

Danone Model in Motion

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A unique model

Growing our categories and brands

Productivities and cash efficiency



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A unique mission, a unique portfolio

Fresh dairy Products

Developing a well being category worldwide



Waters

Hydration 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



Danone worldwide position

#1 Fresh Dairy Products

#2 Packaged water

#2 Baby Nutrition

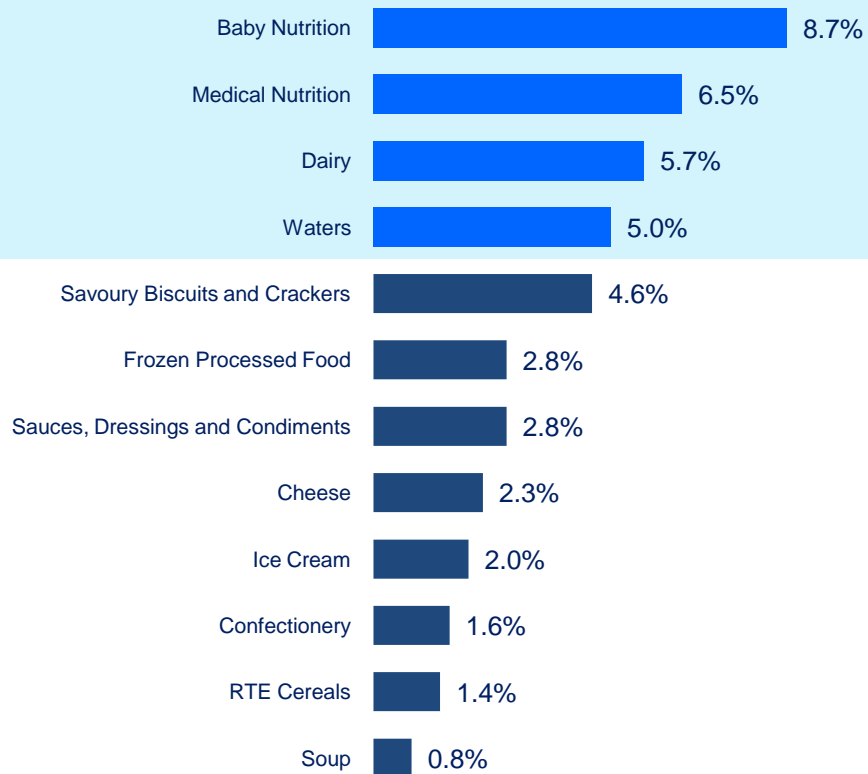
#3 Medical Nutrition



Best positioned in fastest growing categories & geographies

Fastest growing categories

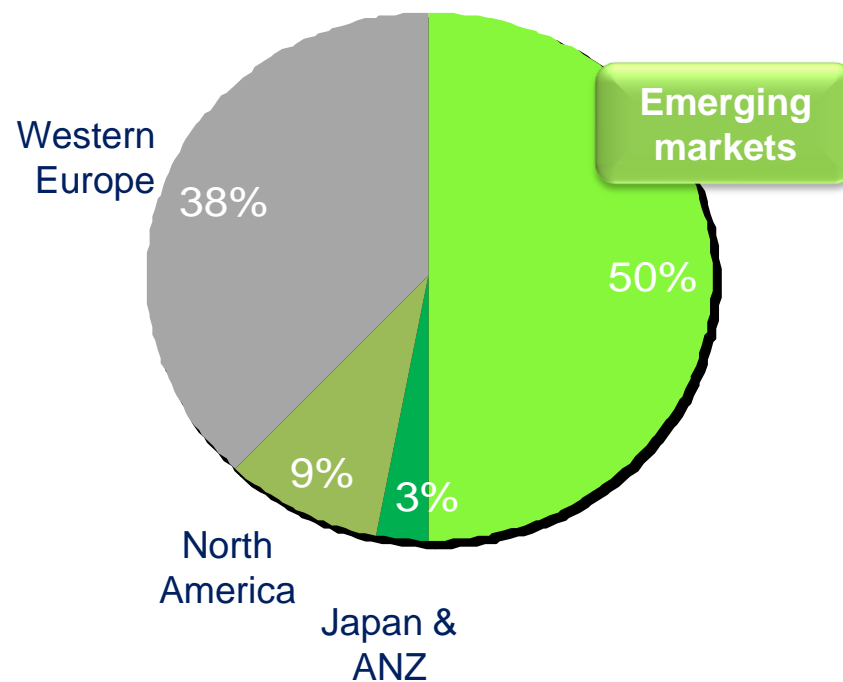
2010 volume growth by category



Source : Euromonitor & Internal estimate

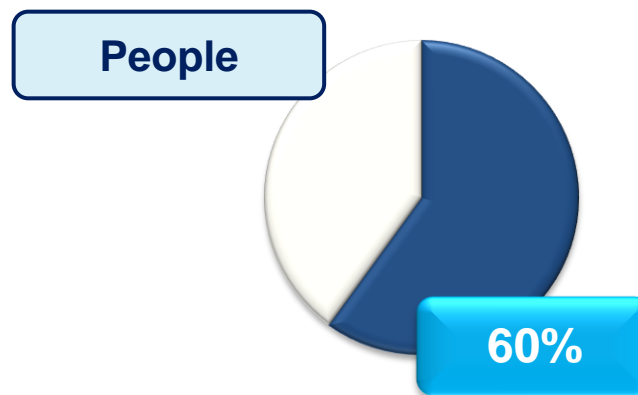
~50% sales in emerging markets

H1 2011 sales breakdown



MICRUB: strongholds in emerging markets

Sales	2006	2010 proforma Unimilk	
	% group sales	€mln	% group sales
 MEXICO	5%	1.0	5%
 INDONESIA	2%	0.9	5%
 CHINA	11%	0.8	4%
 RUSSIA	3%	2.0	11%
 USA	7%	1.4	8%
 BRAZIL	2%	0.7	4%
Total MICRUB	30%		37%



A strong H1

	Objectives	Results
Sales growth ⁽¹⁾	6-8%	8.7%
Trading operating margin	around -30 bps ⁽¹⁾	-23 bps ⁽¹⁾
FCF ⁽²⁾		+8%

(1) Like-for-like : Based on constant scope of consolidation (including 12 months Unimilk) and constant exchange rates

