



DANONE

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Deutsche Bank Global Consumer Conference

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Disclaimer

This document contains certain forward-looking statements concerning DANONE. Although DANONE believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the section “Risk Factors” in DANONE’s Annual Report (which is available on www.danone.com). DANONE undertakes no obligation to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy, Danone shares.



DANONE

Unique Mission, Unique Portfolio

FRESH DAIRY PRODUCTS

Developing a well being category worldwide



WATERS

Hydratation and elimination



Bring health through food to the largest number of people

BABY NUTRITION

Supporting growing children
Every step of the way



MEDICAL NUTRITION

Nutritional support
for persons in fragile health



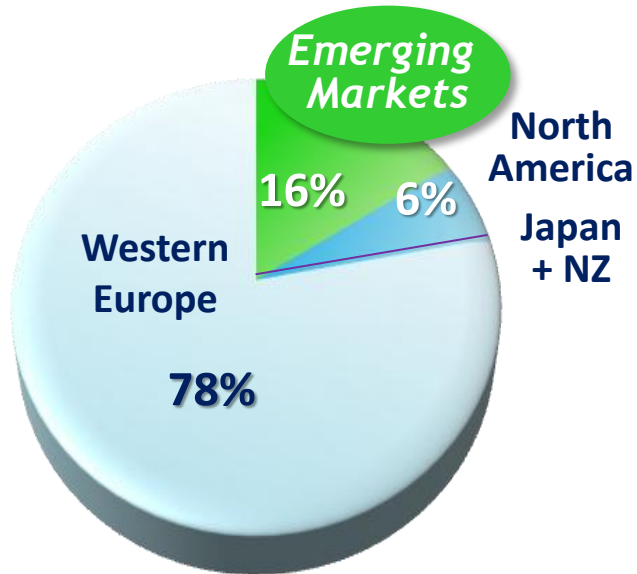


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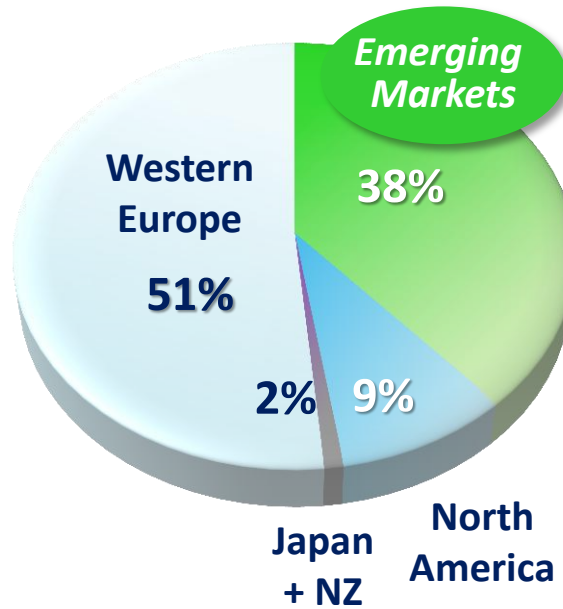
A Fast Geographical Transformation

Sales by region

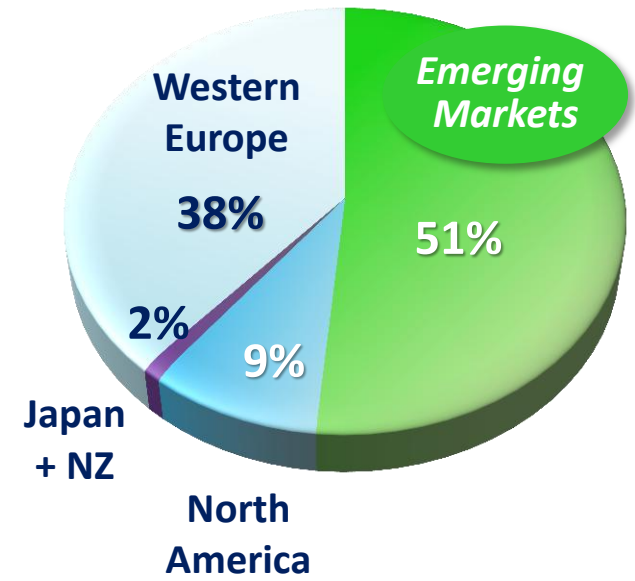
1997



2007



2011

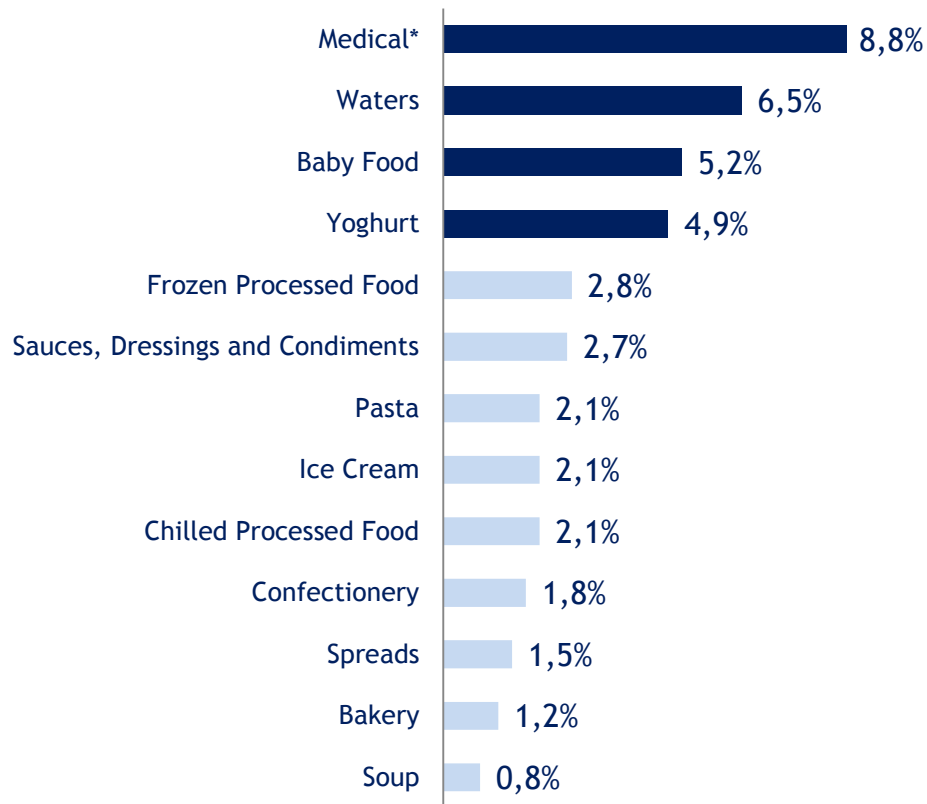




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Well-positioned in fastest-growing food categories

