

DANONE

CAGE CONFERENCE - March 19th, 2013



Emmanuel Faber

Vice Chairman and Co-Chief Operating Officer



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.



2012 a step change

> € 20 bn sales

**> € 2 bn
free cash flow**

**> 60% sales
in growth markets**

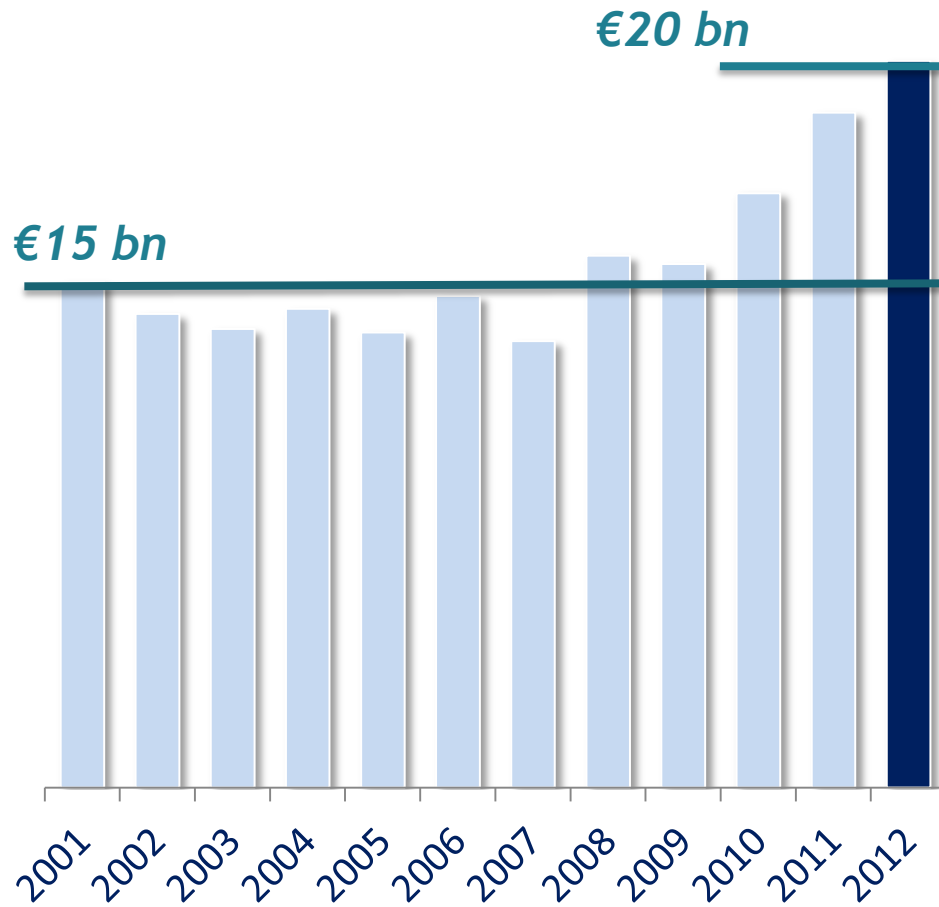
-35% CO2



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2012 a step change

> € 20 bn sales



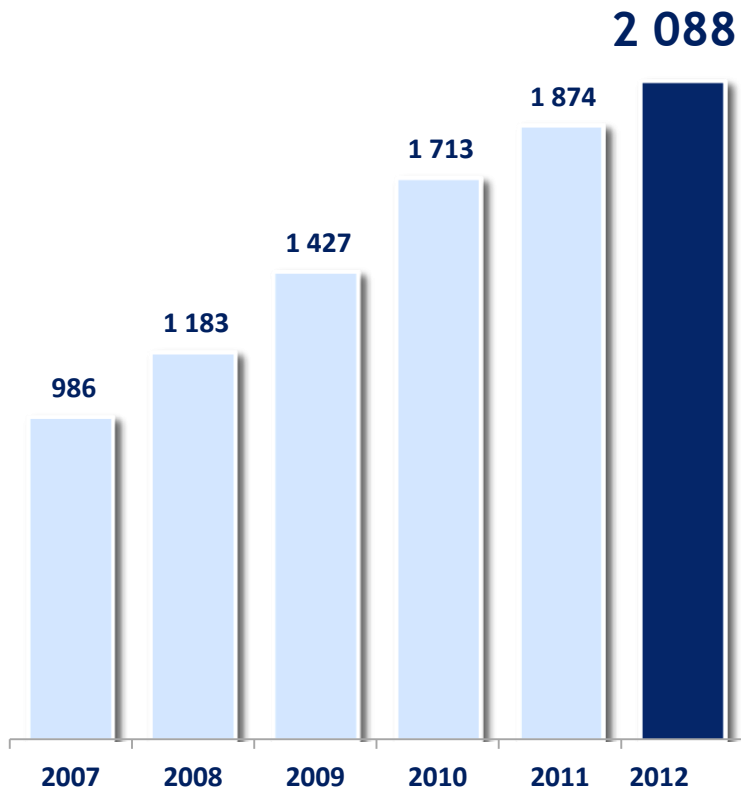
Strong brands



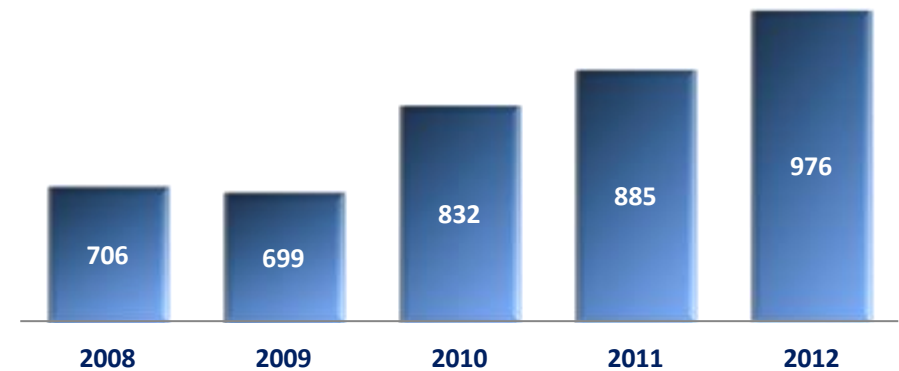
2012 a step change

**> € 2 bn
free cash flow**

x2 Free Cash Flow in 5 years



Capital expenditures (€ mln)