(2) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees



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Danone Model in Motion

A unique model

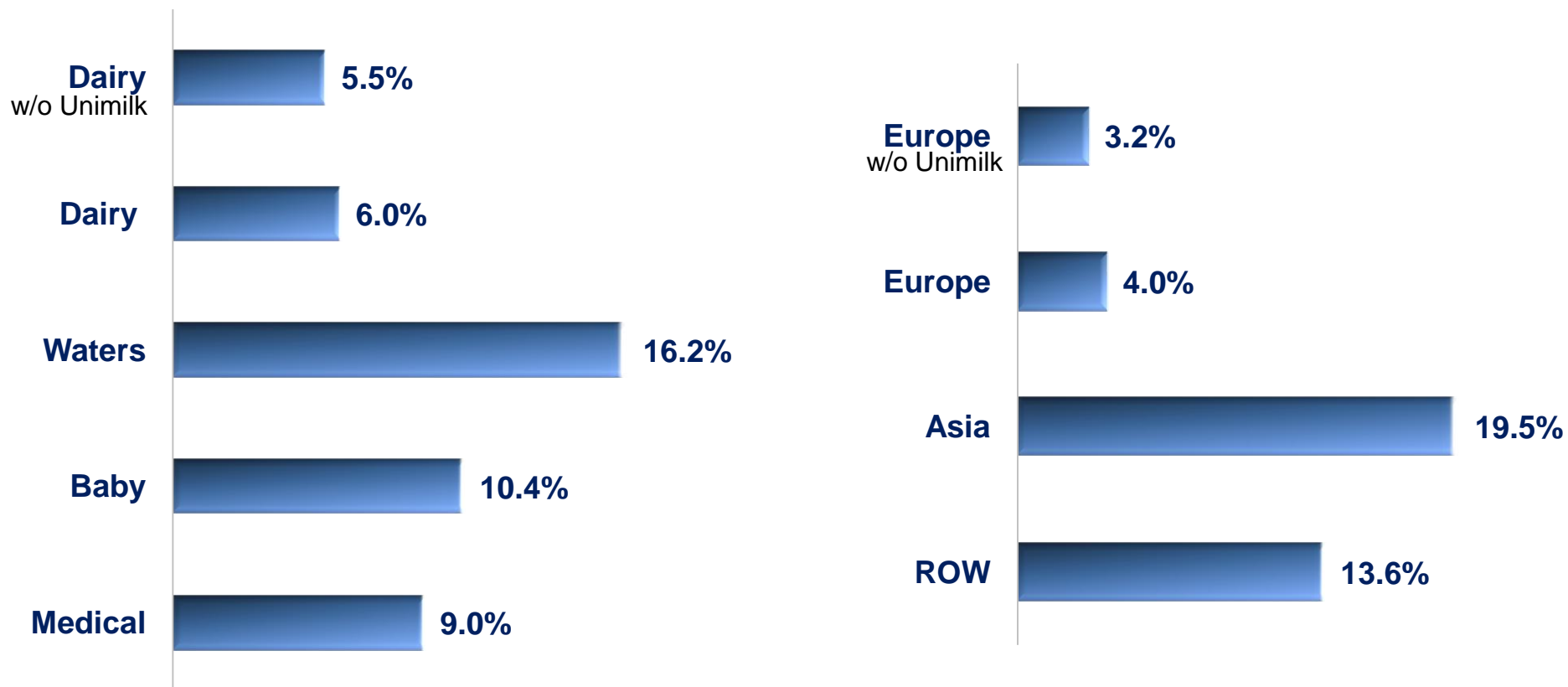
Growing our categories and brands

Productivities and cash efficiency



Broad based growth across ALL our businesses and geographies

Like-for-like sales growth – H1 2011

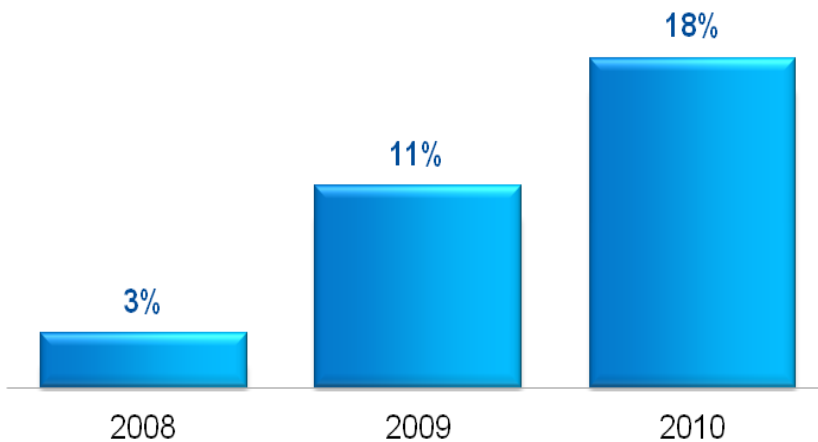




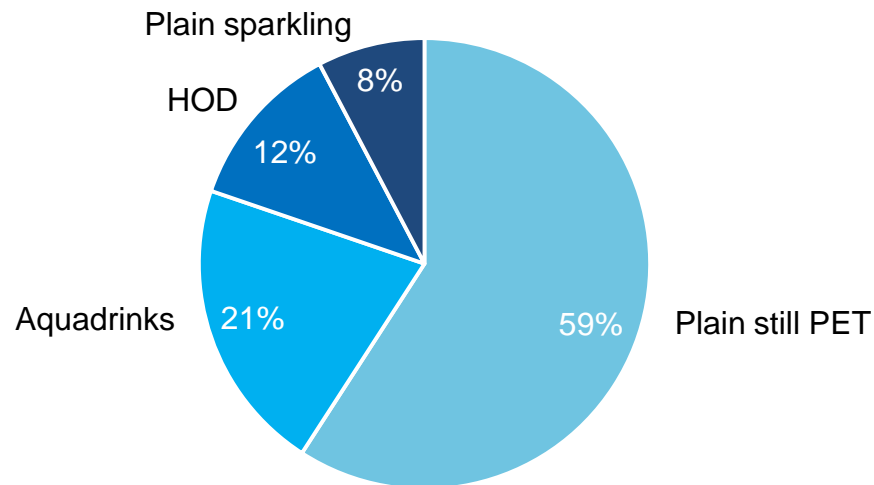
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Growing our categories and brands - WATERS

Aquadrinks - Growth vs year ago



Segment weight (2010, value)



2011 launches :

Volvic Muscat (Japan)



Bonafont hibiscus (Mexico)



Mizone « Mango kweni » (Indonesia)



Badoit « Fruit bubble » (France)