Faster growing food categories 5-year industry volume CAGR as of 2010



Growth focused portfolio

FY 2011
Sales
breakdown

2011 like-for-like
sales growth

2011 trading
operating margin



* As of 2009 for medical nutrition
Source: Euromonitor & internal sources



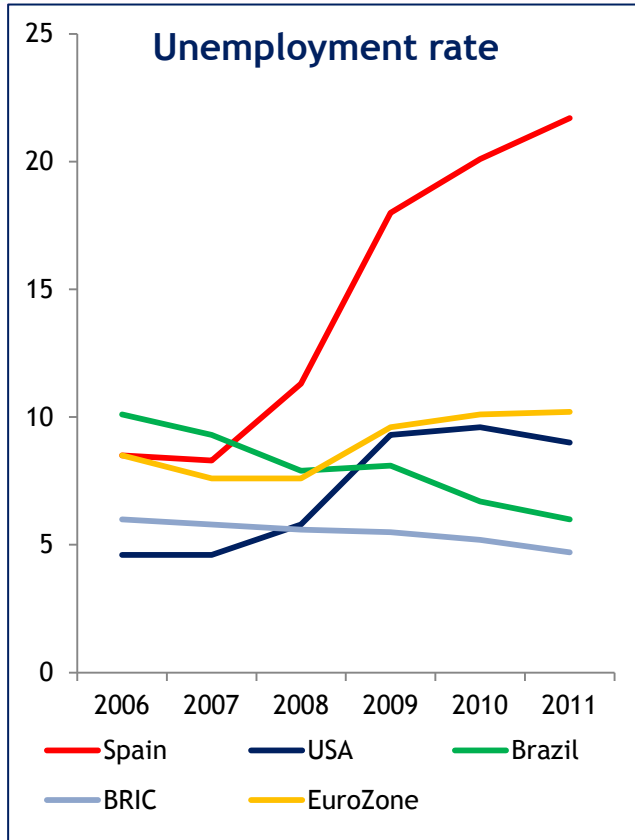
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Managing a complex environment since 2008



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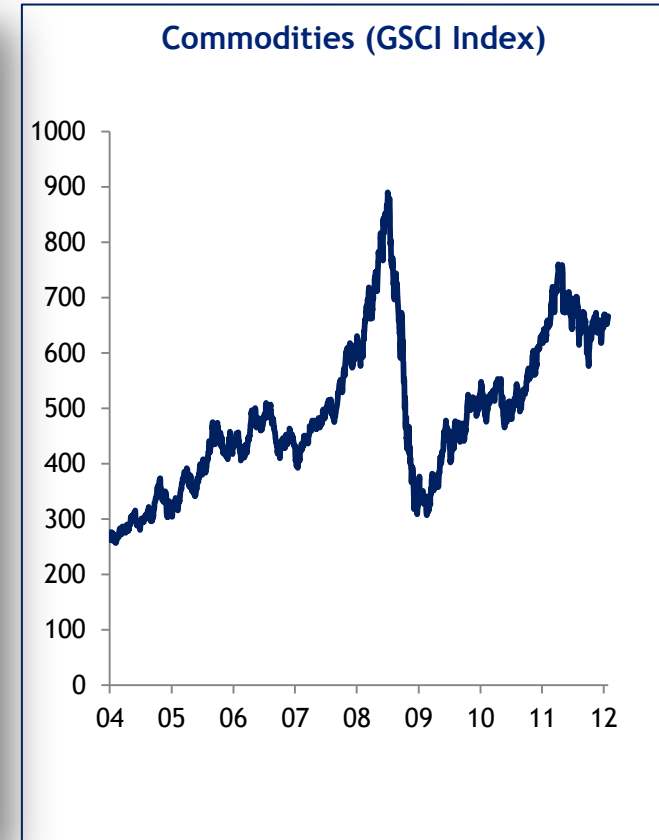
A Complex Environment



Source : Euromonitor



Source : The economist



Source : Bloomberg

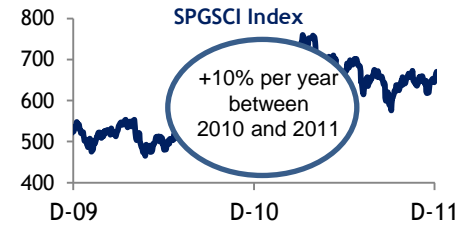
- Consumption under pressure in mature markets
- Developing middle class in emerging markets
- Input costs volatility



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Complex Equation - Clear Priorities

INFLATION



EUROPE

EMERGING

- Sluggish growth
- Competitive price management

- Categories' development
- Positive mix
- Operational leverage



Countering inflation with Productivity and Mix more than Pricing

Inflationary raw material environment

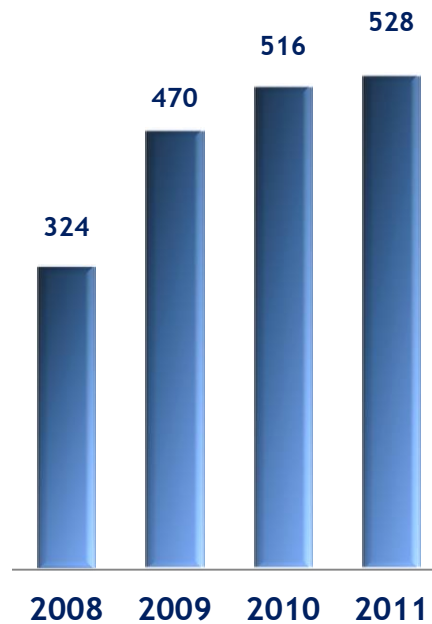
GSCI Index



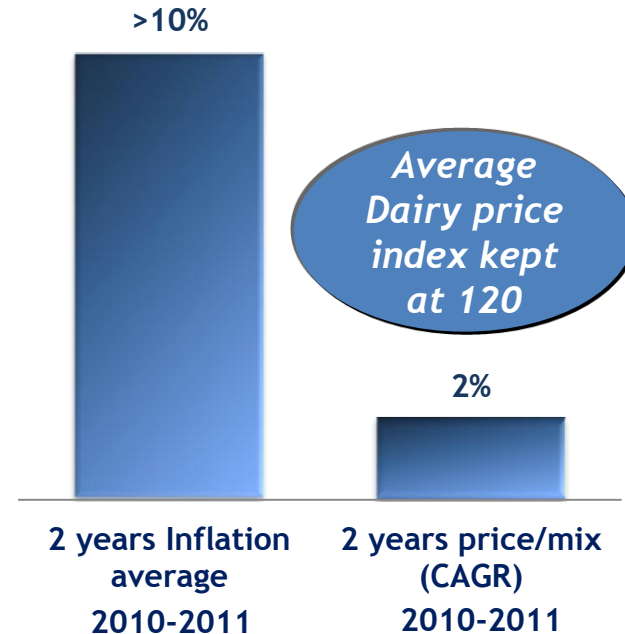
Source : Bloomberg

Boosted Productivity (€ mln)

Danone productivity (€ mln)