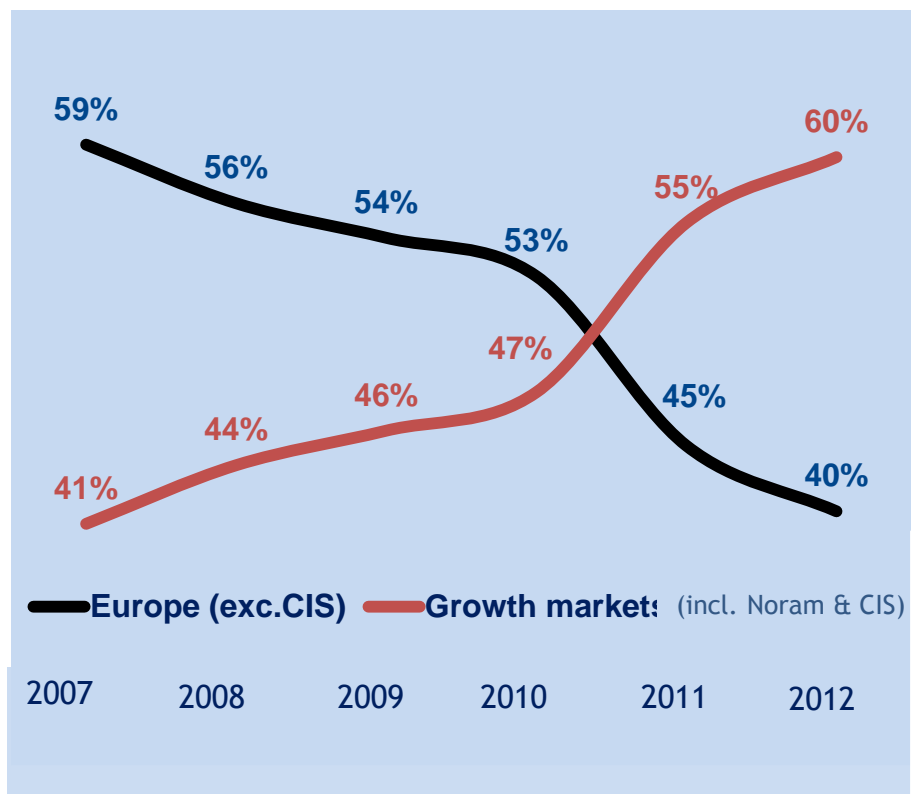


Acquisitions



**> 60% sales
in growth markets**

Sales evolution by geographies



Top 10 contributors to 2012 sales

#1		Russia	10%
#2		France	10%
#3		USA	8%
#4		China	6%
#5		Spain	6%
#6		Indonesia	6%
#7		Mexico	5%
#8		Argentina	5%
#9		UK	5%
#10		Brazil	4%

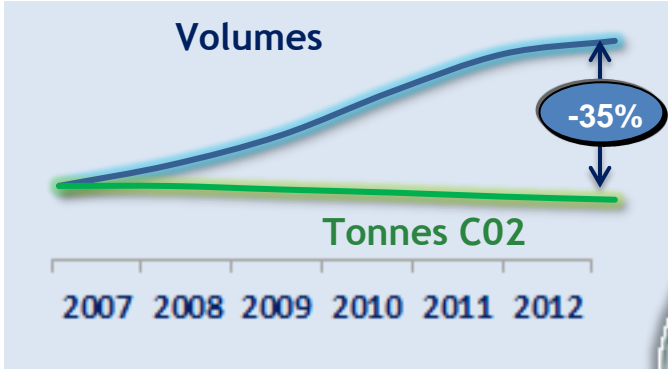


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2012 a step change

-35% CO2

Carbon footprint reduction



Connecting business & sustainability



Innovation & consumer satisfaction



Efficient sourcing



Employees engagement & loyalty



DANONE

A unique mission

**Bring
health
through food
to the largest
number
of people**

**2007-2012
From 600 mln
to 900 mln
Danone
consumers**



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Bring health through food to the largest number of people