Growing our categories and brands – BABY NUTRITION



Supporting pregnant & lactating women

Addressing the special needs of babies

Building superiority over non specific food

2011 launches :





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Growing our categories and brands – MEDICAL NUTRITION

2011
launches :

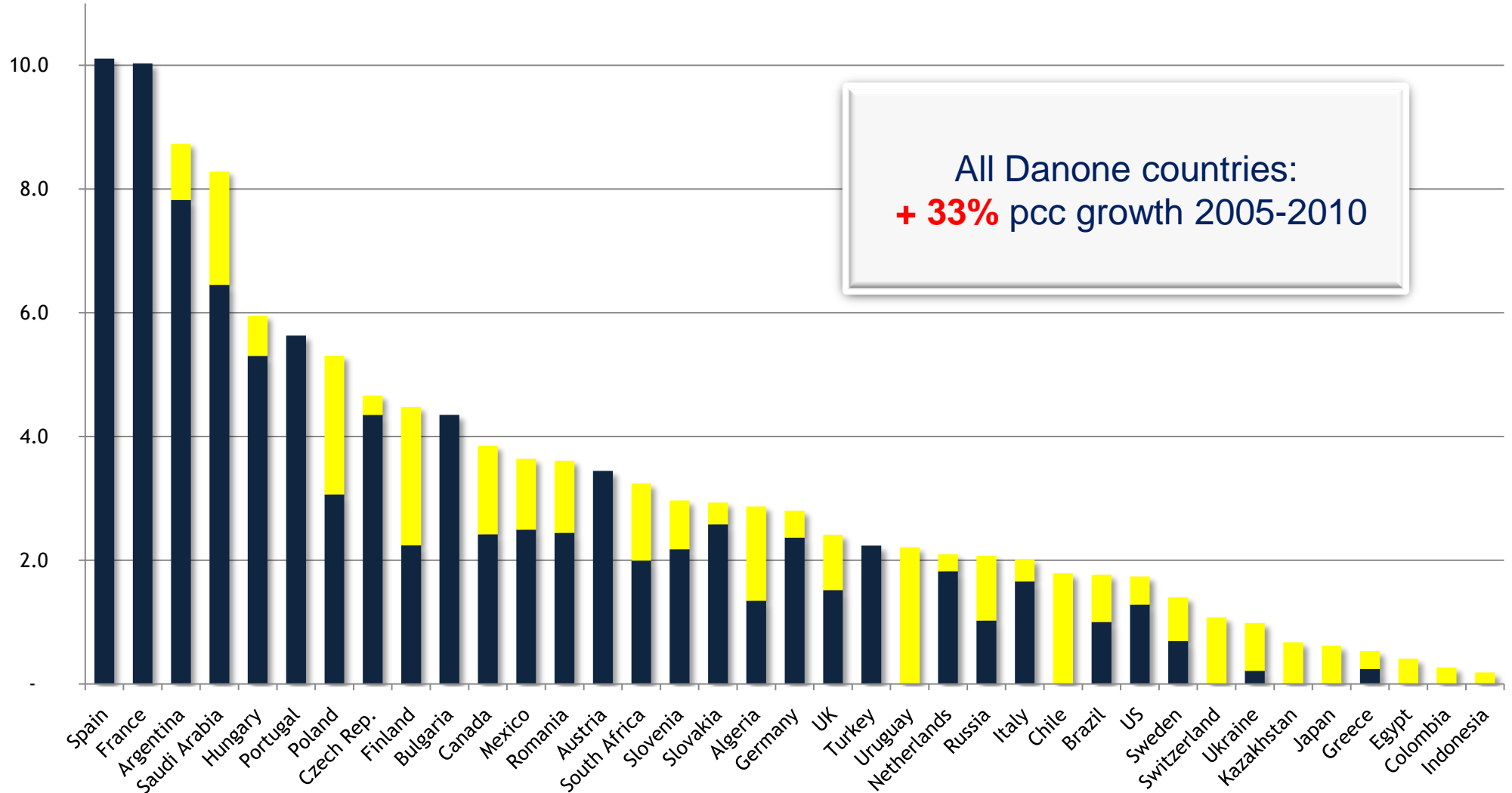




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Growing our categories and brands – FRESH DAIRY PRODUCTS

Danone Per Capita Consumption (kg/yr) & 2005-2010 increases





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Growing our categories and brands – FRESH DAIRY PRODUCTS