Limited inflation transfer to the consumer

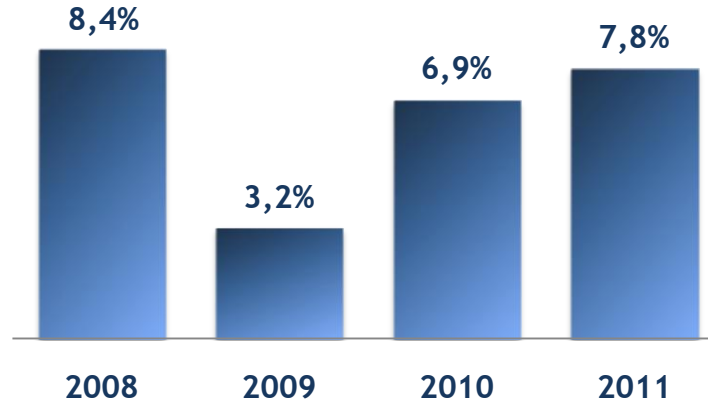




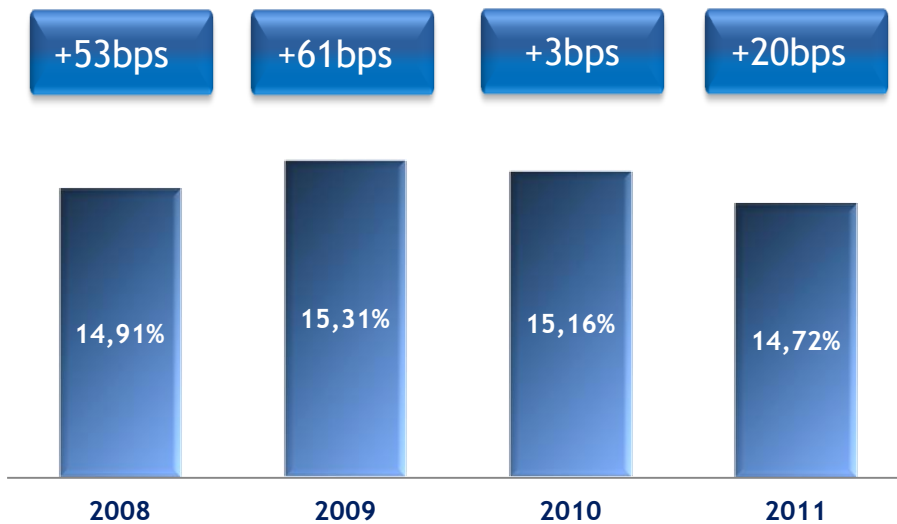
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2008-2011 : Sales growth, Margin, FCF

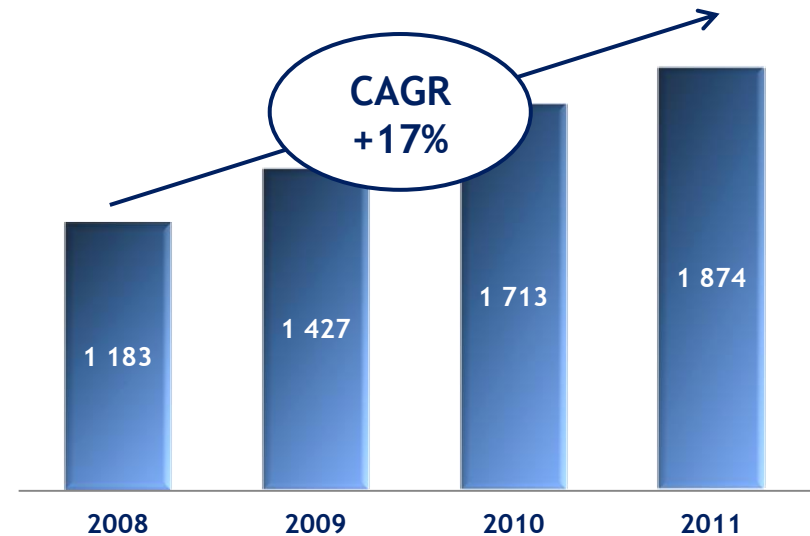
Like-for-like sales growth



Trading Operating Margin and like-for-like growth



Free cash flow (€ mln)



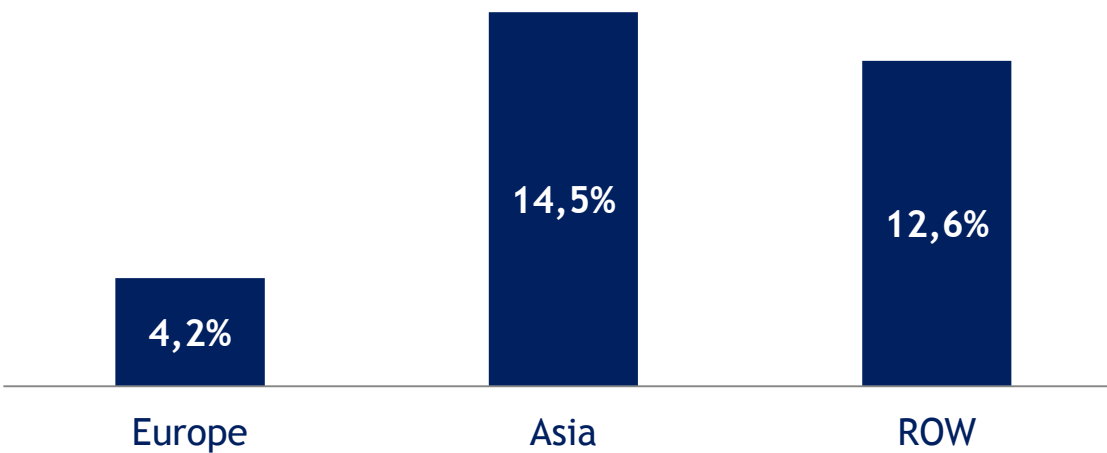


Geographical Equation

Like-for-like Trading
Operating margin
evolution
2008 – 2011



Like-for-like sales growth -
CAGR 2008/2011





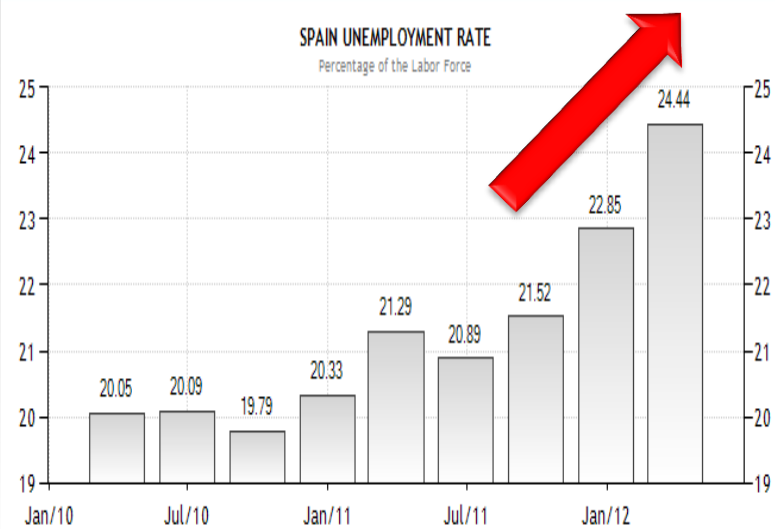
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Managing 2012