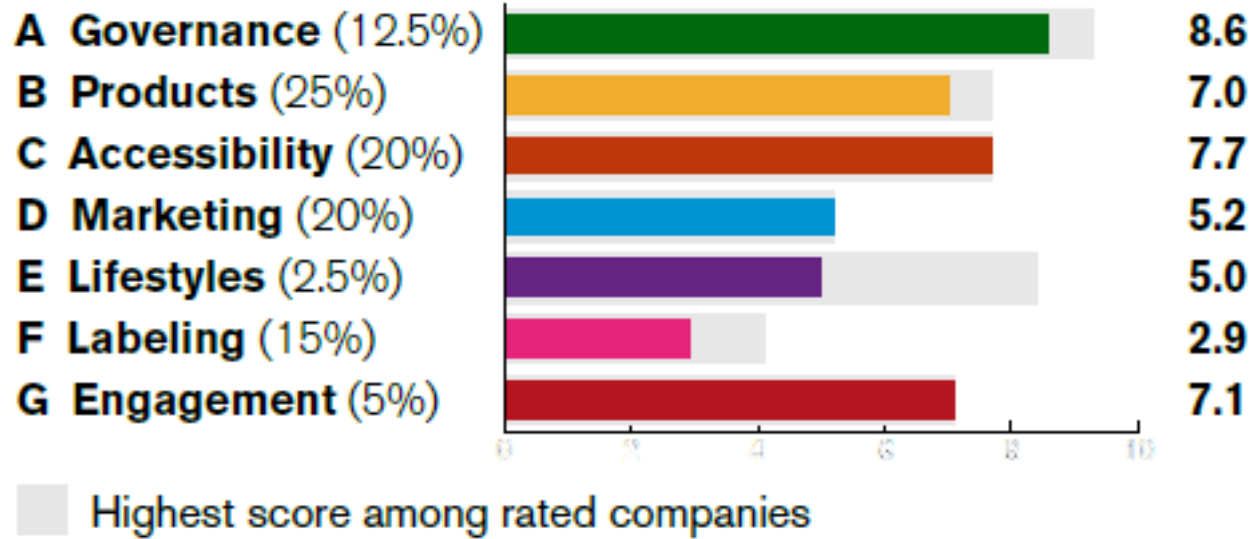


**ACCESS TO
NUTRITION
INDEX™**

ACCESS TO NUTRITION INDEX GLOBAL INDEX 2013

Rank
1

Score
6.3



A 2 tier momentum

2012 key figures

Growth Markets

Sales

12.5 bn

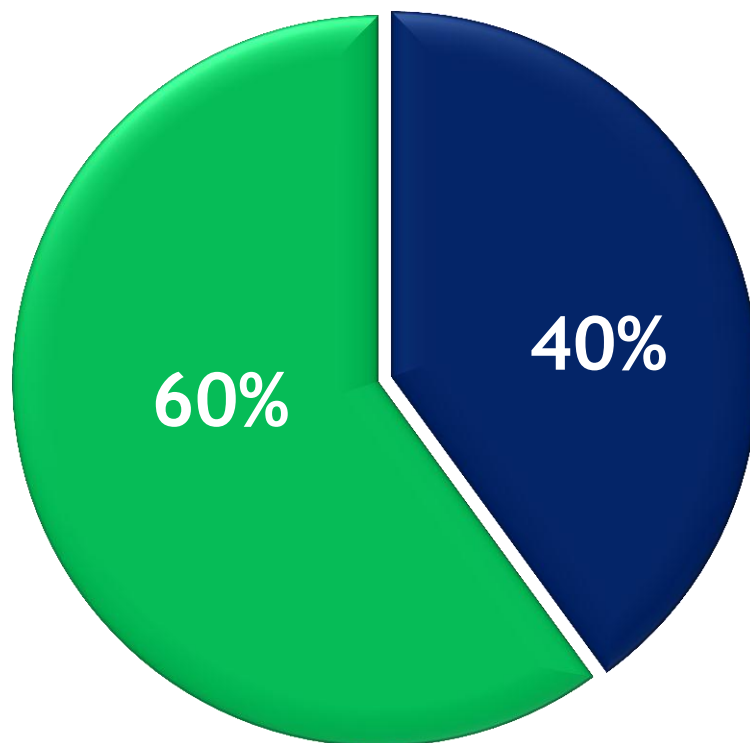
+12.4 % Like-for-like⁽¹⁾

Trading operating margin

13.2%

+80 bps Like-for-like⁽¹⁾

Sales breakdown



Europe ex CIS

Sales

8.4 bn

-3.0% Like-for-like⁽¹⁾

Trading operating margin

15.7%

-190 bps Like-for-like⁽¹⁾

FY 2012 Results

2012 objectives

FY 2012

Sales growth ⁽¹⁾

5-7%

+5.4%



Trading operating margin

Stable,
adjusted to -50 bps in
June

14.18%
-50 bps Like-for-like⁽¹⁾

Free cash flow ⁽²⁾

€ 2 bn

€ 2,088 mln



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

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