Packaging



New channels



New benefits



New segments



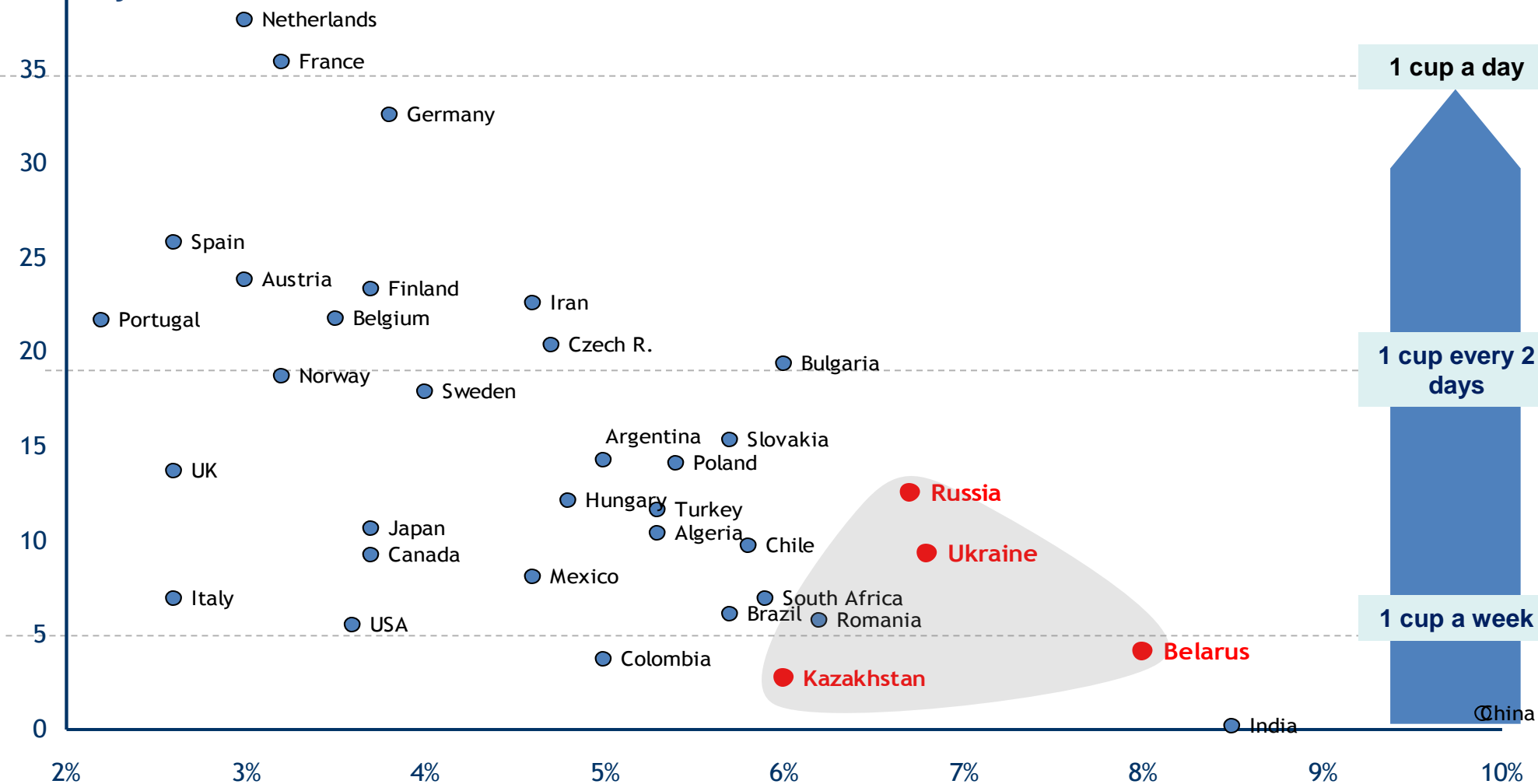
YO CREAM





Fresh Dairy Products in Russia : major growth area in volume & value

Average consumption of Fresh Dairy Products



* GDP growth PPP 2010-2015 (source EIU)

Purchasing Power growth *



Danone-Unimilk integration creating a national leader

Portfolio

Focus on Premium and Health

Focus on traditional with reach to all SELs

Regions

Focused on "the West"

Focused on "the East"

Distribution

Modern retail and Direct RTM

Presence in traditional channels

Industrial & supply chain

Best-in-class practices

Large network



+





Danone-Unimilk integration creating a national leader

Phase 1. Collaboration

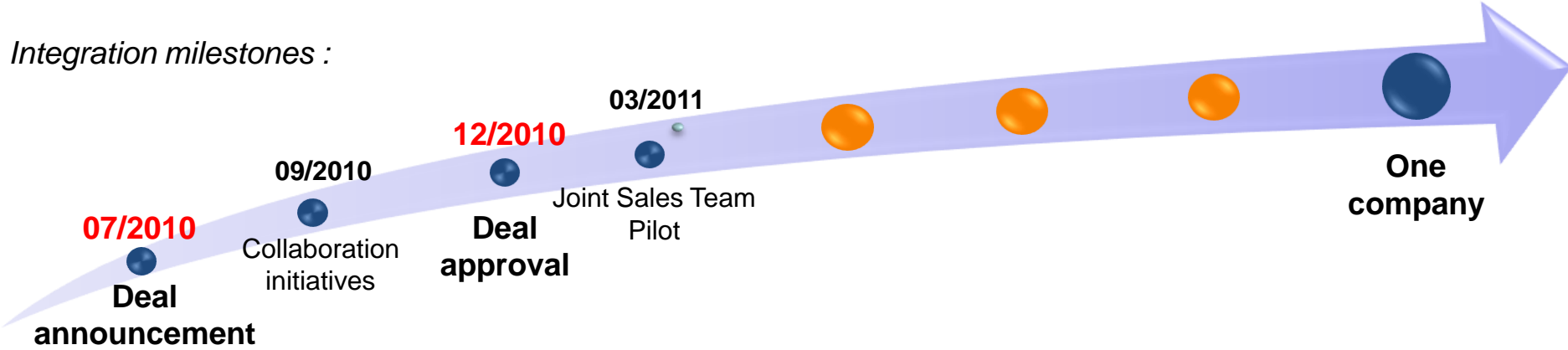
- 7 selected collaboration project in key business areas
- Identification of most potential areas of Danone and Unimilk best practices implementation



Phase 2. Integration

- Building organization with focus on:
 - Growth
 - Profitability
 - Sustainability
- Full scope integration

Integration milestones :



Building one company by 2012



Unimilk : focusing on mix & profitability improvement

Clear short term priorities

FOCUS ON THE RIGHT KPIs

Segmenting the portfolio

PRODUCT MIX

Drive efficiency to invest behind brands

GROSS MARGIN

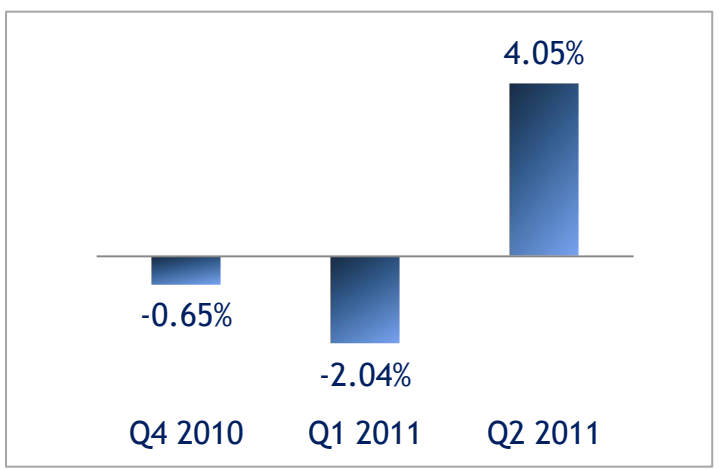
Integration

SYNERGIES

S1 like-for-like sales growth








Trading operating margin



Unimilk : focusing on mix & profitability improvement

Brand portfolio dynamics

H1 2011	Volume		Sales	Price
	%Weight	%Growth	%Growth	index
  Baby & Kids	5%	+44%	+45%	188
  Modern brands	54%	-4%	+11%	104
 Traditional & local brands	40%	-15%	0%	82
UNIMILK	100%	-8%	+10%	100

Portfolio simplification

Example of sku rationalization :



Portfolio optimization Focus on Golden SKUs

example of Golden SKU :