Southern Europe deteriorating

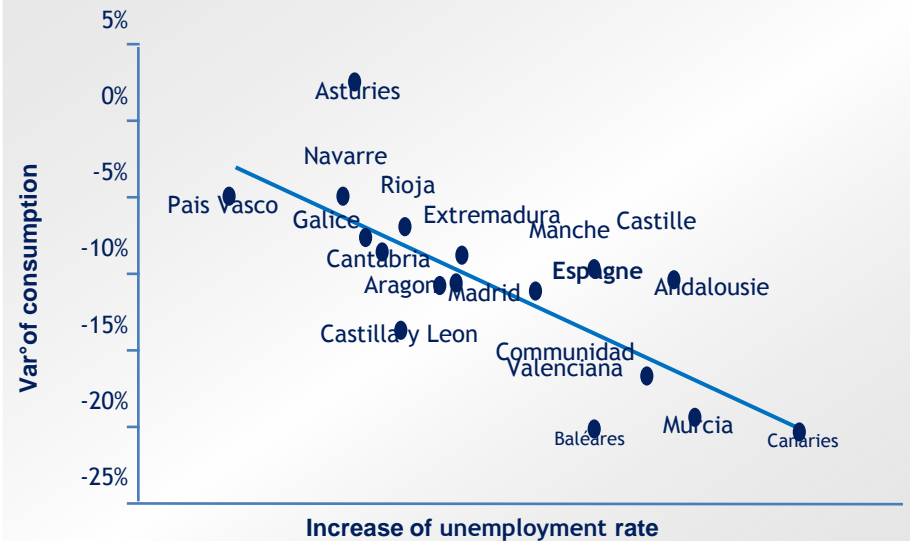
Focus on Spain

Unemployment rate in Spain



SOURCE: WWW.TRADINGECONOMICS.COM | INE

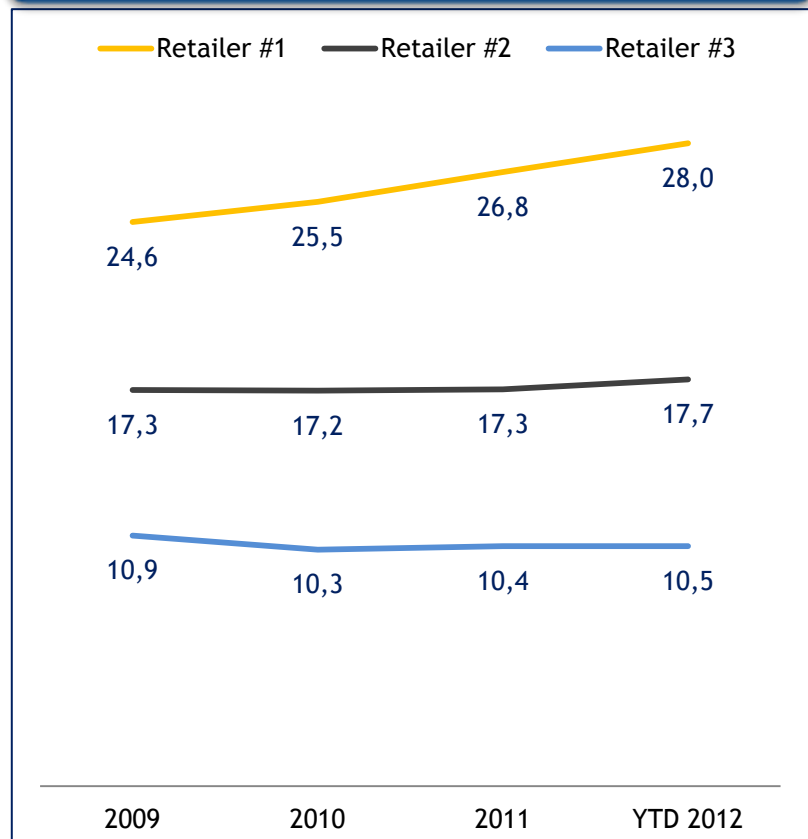
Unemployment vs Consumption Variance by region



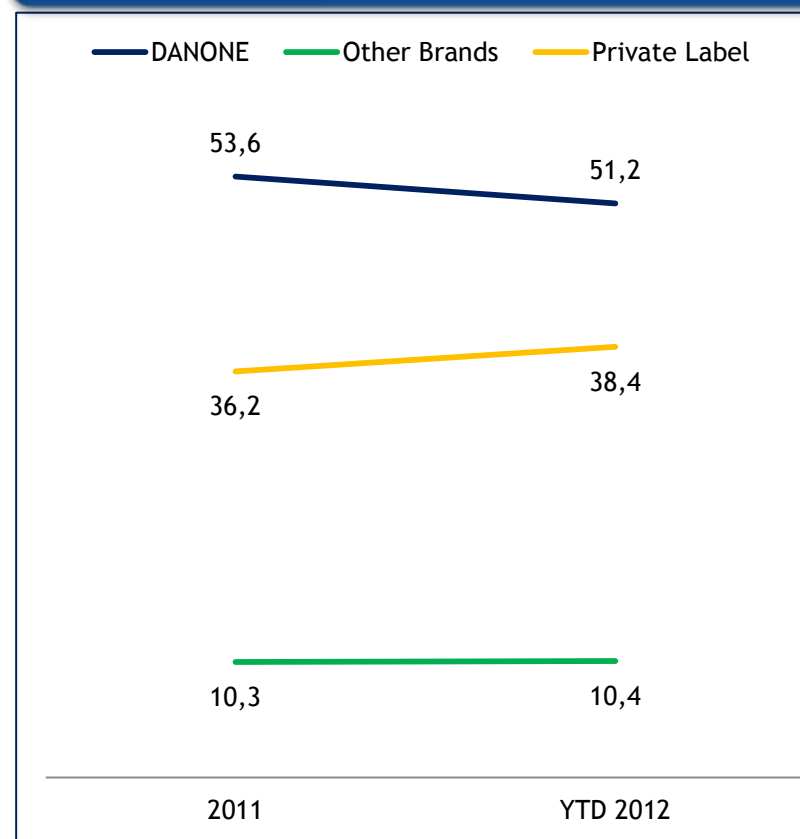
Indicador de confianza consumidor. Instituto Nacional Estadística

	Abr 11	Oct 11	Nov 11	Dic 11	Ene 12	Feb 12	Mar 12	Abr 12
INDICADOR CONFIANZA CONSUMIDOR	73.2	64,1	70,5	71,0	68,3	58,0	63,7	50,3

Food Retail - Value Market shares



Fresh Dairy Products - Value Market shares

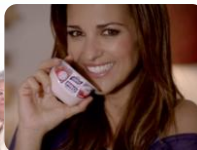




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Dairy Spain requiring specific response