2012 key figures

Growth Markets

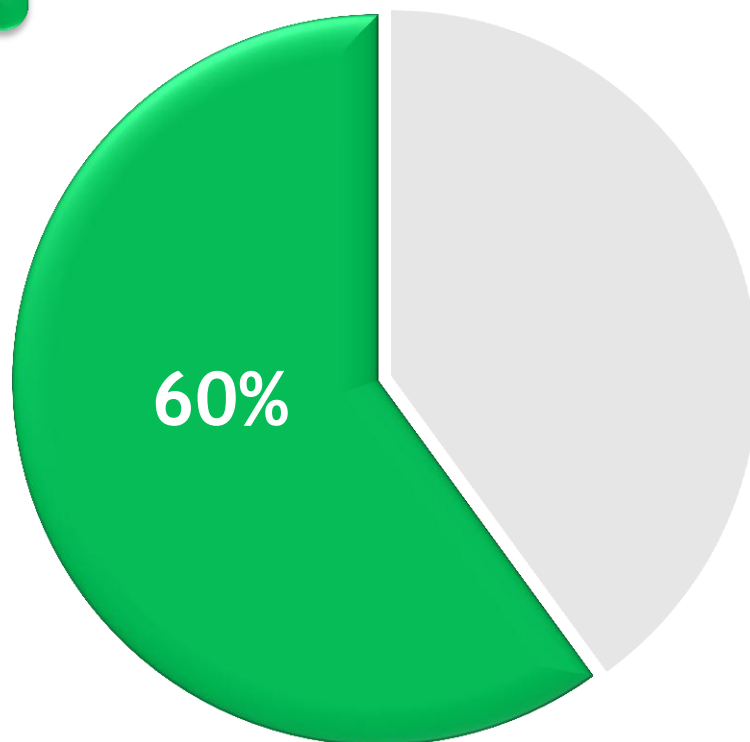
Sales

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Sales breakdown



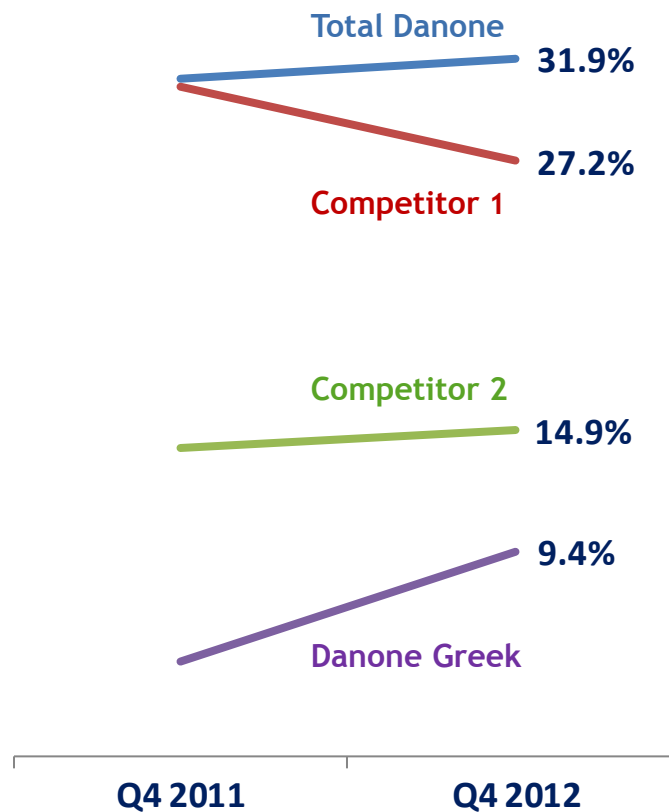
**Invest
&
leverage**



The only key player in all segments

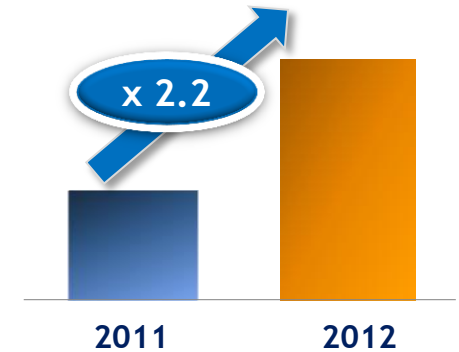


Total Fresh Dairy products : value market shares

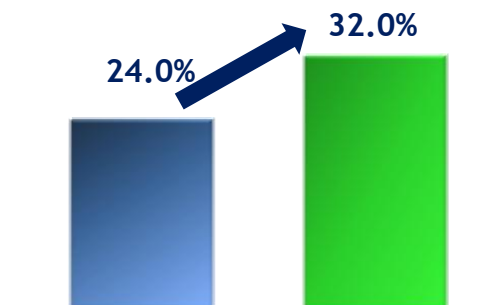


Source : IRI Multi Outlet

Oikos* and Light&Fit Greek \$ sales



Dannon Category Captaincy



(% retail universe with Danone as category caotain)

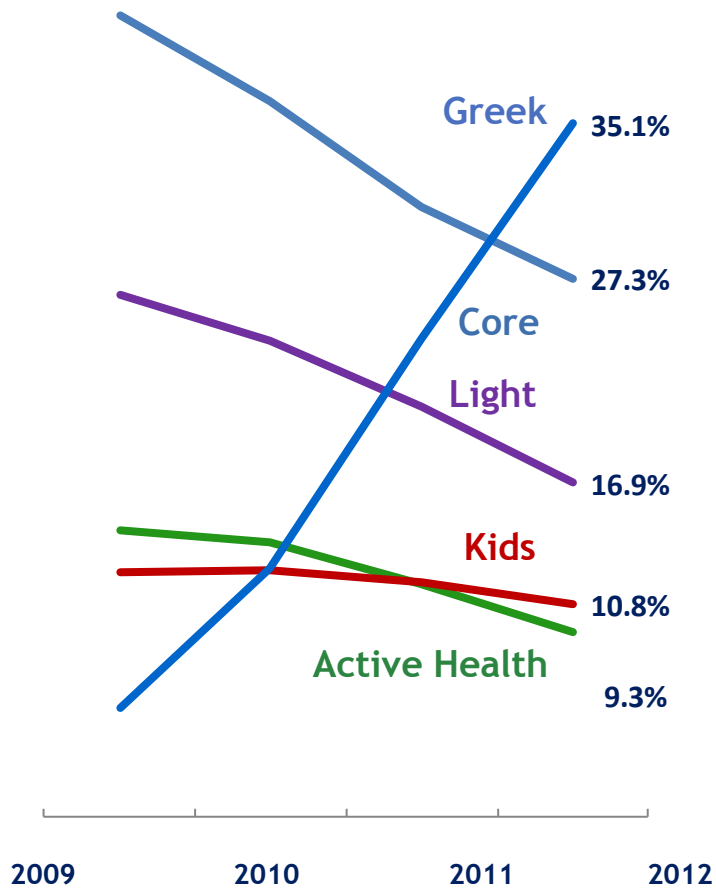
* Dannon + Stonyfield



Fresh Dairy US : Greek yoghurt becoming a component of Americans' diet



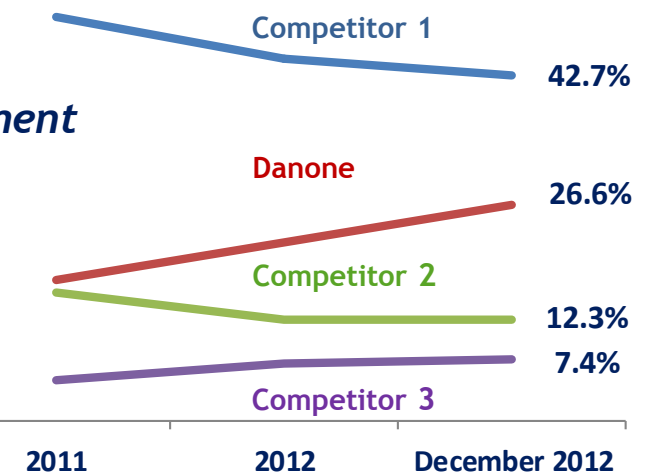
*Fresh Dairy products category
Value market shares by segment*



