant scope*</i>	14.0%	12.9%	35.8%	30.3%		
EBITA (€ mln)	62	170	12	34	74	204
<i>Growth VLY constant scope*</i>	23.9%	7.5%	59.7%	45.1%		
<i>EBITA Margin</i>	17.6%	17.8%	14.0%	14.8%		

* Growth based on constant scope as reported in companies' Q3 results release