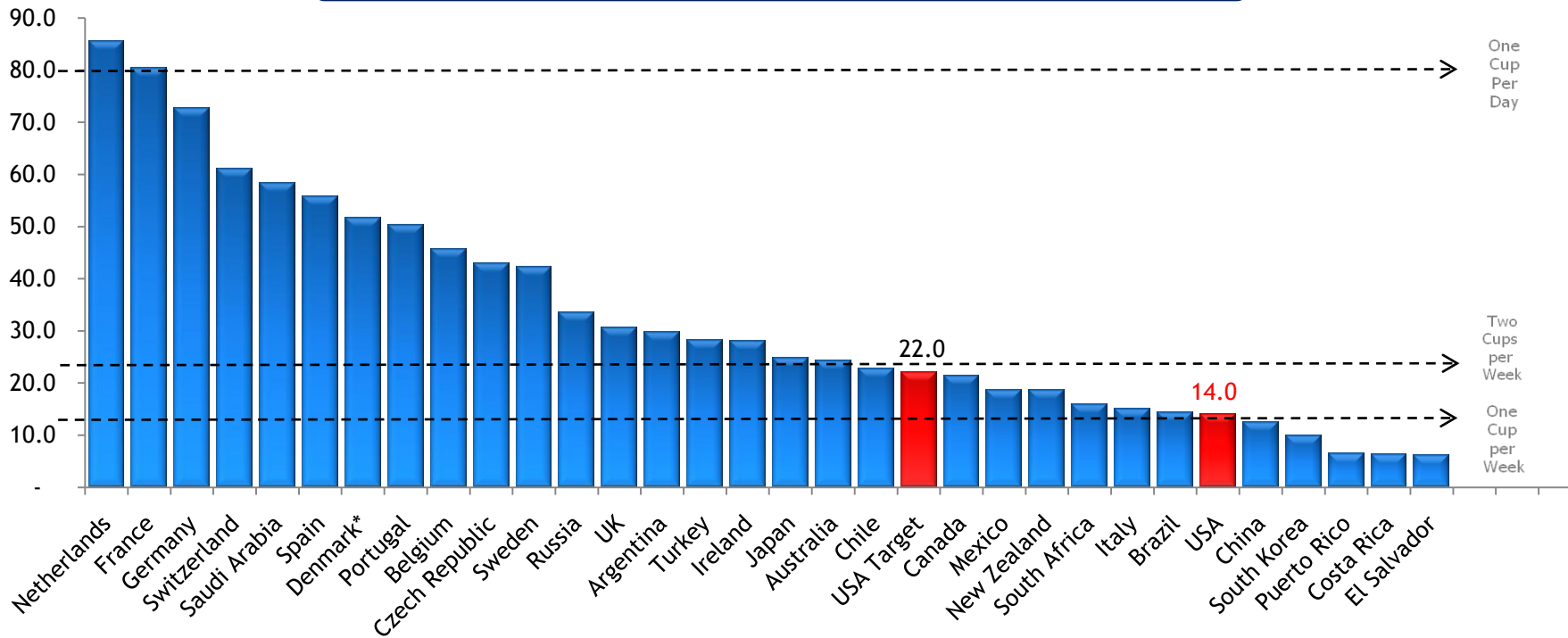




Fresh Dairy Products in US : Danone catching the opportunity

2010 PCC in LB

Potential : Doubling consumption



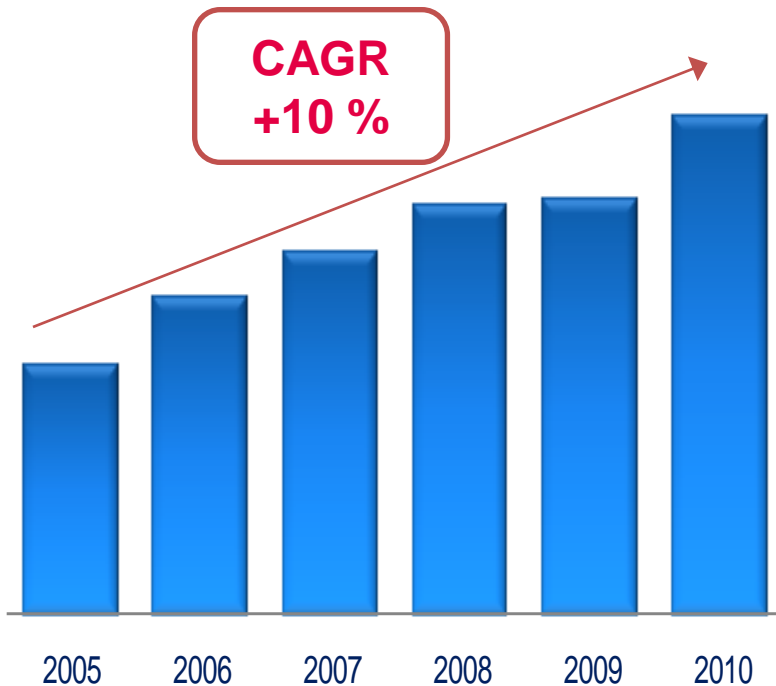
Almost 2/3's of all Yogurt Buyers only Buy the Category Once a Month or Less.