Source : IRI Total Food US



*Greek yoghurt segment
Value market shares*



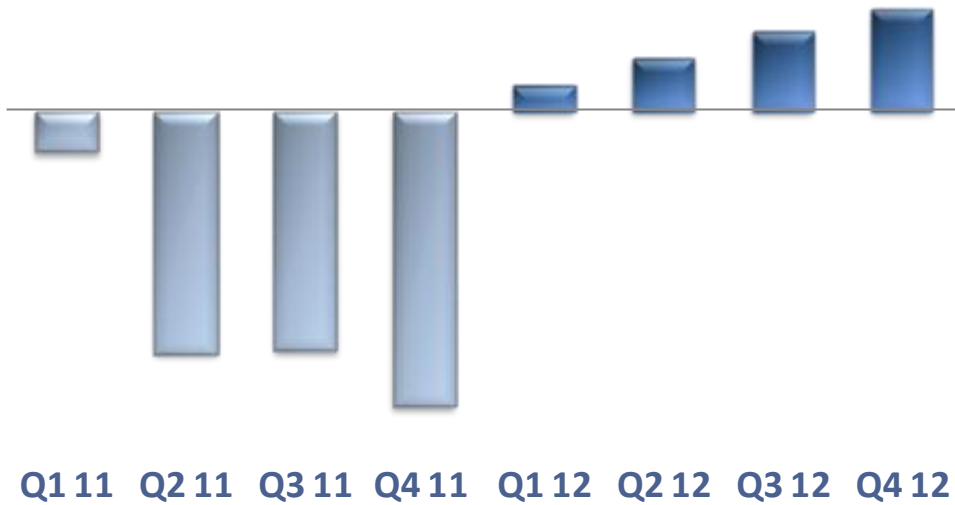
Source : IRI Multi Outlet



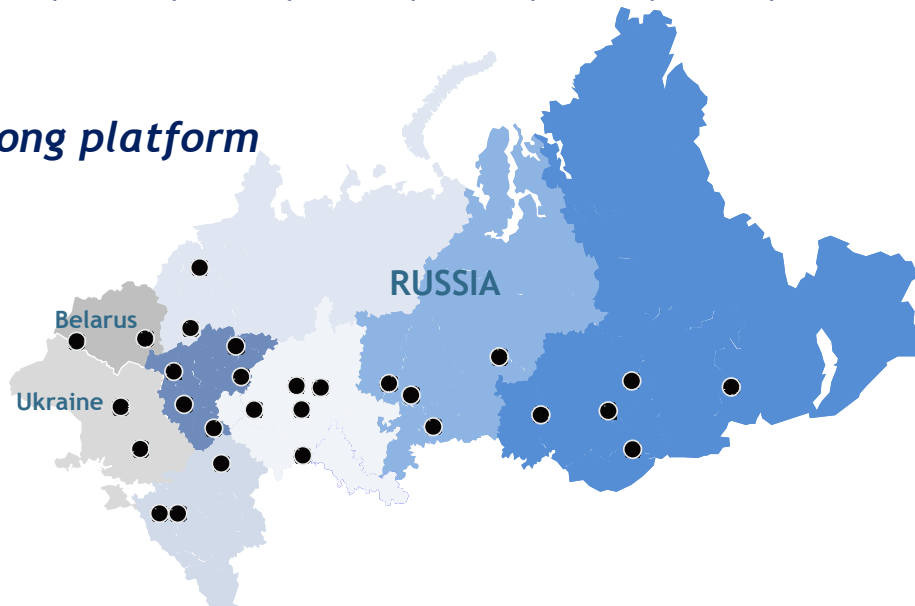
Fresh Dairy CIS : From integration in 2011 to growth in 2012



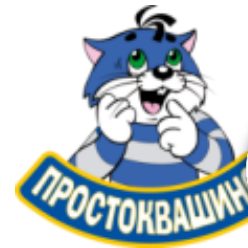
Back to solid volume growth



Strong platform



Strong portfolio



+13%

2012 Like-for-like sales growth



+22%

2012 Like-for-like sales growth



+6%

2012 Like-for-like sales growth





Baby Nutrition : leveraging our platform

2012
like-for-like growth
+11.6%

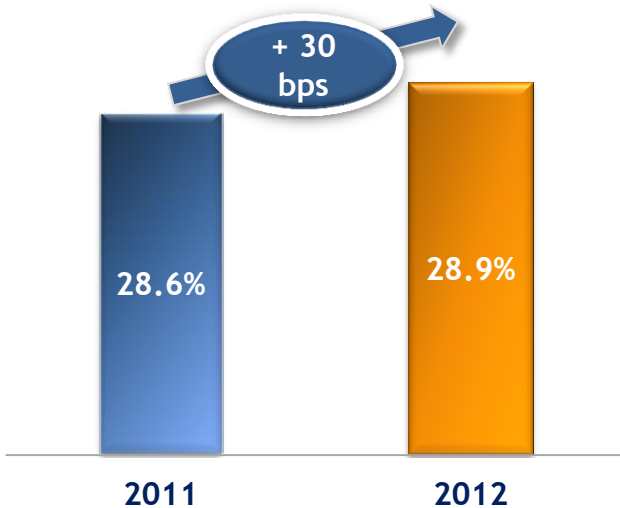
Our mission:



Expert & ambitious
mums

Prudent & harmonious
mums

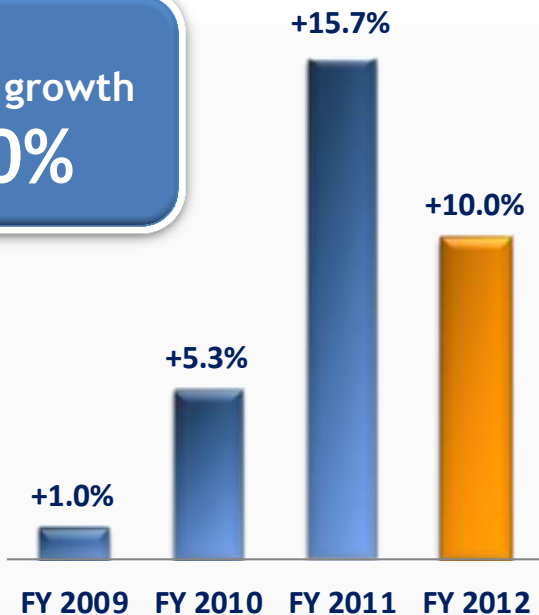
Danone market share
(Danone Universe)