Support and differentiate



Increase competitiveness

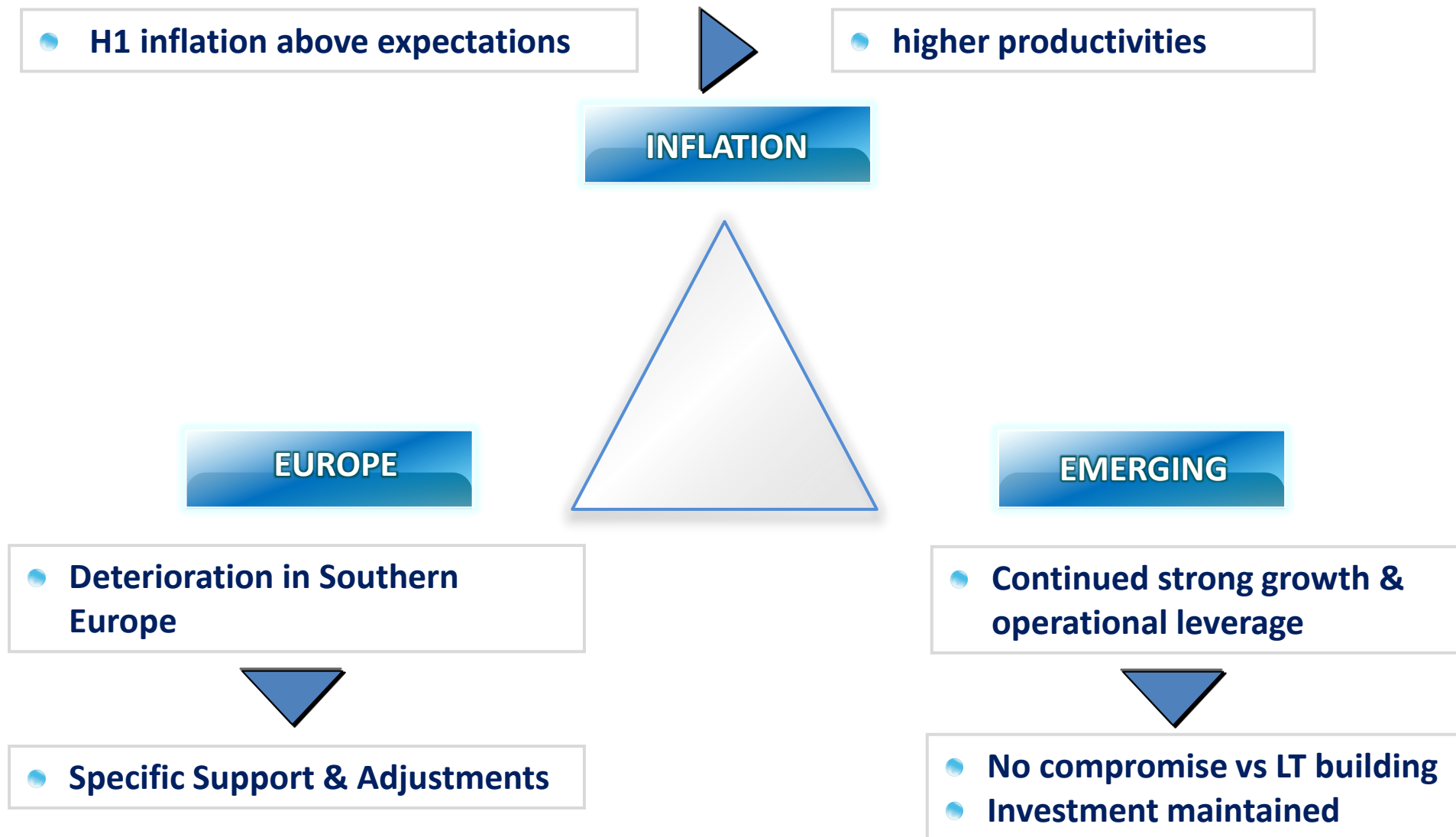


Innovate



Continued productivity



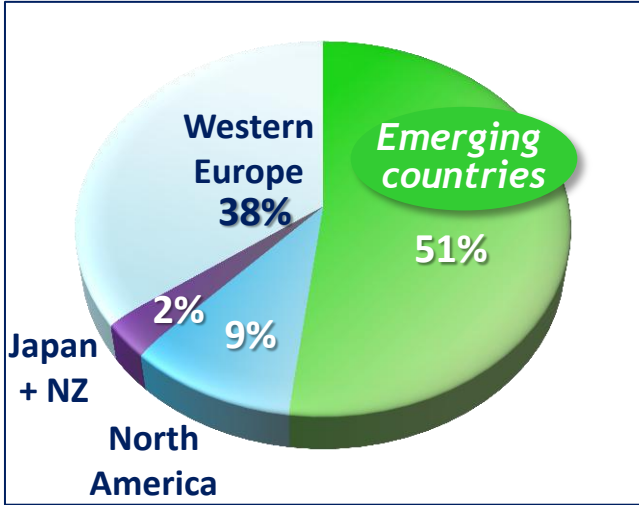




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Continued performance in Emerging markets

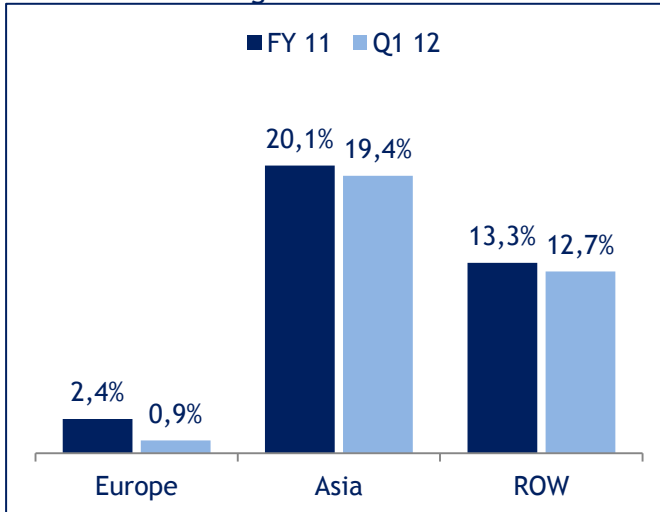
2011 sales breakdown



Platform(s) for growth



Like-for-like sales growth



2012 agenda: Activating the key brands

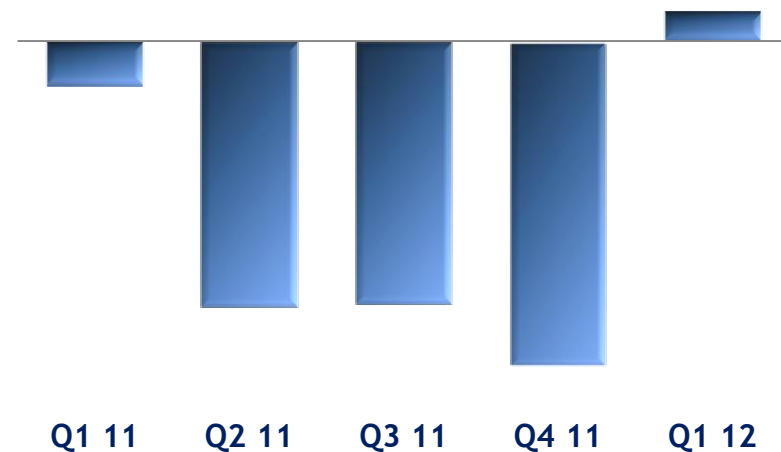


● A rolling activation plan

e.g. : key activities Q1

- 360° support on Prostokvashino
- 360° support on Danonino
- Support & line extension on Danissimo

Danone-Unimilk CIS % volume growth



- Good consumer receptiveness, with Prostokvashino the main growth driver



+12%

Q1 12 like-for-like growth - Russia

New identity in 2012



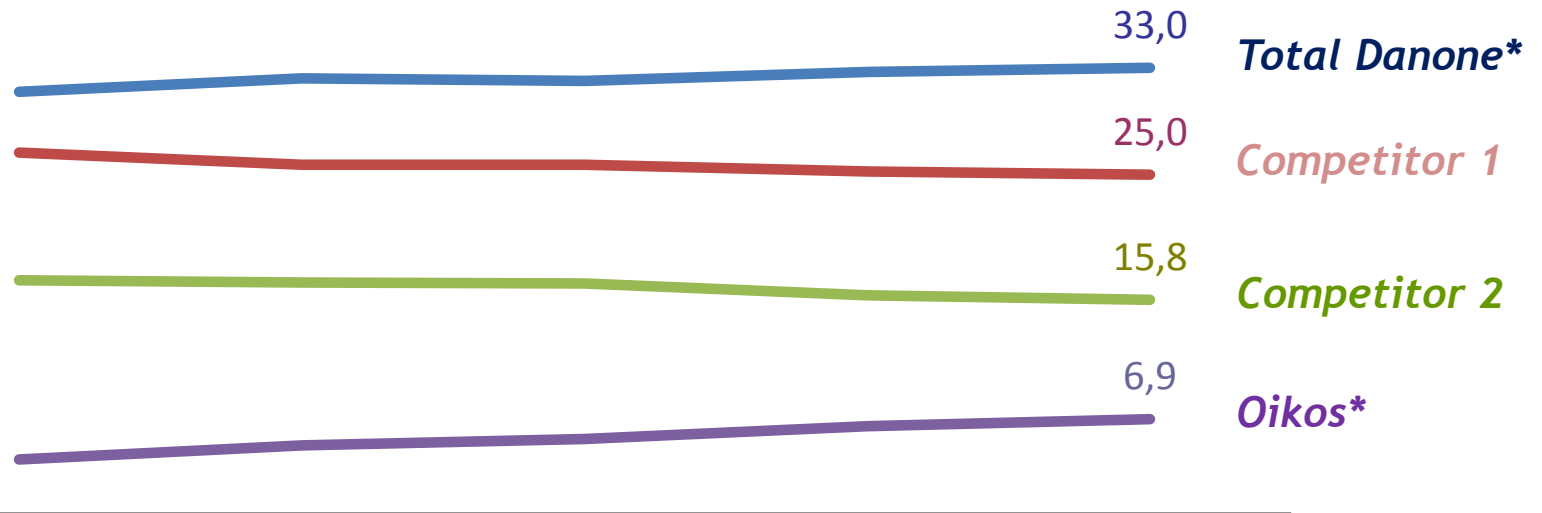


Fresh Dairy US - Consolidating leadership of the total category while progressing in the Greek segment