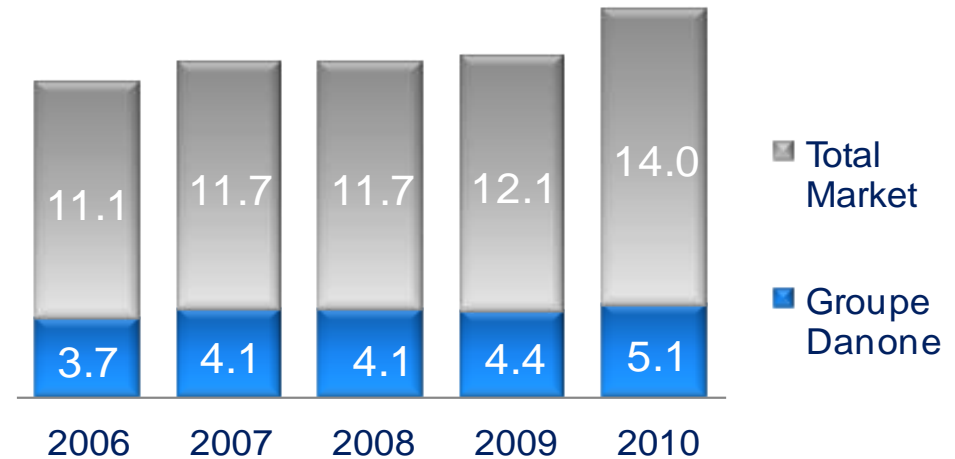


Danone performance in US

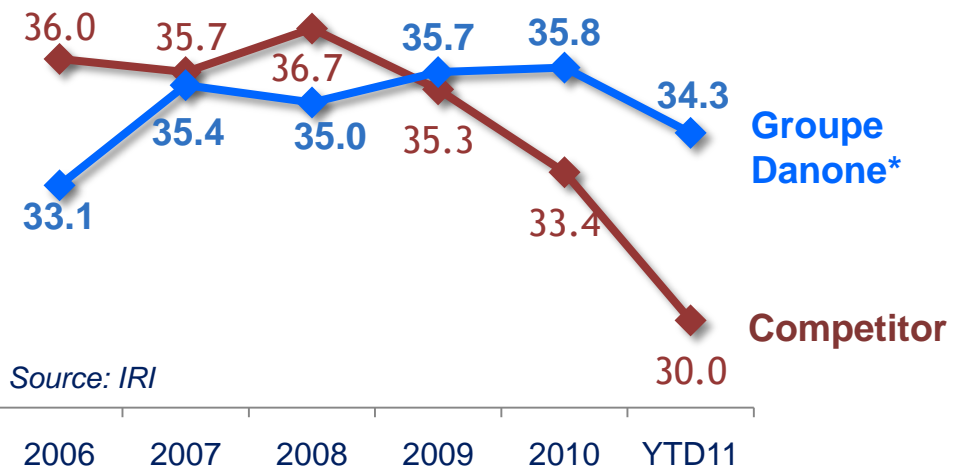
Sales – Danone Fresh Dairy Products*



Danone* contribution to PCC evolution



Danone* market share (value)



Source: IRI

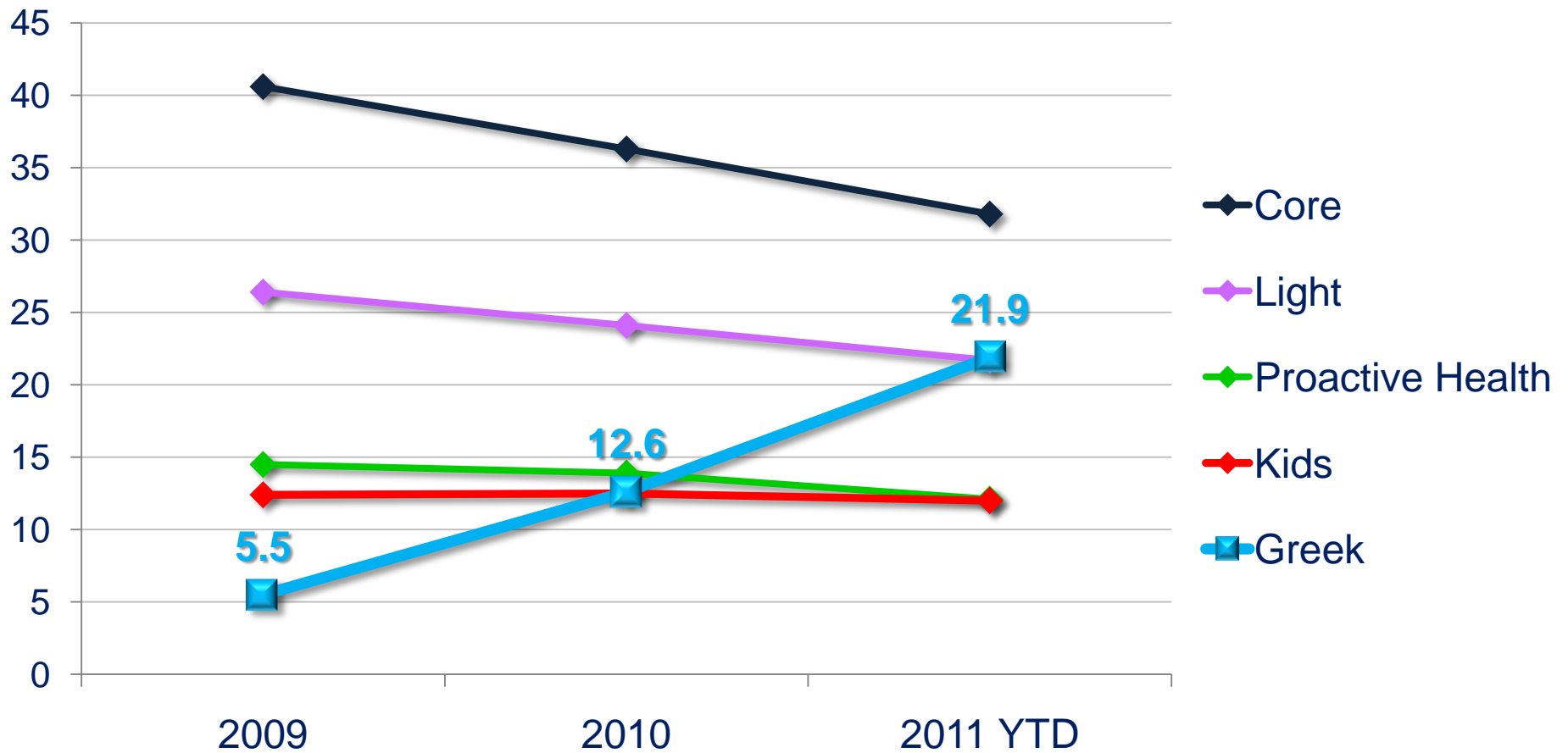
*Includes Danone US [Ex-Frusion & LaCreme] & Stonyfield





The Greek Phenomenon

US Fresh Dairy Products - Market Share by Segment





Danone's Greek relaunch – July 2011

Coming Soon!