Waters : unlocking the potential of the category

2012
like-for-like growth
+10.0%



Aquadrinks: a key contributor to our growth



Like-for-like sales growth



> 10 bn litres



> € 500 mln



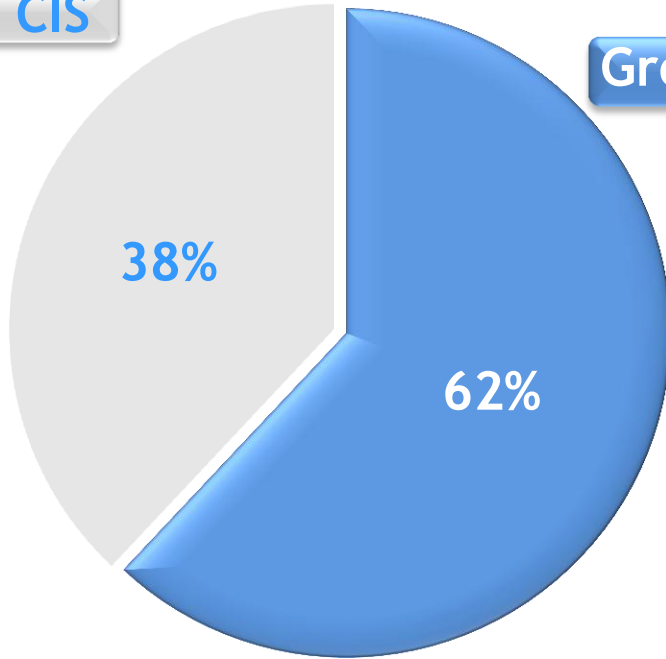
≈ € 500 mln



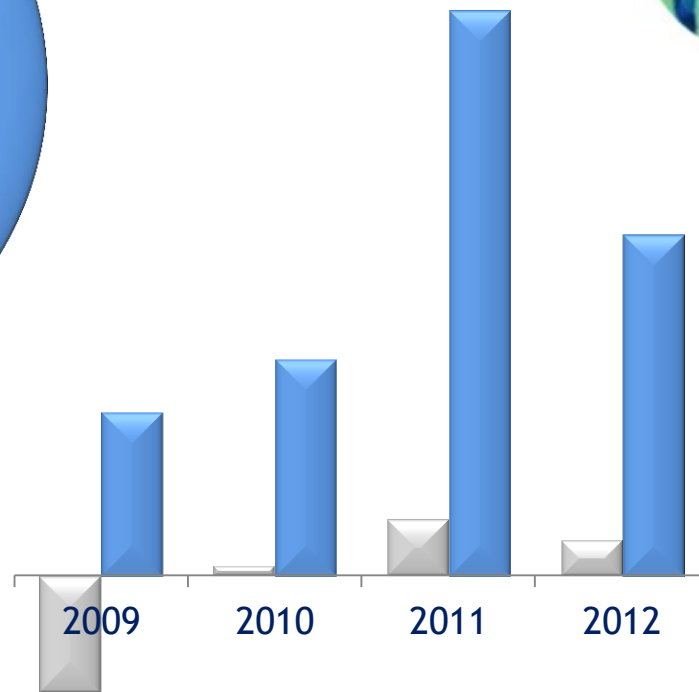
Waters : Strong engine in emerging markets

Sales breakdown

Europe ex CIS



Growth markets



Like-for-Like Sales growth

■ Growth markets

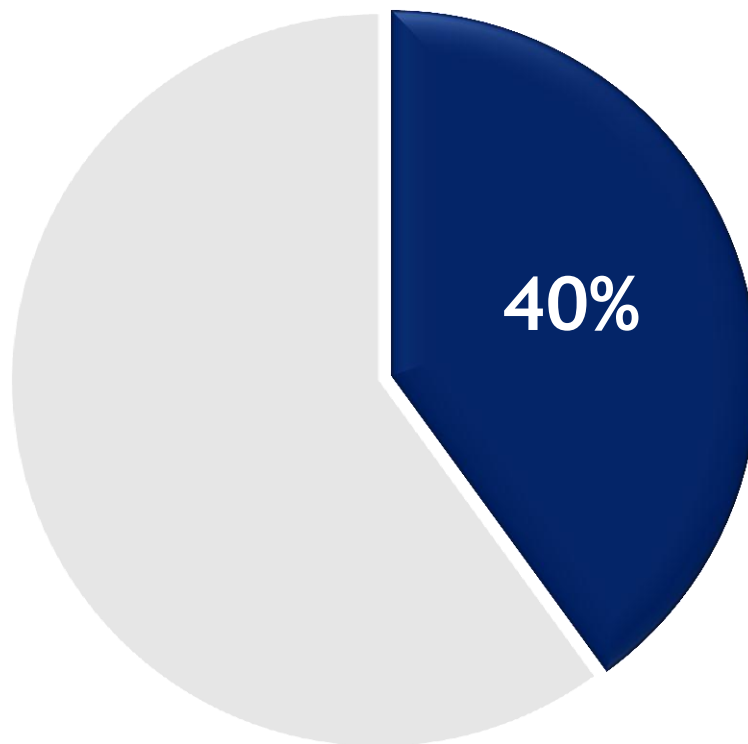
■ Europe



2012 key figures

**Adapt
&
Fix**

Sales breakdown



Europe ex CIS

Sales

8.4 bn
-3.0% Like-for-like⁽¹⁾

Trading operating margin

15.7%
-190 bps Like-for-like⁽¹⁾



DANONE

Restoring growth in Europe: our roadmap

Drive category growth

+

Deliver value for money

+

Deepen consumer connection

The best product



The best packaging



The right price point



Differentiating innovation





Restoring growth in Europe: Example in Dairy Portugal



Stronger brand identity + better formula + ownable pack

Renovation of Corpos Danone, core range and Dan'up



The right price



Innovation





Restoring growth in Europe: Example in Dairy UK



Innovation

Greek yogurt segment



Enhanced consumer & shopper experience

Activia Summer Specials

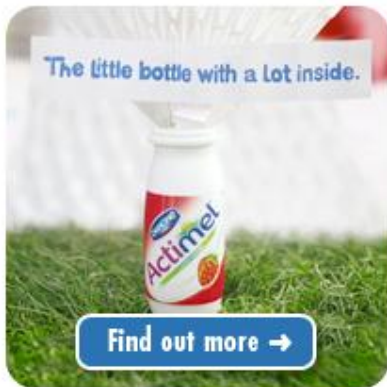


Kiss cup



Loved brands

New campaigns



New shelf ready packaging
on 80% of the range



Intensely Creamy new flavours
(Banoffee & Blueberry)



Restoring growth in Europe: Example in Waters

Stronger brand identity



Aquadrinks roll-out

Flavoured water



Water + Juice



Right positioning & price



les eaux pétillantes contiennent-elles toutes autant de sel?

Quelle quantité de sel consomme-t-on ?

Limiter sa consommation de sel... pourquoi ?



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Plan for competitiveness in Europe

EUROPE - 26 countries



SAVINGS

€200mIn

&

**ADAPT &
SIMPLIFY**

**ORGANISATION
& PROCESSES**

REGAIN COMPETITIVE EDGE



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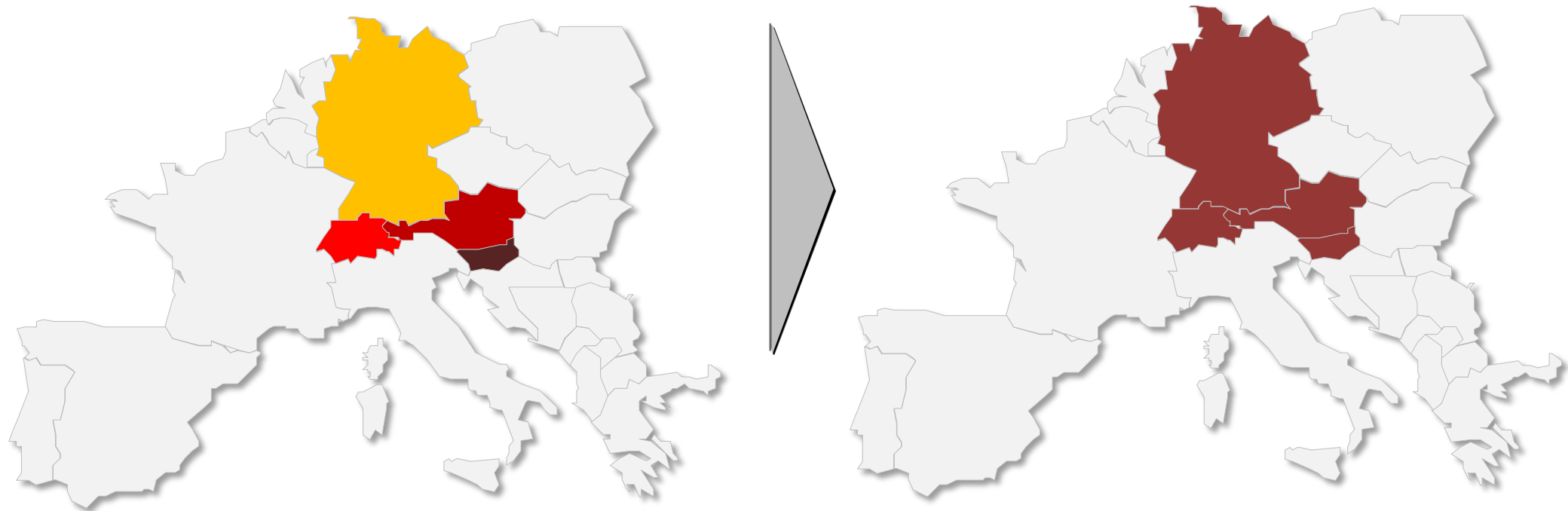
Plan for competitiveness in Europe

Reorganization Project of European management & support functions

(Presented to European Works Council on February 19th)

Shift from a “Country” to a “Cross-Country” Business Unit model :

→ Example of “DACH”* zone in Dairy division



* DACH = *Deutschland, Austria, Communauté Helvétique*



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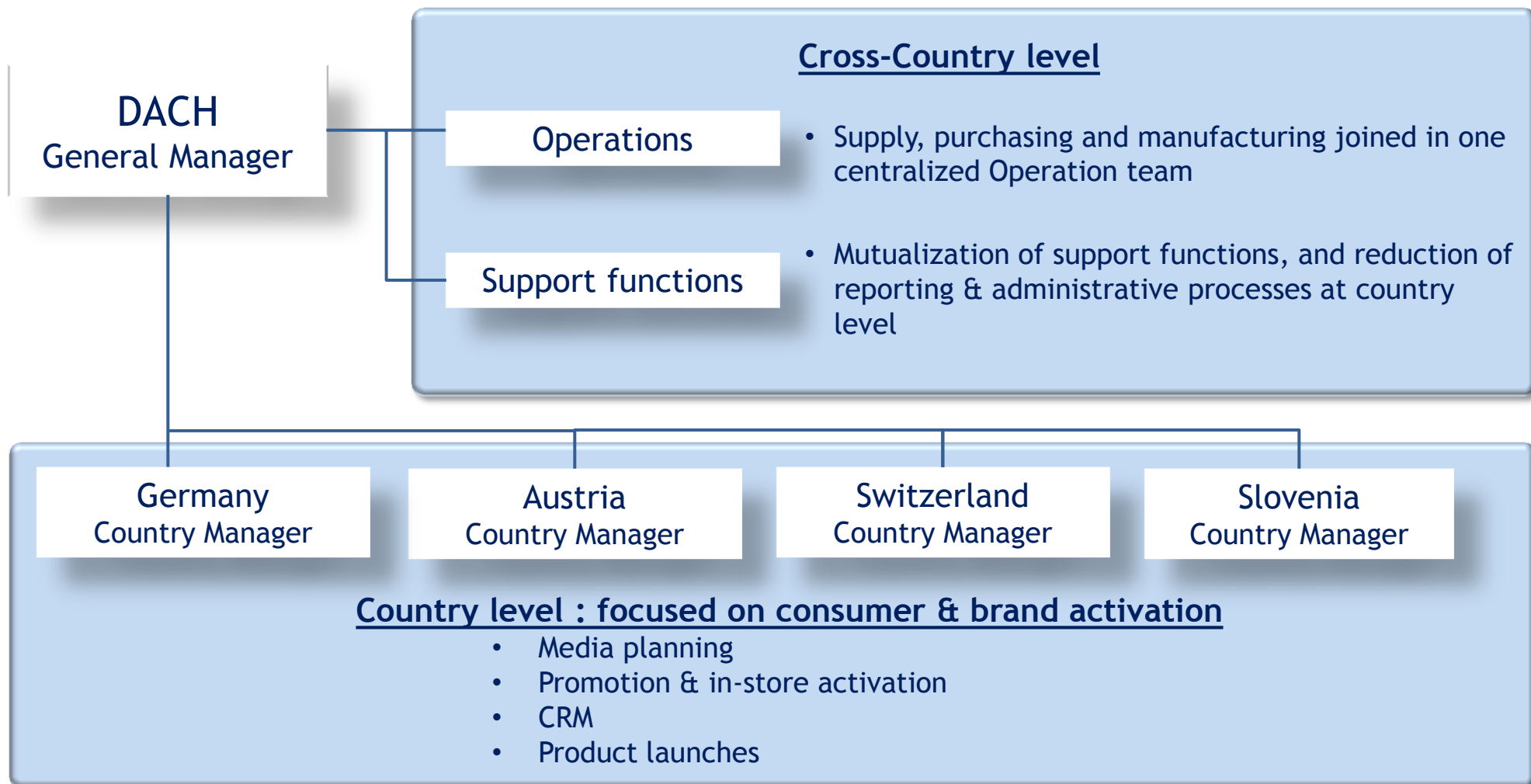
Plan for competitiveness in Europe

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Simplifying processes and mutualizing expertise :

→ Example of “DACH” zone in Dairy division

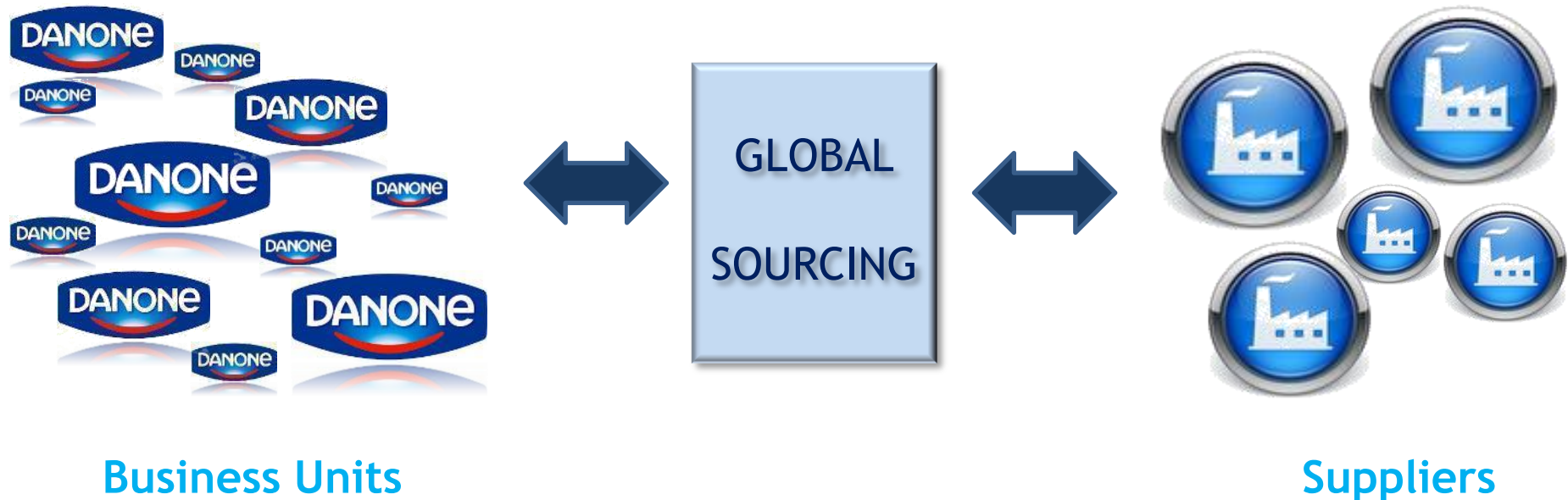




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Mutualizing expertise : example in sourcing

Global sourcing organization for the Dairy division



- Optimized processes between suppliers and Danone Business Units
- Reduced volatility & secures access to markets
- Reduced buying costs through scale effect
- Increased product differentiation : increased innovation, shorter time to market

2012 Group equation

2012 key figures

TOPLINE

MARGIN

	% Group Sales	LFL Growth
ALMA	38.4%	+ 15.7%
NORAM & CIS	21.2%	+ 6.7%
EUROPE (ex CIS)	40.4%	-3.0%
TOTAL	100%	+ 5.4%

	% margin	LFL margin change
ALMA	14.81%	+ 31 bps
NORAM & CIS	10.21%	+ 144 bps
EUROPE (ex CIS)	15.66%	- 190 bps
TOTAL	14.18%	- 50 bps

2013 objectives

	2013 objectives
Sales growth ⁽¹⁾	At least 5%
Trading operating margin ⁽¹⁾	-30bps to -50bps
Free cash flow ⁽²⁾	Around € 2 bn Ex exceptional items

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

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

2013 a year of transition

● Europe :



Adapt & fix

- Savings & competitiveness
- Value for consumers

● Growth markets :



Invest & leverage

2014 back to

Strong
Sustainable
Profitable

GROWTH



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