MS Value

Source : IRI

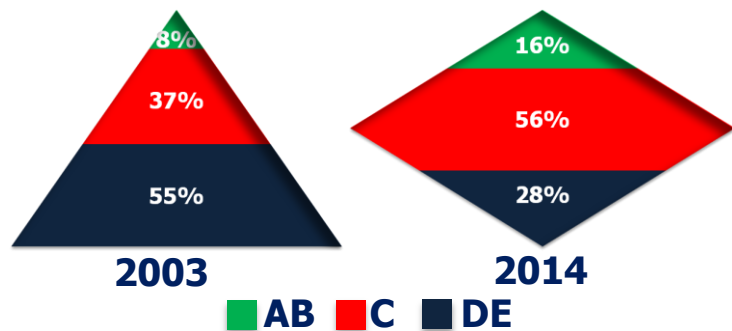


Fresh Dairy - Brazil

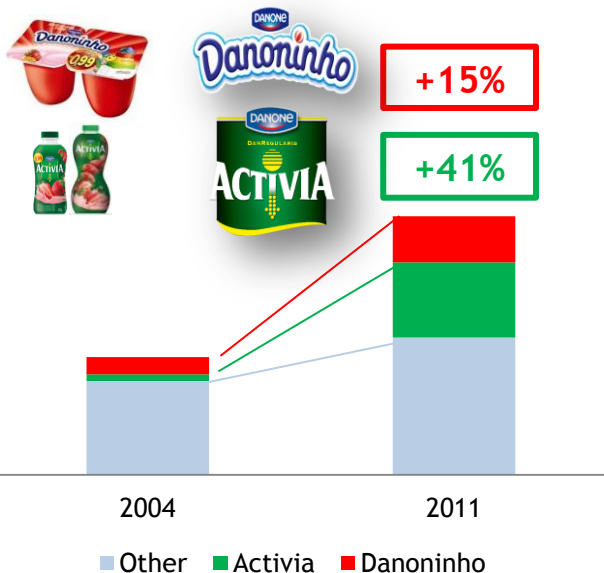
Building undisputed leadership

Internal Market

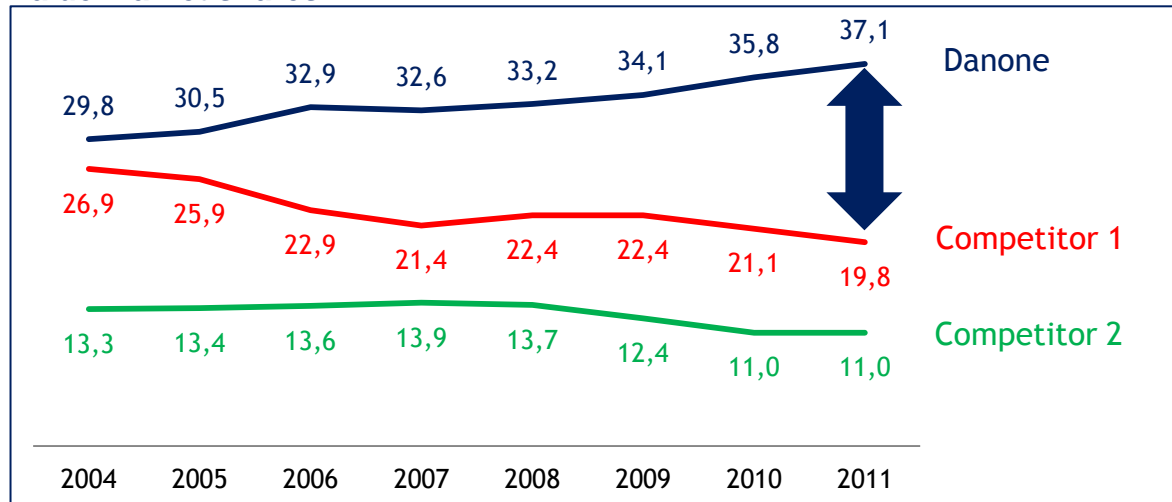
Huge emerging middle class



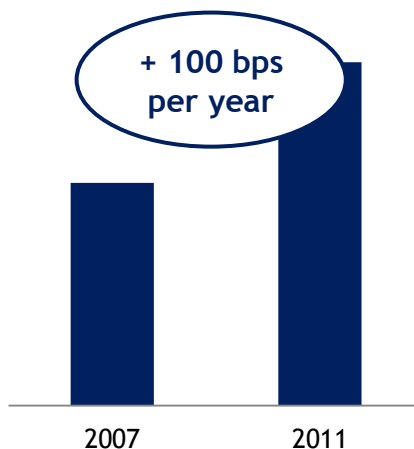
Volume CAGR 2004-2011



Value market shares



Trading operating margin



Extending leadership to Nord-Este region





Fresh Dairy - Egypt

Building the role of Yogurt as part of a healthy diet

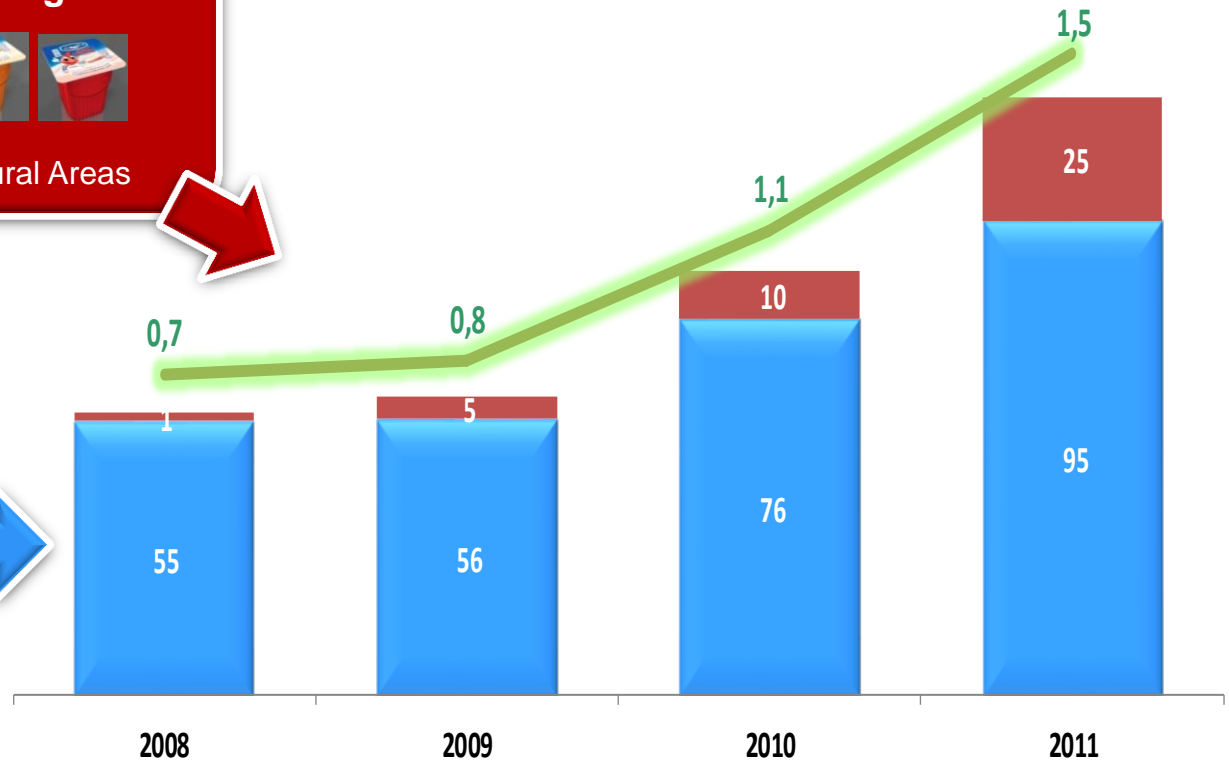
Launch Danone Mixy Flavor Yog 2008.



110gr – Urban Areas 80gr – Rural Areas

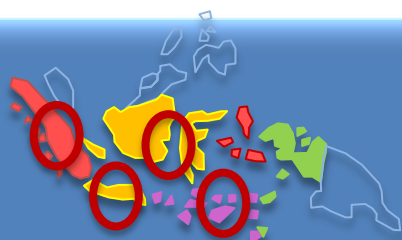
A Plain Yogurt Market

Danone #1 player after 3 years



Vol Adults Vol Kids PCC Kg

Waters - Indonesia: Bringing concrete facts & benefits behind hydration



Bogor
Agriculture Institute



University
of Airlangga

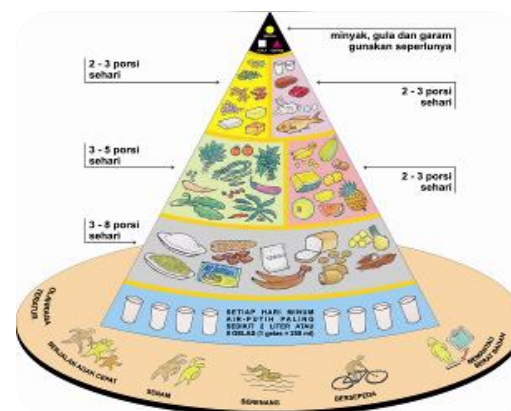
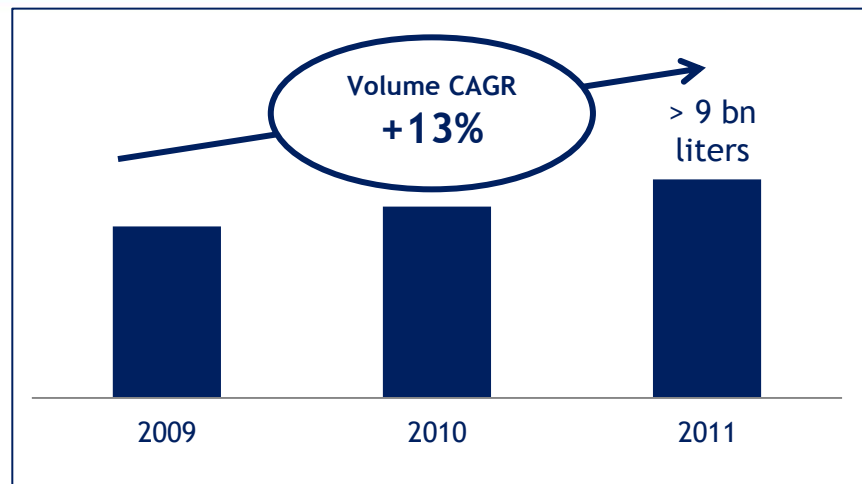


University
of Hasanudin

The First Hydration Study in Indonesia
- 4 regions, 1,200 subjects



Several congresses across Indonesia



Drink at least 2 L of water a day

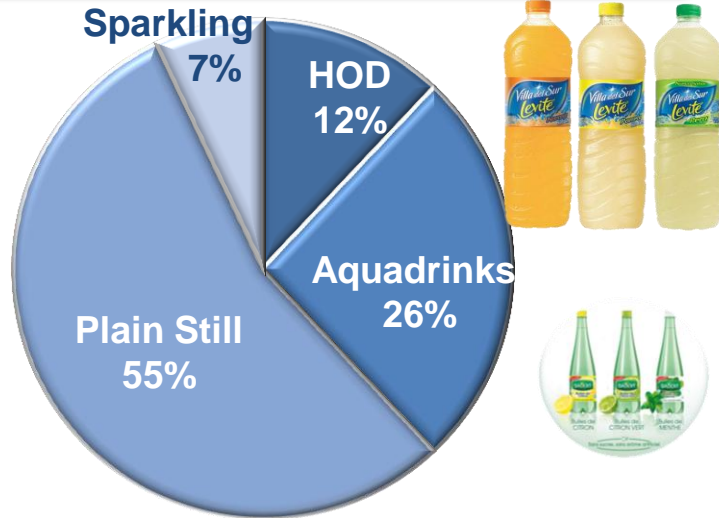
Getting water into the food pyramid



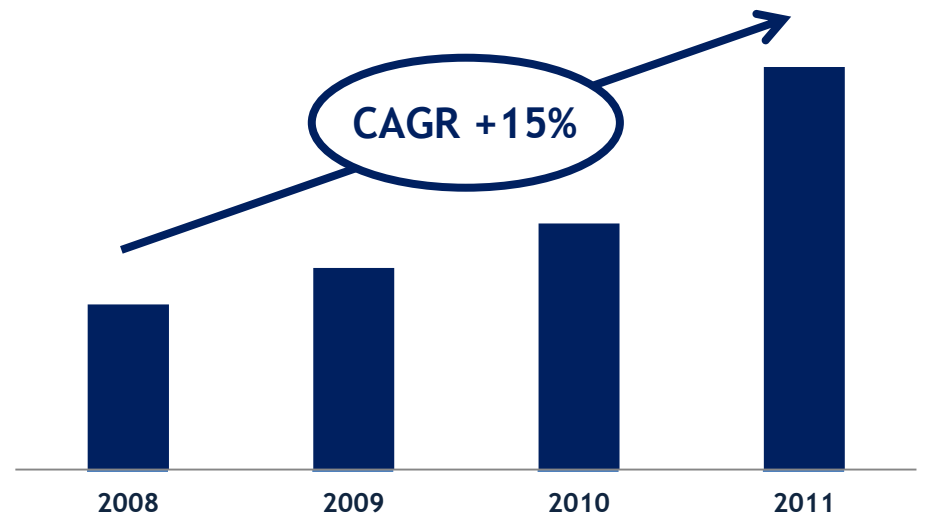
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Waters - Aquadrinks

Segment weight - 2011 value



Aquadrinks - volumes





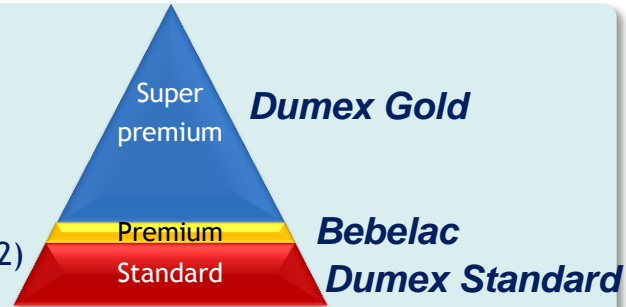
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Baby Nutrition - Continuous outstanding growth in Asia

Agreement for the acquisition of Wockhardt Nutrition



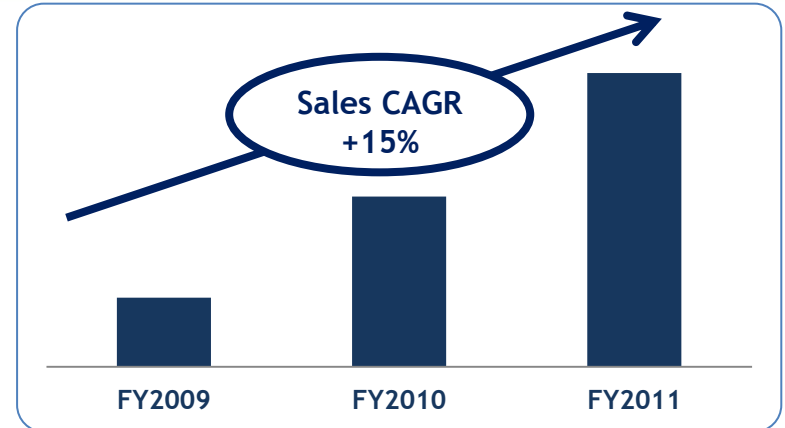
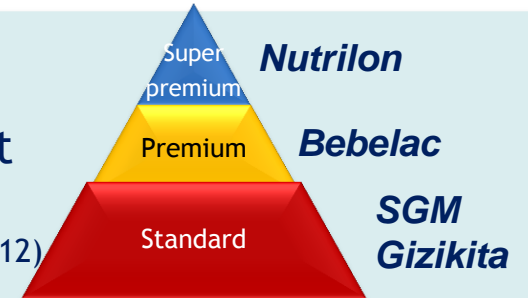
14.2 % Market share
(value - MAT April 2012)



33.2 % Market share
(value - MAT April 2012)



44.1% Market share
(value - MAT April 2012)





Baby Nutrition - Turkey

Building awareness on the role of Early Nutrition for health

Category 10-year

CAGR **+26%**

Overall Danone
HCP preference

87%

Danone Total milk
Market shares

80%

Educating on the need for milk intake after 6 months
(Breast milk completed by Follow on Formulae if necessary)

6-12 months
actual milk
intake

290 ml

WHO
Babies need
500ml milk after
6 months

Min 500 ml

Breast Milk (+FOF)

2010 Raise awareness



MilkAmount Checker

Facebook

2011 Partnership



HCP Meetings
with Ministry
of Health



TV Series



Connect to
Bloggers

2012 Education

Milk Centric Diet



World Health Organization



WHO
educational
Meetings



Social
Responsibility
Project



HCP E-
Meetings
- 25% cvg.



Medical Nutrition - China

Medical division in China - 2011

Like-for-like sales growth **+ 30%**

1st contributor to division growth

Clear leader in China



Example : Neocate in China

Parents Meetings
KOL Round Table
HCP elearning

Increase Allergy Awareness to fasten diagnostic & Treatment



Demonstrate Neocate Superiority



Help Parents to follow treatment for symptoms release

Call center
Social Media
Website



Blogs
Clinical evidences



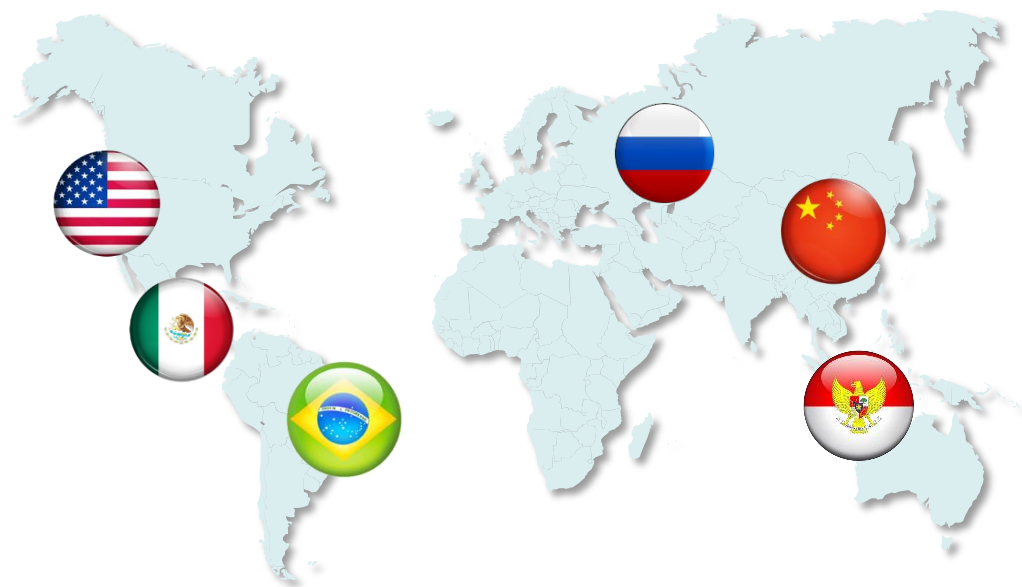
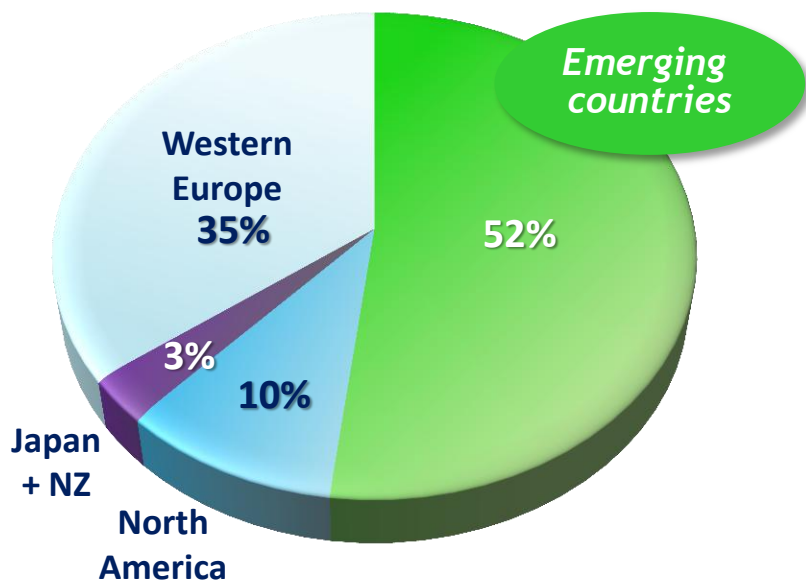


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Outstanding geographical footprint for growth

Q1 2012: sales in Emerging Countries = 52%

Top 6 priority countries contributing
around 60% of sales growth
and more than 3/4 of EBIT growth in 2011





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Outstanding Geographical Profile

% Group Sales*

Margin*

Growth Prospects

EUROPE excl. CIS

45%

Close to
Average

Flat

CIS + NORAM

20%

Below
Average

High-Single-Digit

REST of WORLD

35%

Above
Average

Double-Digit

* FY 2011



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Conclusion

- **Continuous investment in the well-performing growth markets**
- **Specific situation addressed in Southern Europe**
- **2012: Sales growth & FCF target reiterated / Margin target adjusted**
- **Value creation agenda adapted to the current environment**
- **Danone Vision & Strategic priorities unchanged**



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