Dannon®
Greek
BLUEBERRY
FRUIT ON THE BOTTOM

Dannon®
OIKOS®
Fruit on the Bottom
GREEK NONFAT YOGURT

Dannon®
Oikos®

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Activia innovations

New Tastes & Formats

GREEK STYLE



Thick and Creamy

PARFAIT



Crunchy and Creamy

FRENCH STYLE



Silky and Fruity



Fruit Bites on the Bottom

Entering new distribution channel

1oz Crunchy Granola



5oz Creamy Vanilla Yogurt



2oz Real Strawberries





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Input cost at high level and volatile

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S&P GSCI Commodity Index

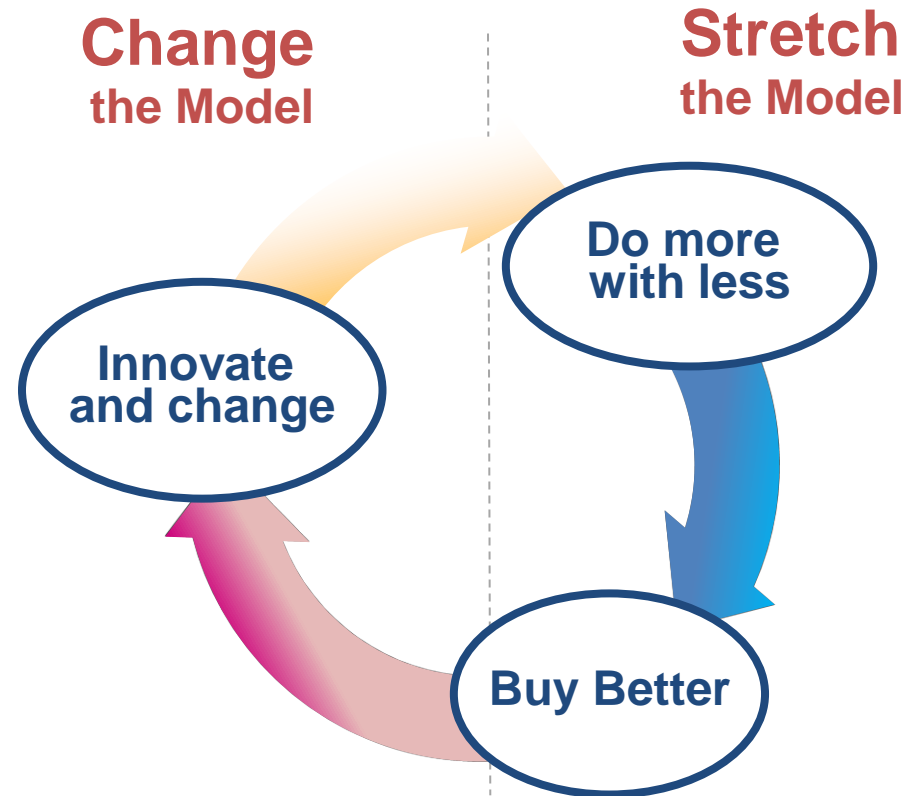
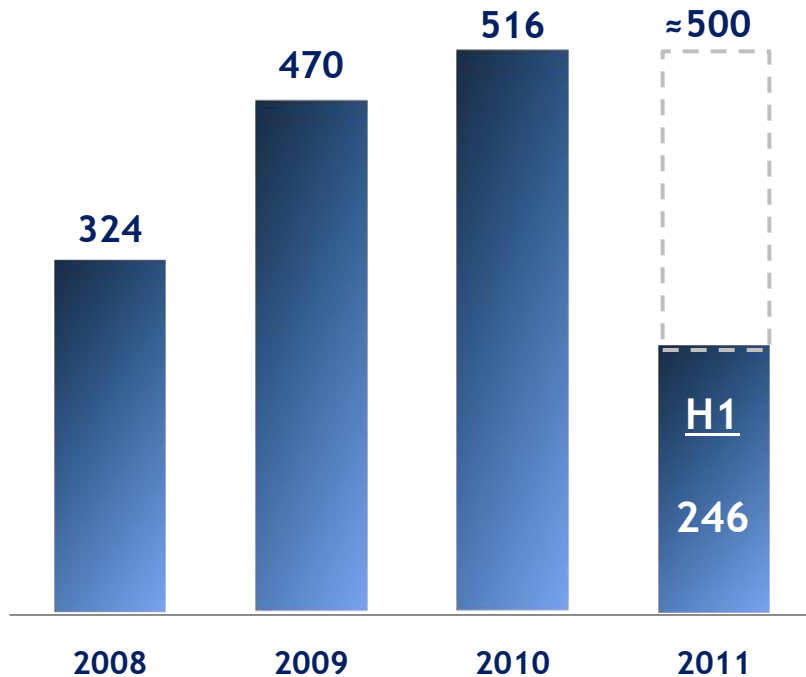




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Strong productivities the first lever to manage input costs

Productivity⁽¹⁾ 2007-2011 (€ mln)



(1) Perimeter = COGS including logistic costs



Strong productivities the first lever to manage input costs

2011

Recipe - Danette 360° renovation

Saudi Arabia

Better product

- Product recipe score beat current (9.5) vs. (9.0) in consumer test

Cheaper recipe

- Business opportunities to fuel brand growth

Better nutrition

- Meet Nutritional requirements
- Fat and Energy reduction achieved
- No new ingredient excepted milk solids

Less CO2

- 17% CO₂
- 56 M litres of milk saved
- 21% water saving



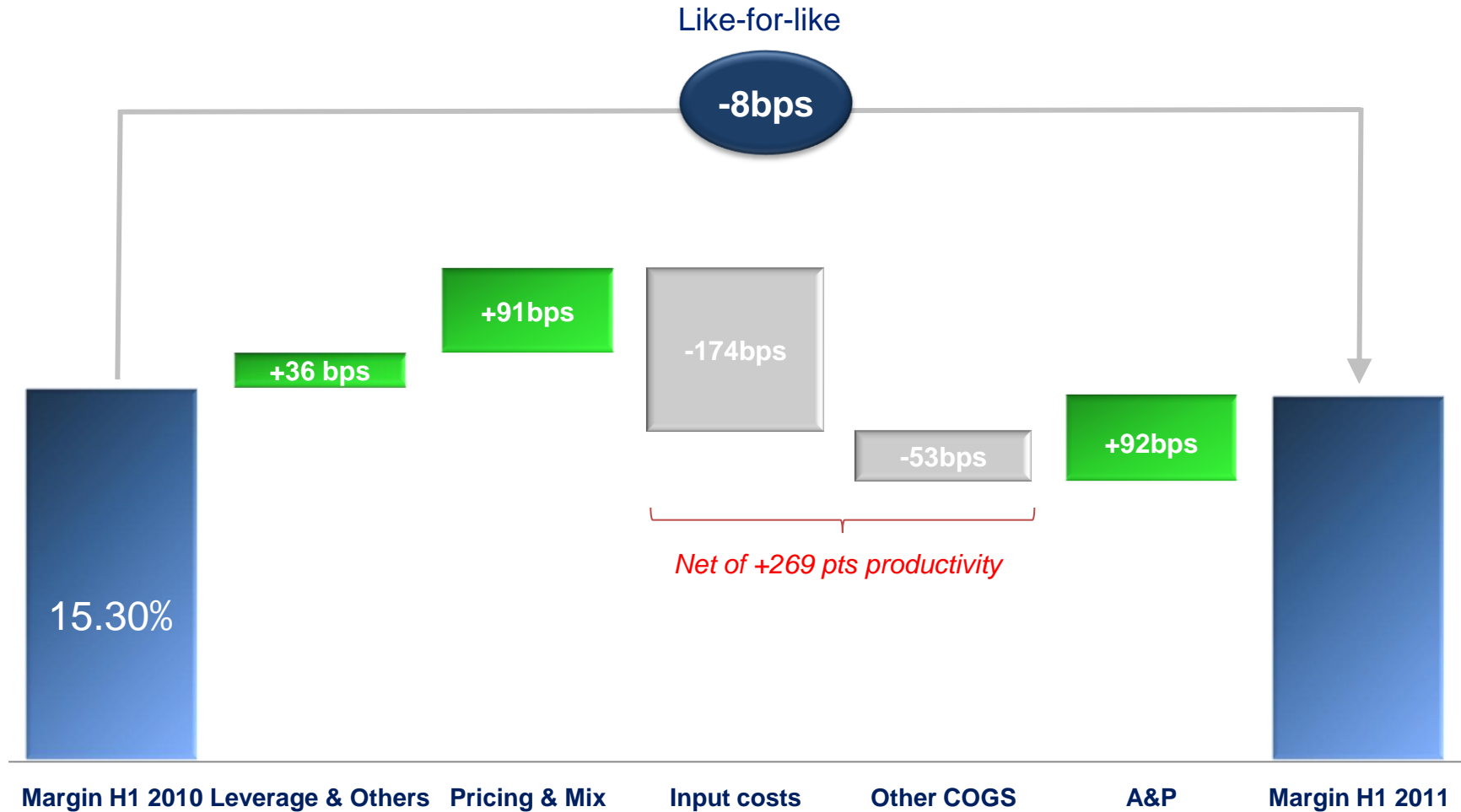


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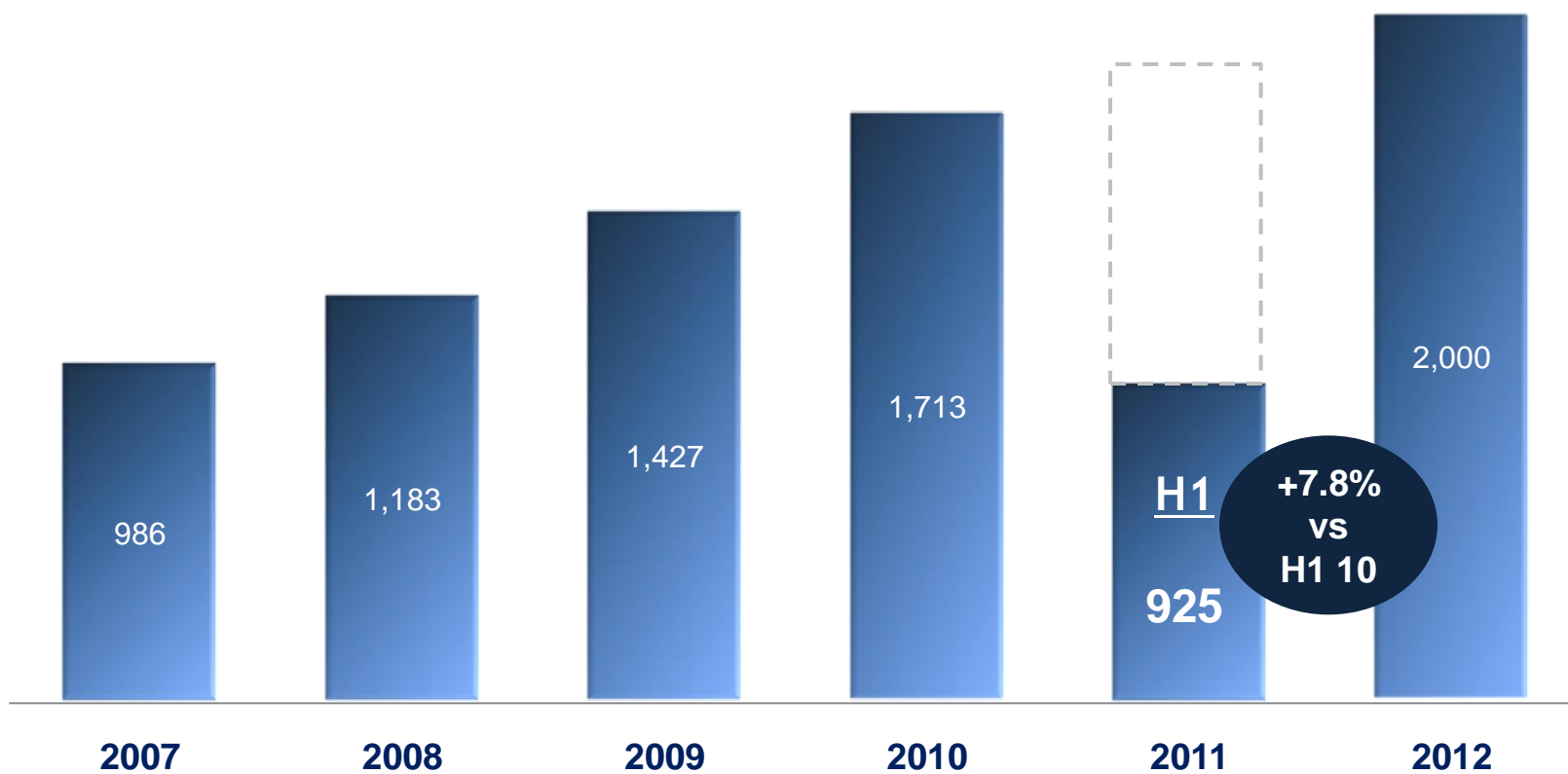
Strong productivities the first lever to manage input costs

Danone stand-alone before Unimilk

Trading operating margin growth



Free-Cash-Flow⁽¹⁾



(1) Free cash flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees



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Looking forward with confidence



2011 target confirmed

	H1 2011	Objectives FY 2011
Sales growth ⁽¹⁾	8.7%	6-8%
Trading operating margin	-23 bps ⁽¹⁾	around +20 bps ⁽¹⁾
FCF ⁽²⁾	+8%	on track for € 2 bn in 2012

(1) Like-for-like : Based on constant scope of consolidation (including 12 months Unimilk) and constant exchange rates

(2) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees