



# The “New Danone”: A unique food company

**Dresdner Kleinwort Consumer Staples Conference**

**Pierre-André Terisse  
Chief Financial Officer**

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## Disclaimers

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## Major M&A activity has created the « New Danone »

- Biscuit division “swapped” for Numico
- Creation of a unique company - 100% focus on healthy, value-adding nutrition
- 4 distinct divisions:
  - Commanding leadership positions through distinct business models
  - Offering clear visibility on future growth and margin potential
  - Delivering above average growth and margins
  - Supported by a state-of-art R&D platform

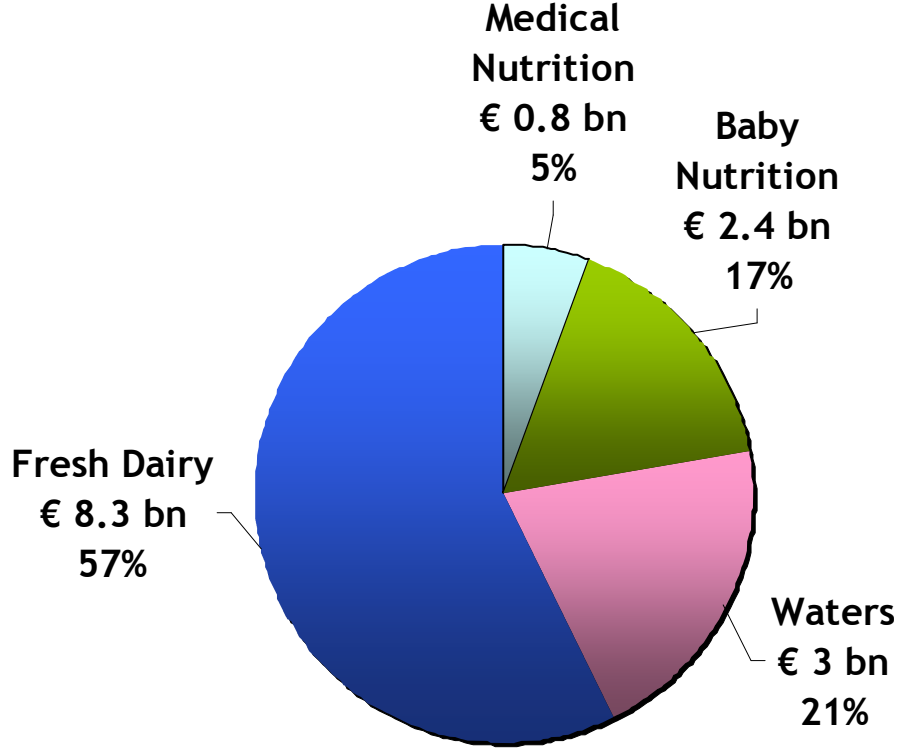
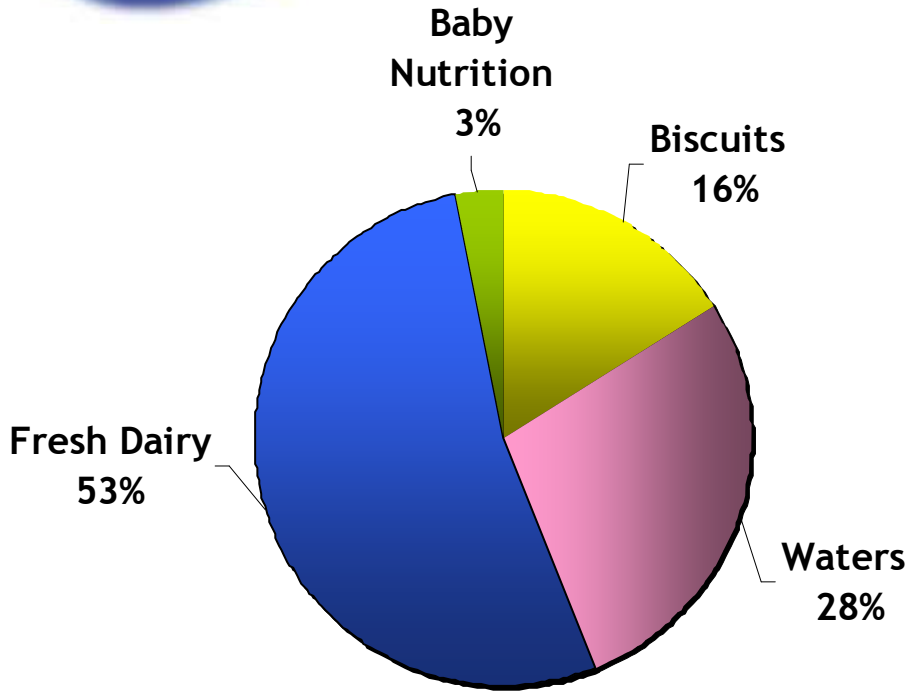
**A sustainable business model to continue to deliver LT profitable growth at high margins**



# Danone + Numico: 100% health story

2006

2007 at 2008 Scope



**Healthy Food**

84%

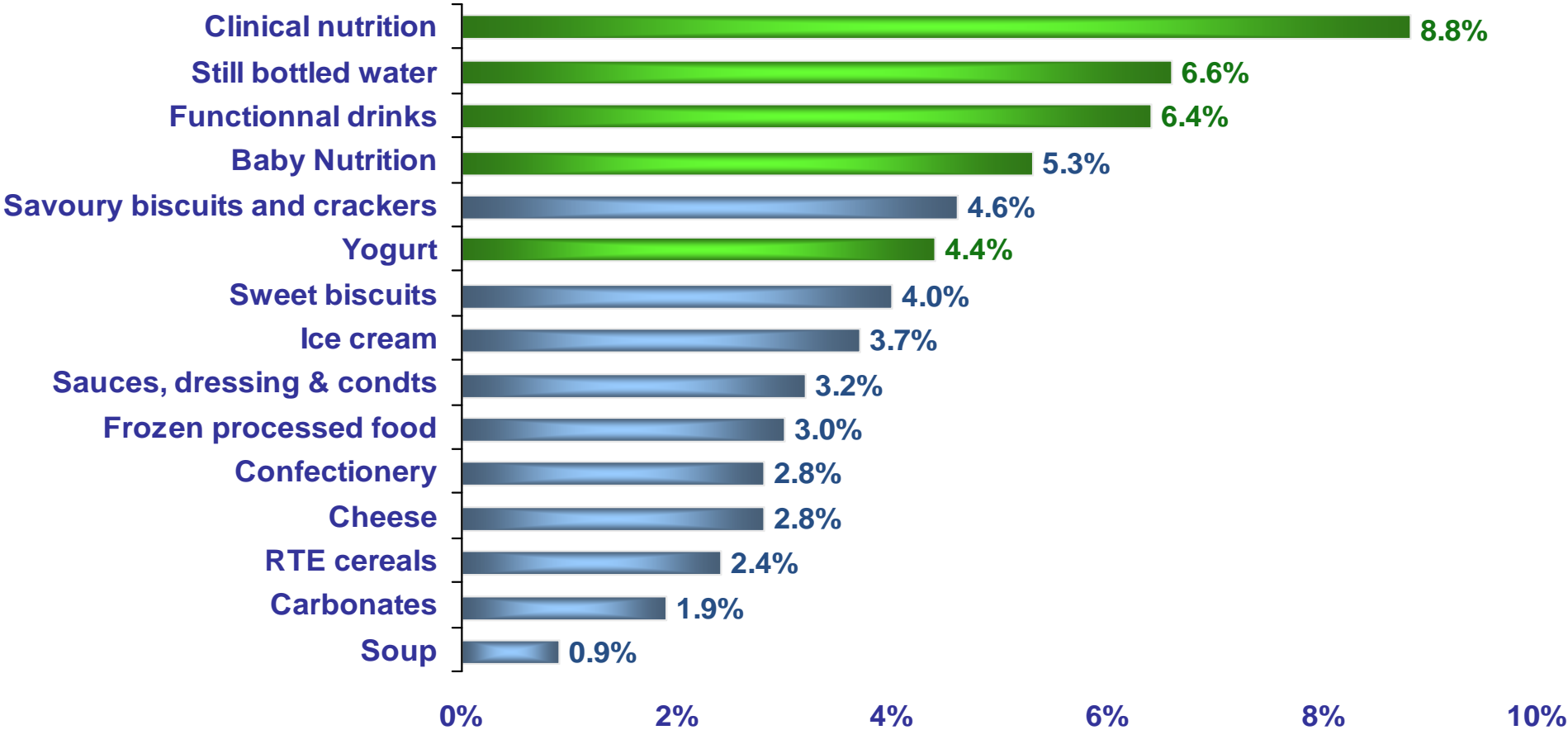


100%



# We play in the most attractive food segments

World Market CAGR 06-11 (volume)



Source: Euromonitor, Kalorama Information



## Initial synergies have been identified

### Revenues synergies

€120M-€140M

- Leverage Blédina's food range and juniorization expertise
- Leverage Numico's and Bledina's expertise in Infant Formula
- Utilize Danone's expertise in "brand polishing" and deployment
- Combine Numico, Blédina and Danone R&D to develop new technologies

### Cost synergies

€ 60M

- 2008: € 45M
- Main areas:
  - Headquarters overhead
  - Purchasing (Raws & packs, media buying)
  - Manufacturing

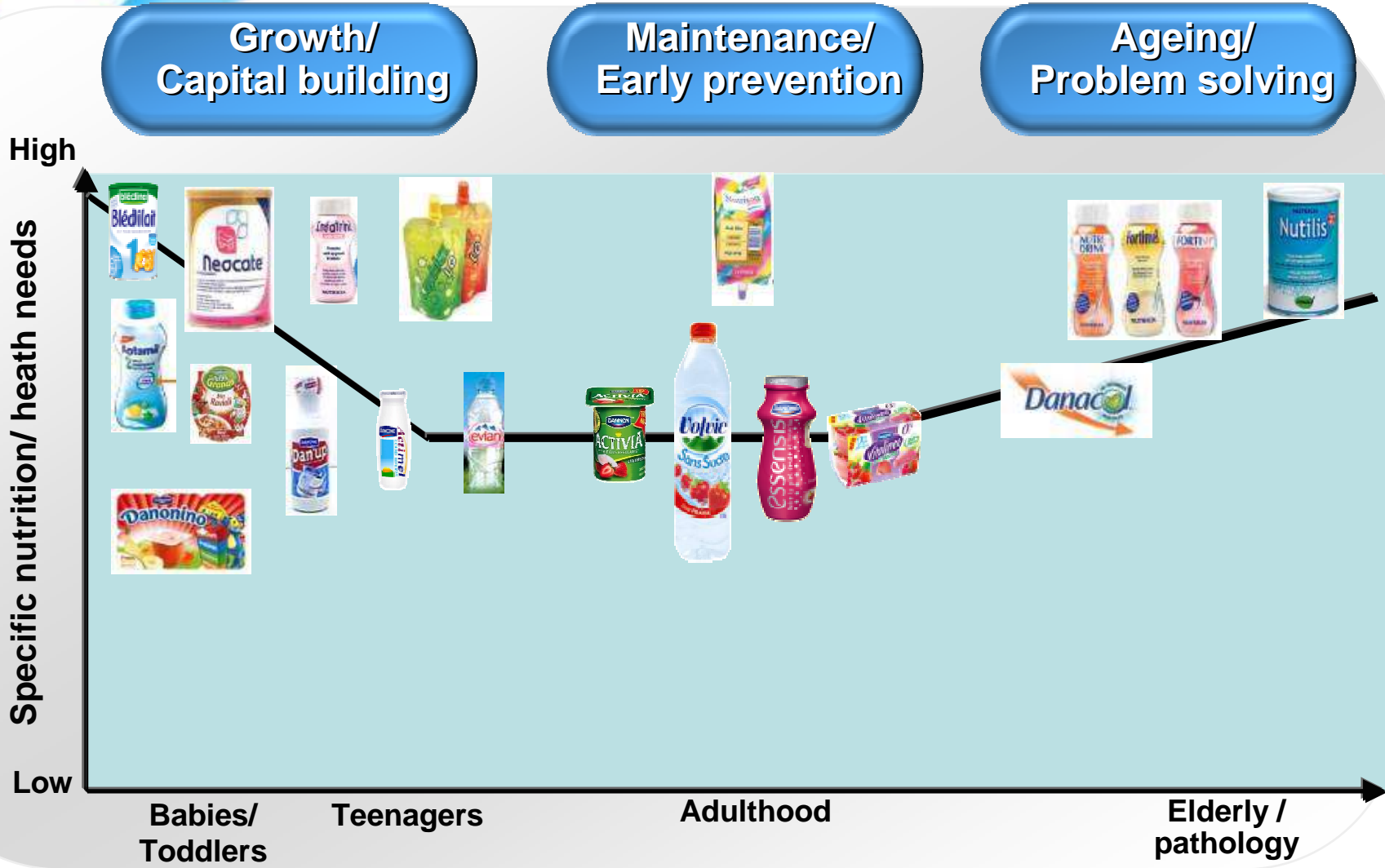


## Key features of our business model

- All divisions command leadership positions
- Through well-known brands and value-adding products
- Our brands have superior pricing power
- Growth is fuelled through
  - Innovation
  - Roll-out
  - Geographic expansion
- Strong productivity gains are generated on fixed and overhead costs



# A unique active health offer to the largest number of people, throughout their lives







A solid mission for sustainable,  
profitable LT growth

To bring health through  
food to the largest  
number of people

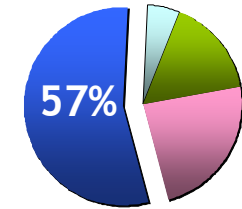


# Fresh Dairy Division





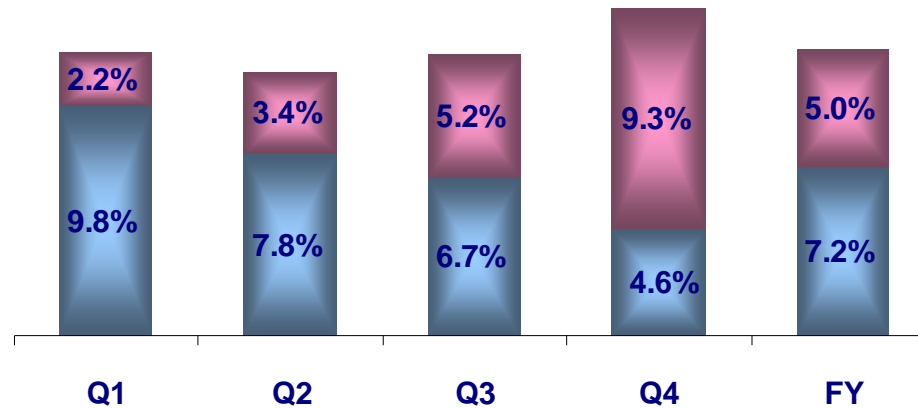
# Fresh Dairy - key figures



	2007	Vs. 2006*	2007 PF
Net Sales (m€)	8,791	+12.2%	8,299
Trading Operating Income (m€)	1,229	+62bp	1,133
Trading Operating Income margin	14.0%		13.6%

L-f-L Sales Growth

■ Value  
■ Volume



\* On like-for-like basis



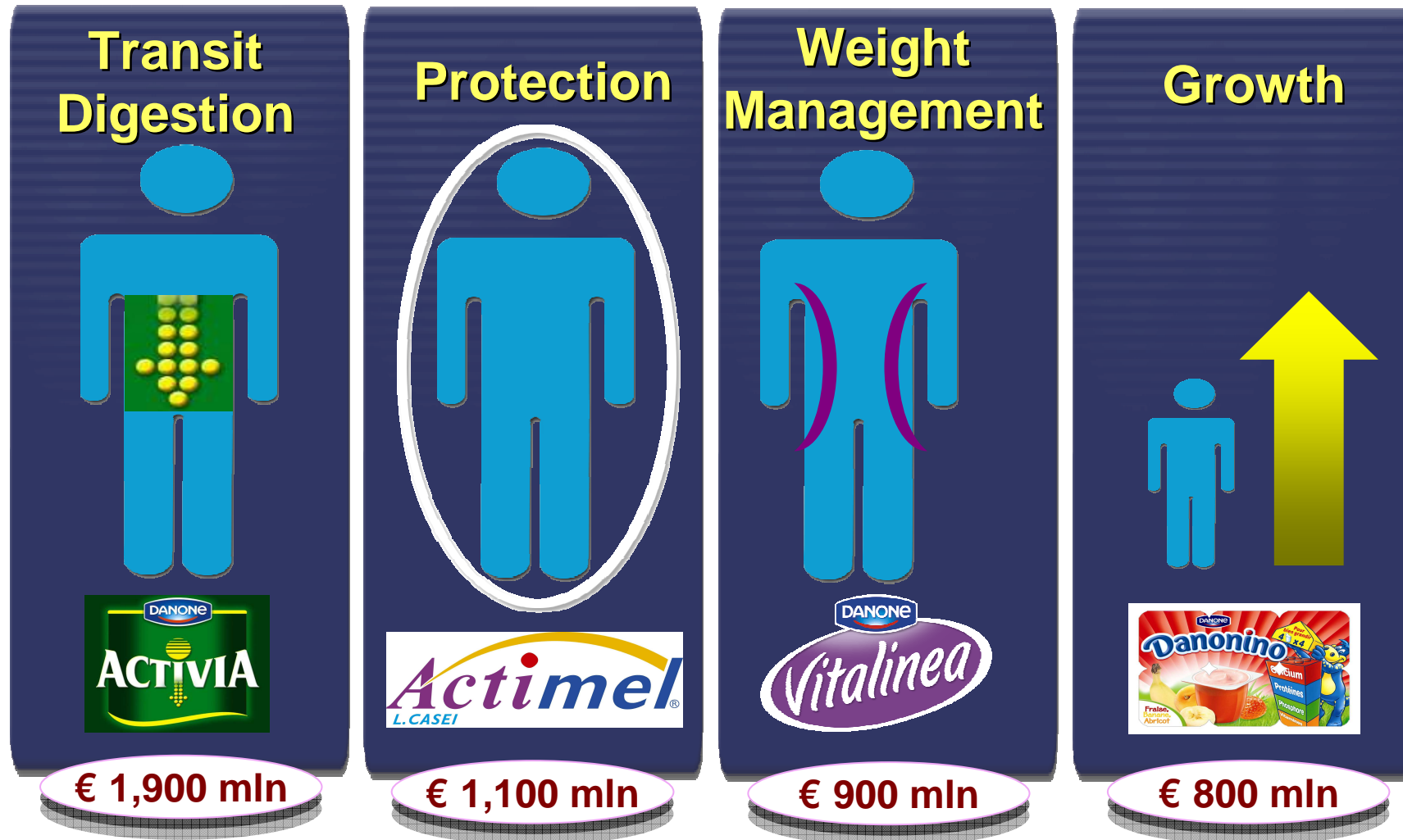
## A global leader in Fresh Dairy leveraging local leading positions



Source: Euromonitor value share (Dairy 2006 values; Beverages 2007 values)



# Blockbusters fuel growth and margin





# Activia global model

## GLOBAL = BACKBONE



Icons

Brand Name

Brand Block

Target:  
Women with digestive disorders

Insight:  
Stress and bad eating can create digestive disorders which have negative impact on our well being (bloated feeling, cave mentality)

Benefit:  
Activia naturally regulates digestive disorders in 15 days

RW:  
Acti-Regularis, Bifidus Regularis

Brand Personality:  
Reliable, confident & friend

Demo

Key Audio

- *Selling line:* "Regulates inside and it shows outside"

- *Music:* "Barcarola" by Offenbach

Advertising signature

Naturally regulates the digestive disorders caused by stress & bad eating (digestive disorder conso wording & relevant insights adapted to each country)



# Activia global model

**LOCAL = DRESS CODE**

POSITIONING  
CLUSTER

RANGE

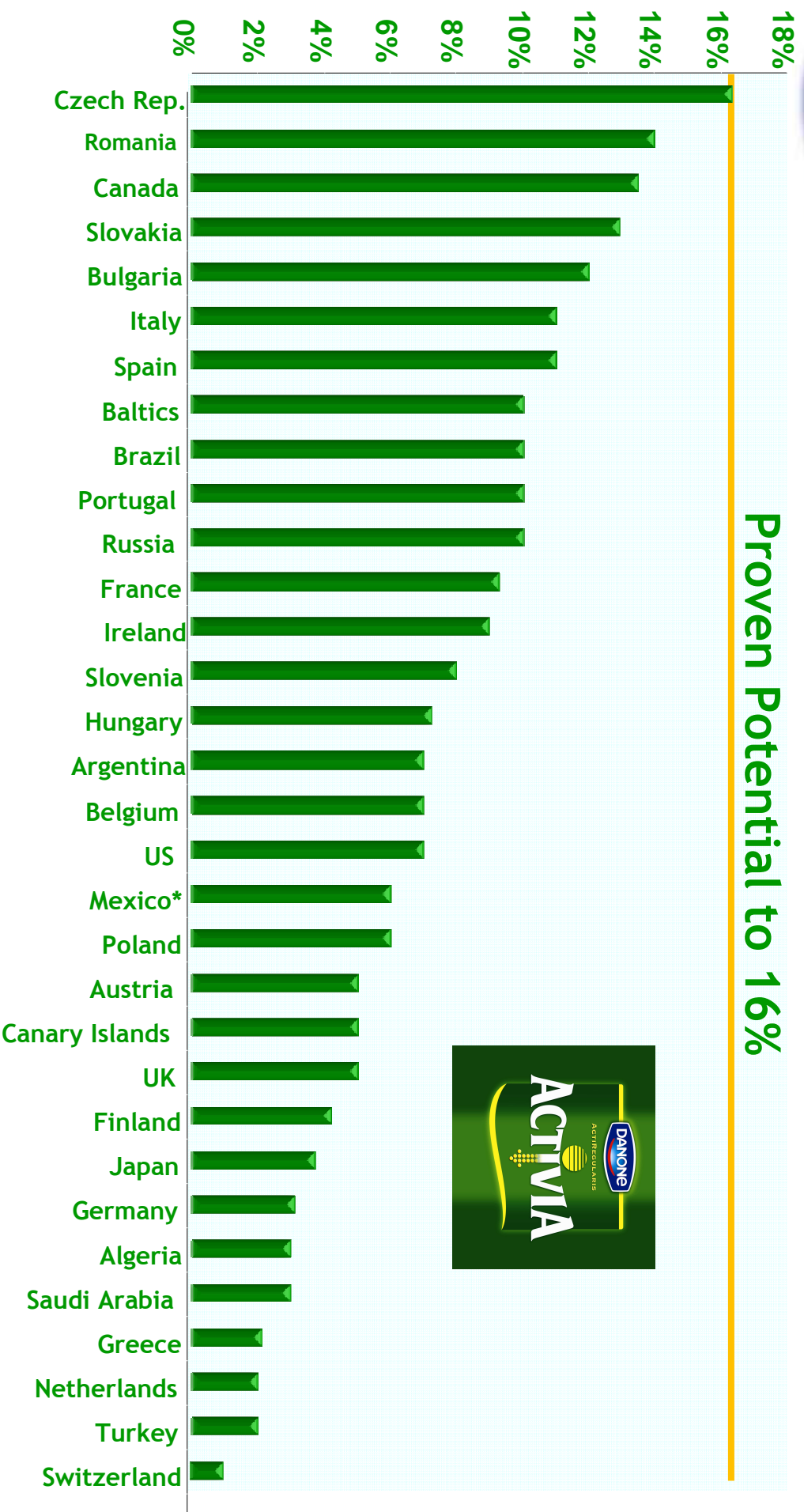
COMMUNICATION  
INSIGHTS & SELLING IDEAS



# Activia value market share on total dairy market

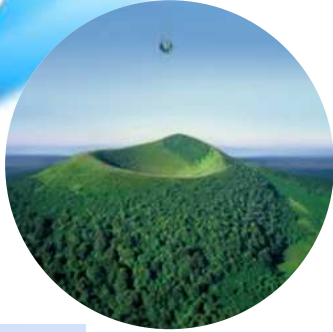


Proven Potential to 16%

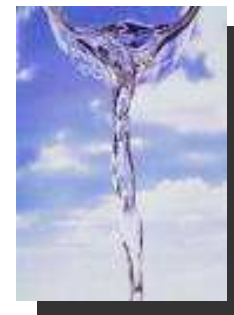
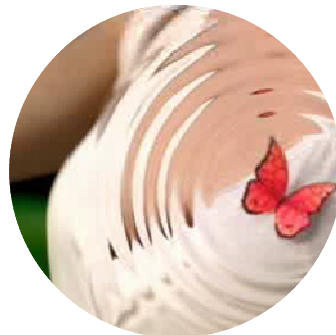
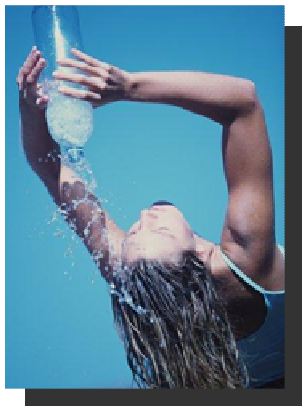






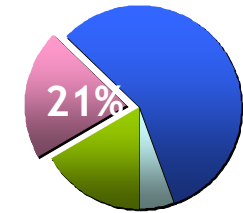


# Waters Division



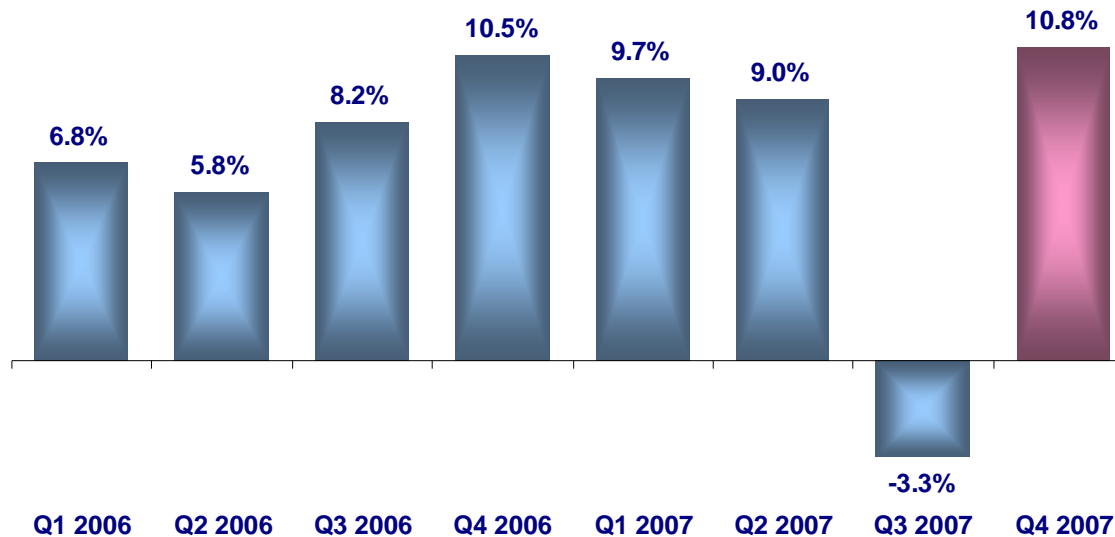


# Waters division - key figures



	2007	vs. 2006*	2007 PF at 2008
Net Sales (m€)	3,535	+4%	2,958
Trading Operating Income (m€)	480	+1bp	425
Trading Operating Income margin	13.6%		14.4%

L-f-L Sales Growth <sup>(1)</sup>



<sup>(1)</sup> excl. Wahaha

\* On like-for-like basis



# Leading water brands throughout the world





# Spring water focus: the brand platforms

Relevant rational benefit



Strong emotional benefit

**Lightness/  
Elimination**

Font Vella  
Villa de Sus  
BONAFONT

**Vitality / Deep  
Hydration**

Volvic  
ZYWIEC ZDRÓJ  
HAYAT  
DANONE AQUA

**Youth/Body  
Renewal**

evian  
Villavicencio  
Sanjarón

**Body  
Management**

DANONE Vitalinea  
Ser  
Taillefine



**D**rinkable



**N**atural



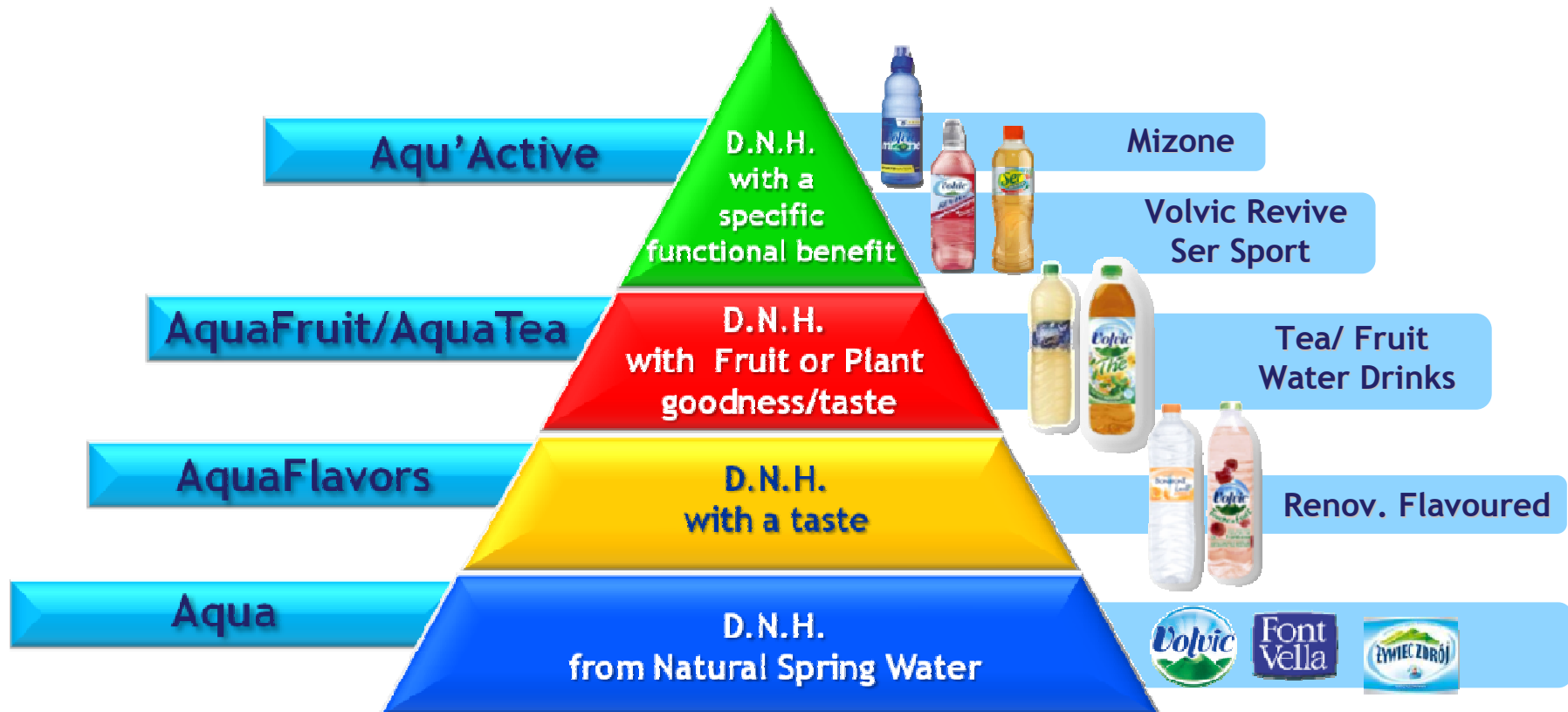
**H**ydrating





# The “DNH” product identity: innovation on our core spring water brands

WATER BRANDS CAN COVER THE WHOLE PYRAMID





## Sustainable development as part of our water business model

- Further increase rail & boat transport
- Continue to further decrease PET weight / Bottle
- Reduce plastic waste
- Strong know-how on natural sources protection
- Engagement in local communities
- Use of our expertise for Social initiatives around Water





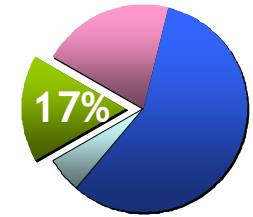


# Baby Nutrition Division





# Baby Nutrition - key figures



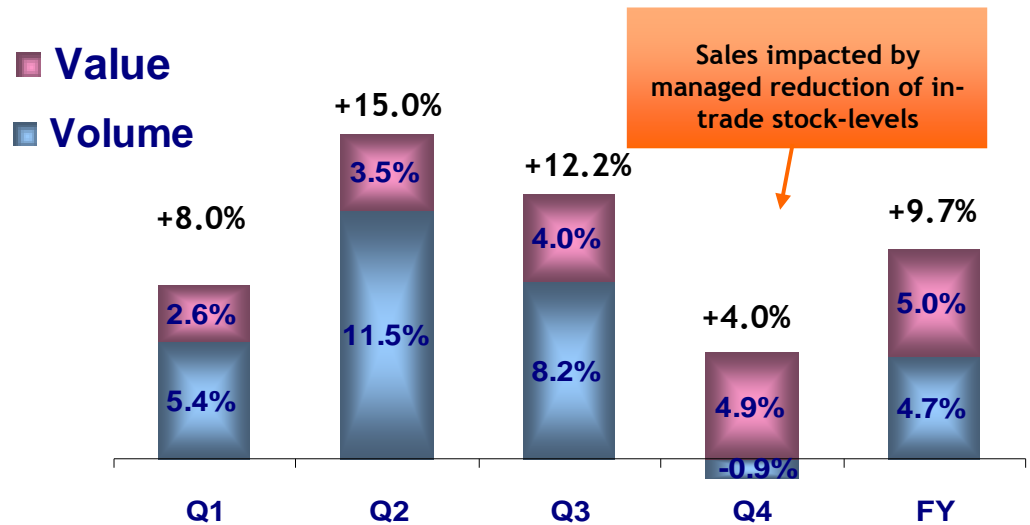
<b>2007 PF*</b>
2,417
373
ca. 15.4%

Net Sales (€ mln)

Trading Operating Income (€ mln)

Trading Operating Income margin

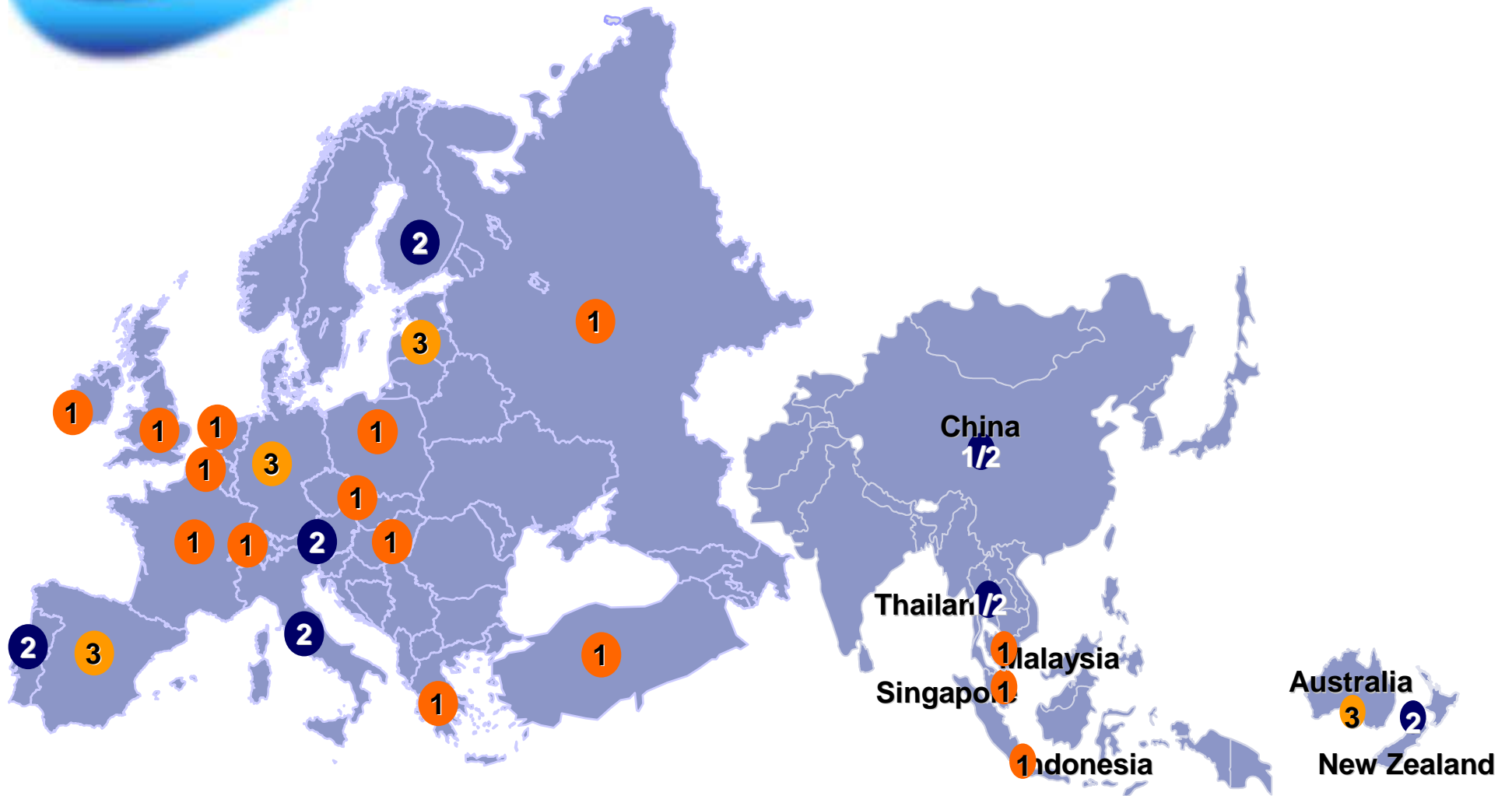
Numico Only  
L-f-L Sales Growth



\* Central costs allocation is estimated (based on historical keys)



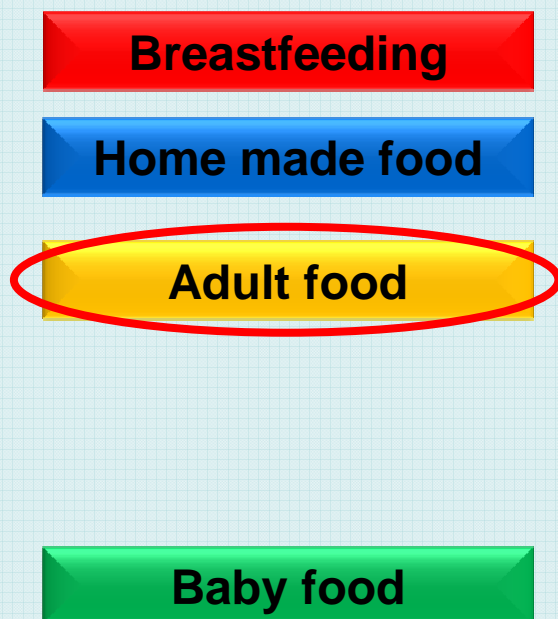
# Leading market positions in Europe and Asia



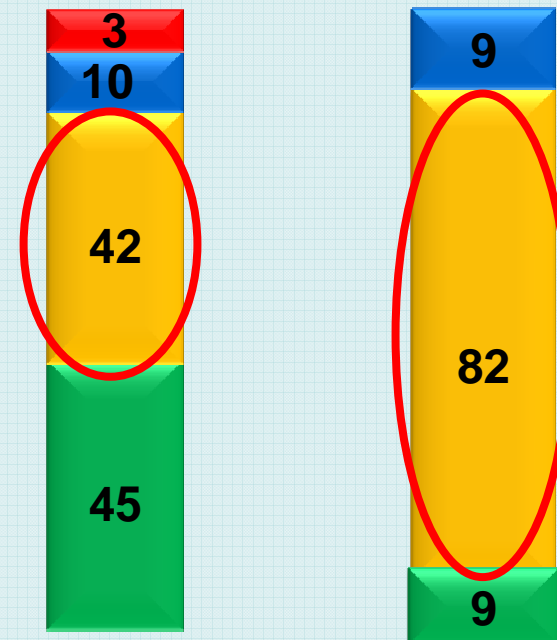


# Babies and toddlers nutrition today: a major growth opportunity

## French example



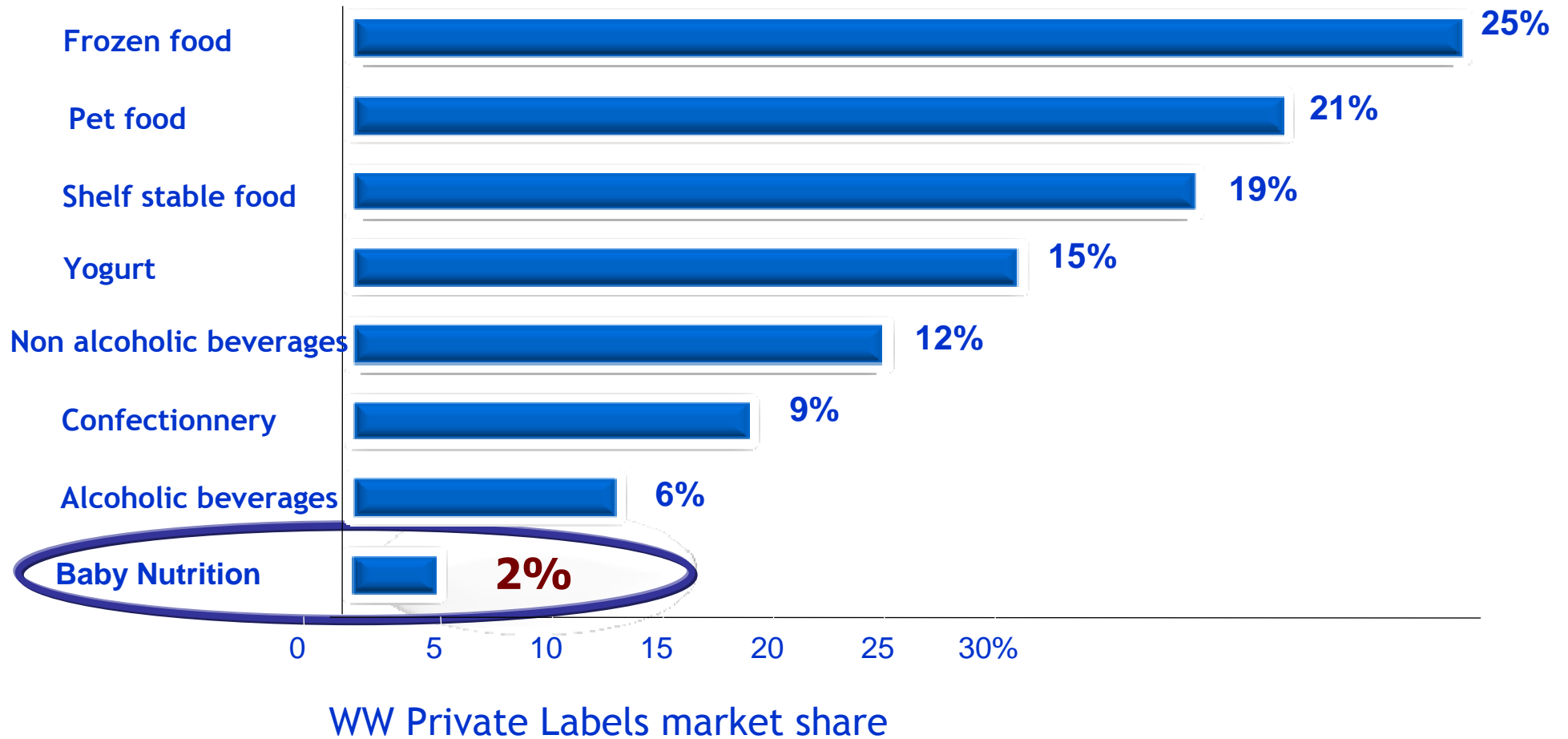
% of food intake  
6 - 15 Months      16 - 36 Months



Source consumption diaries : % of acts of consumption according to the origin of the products

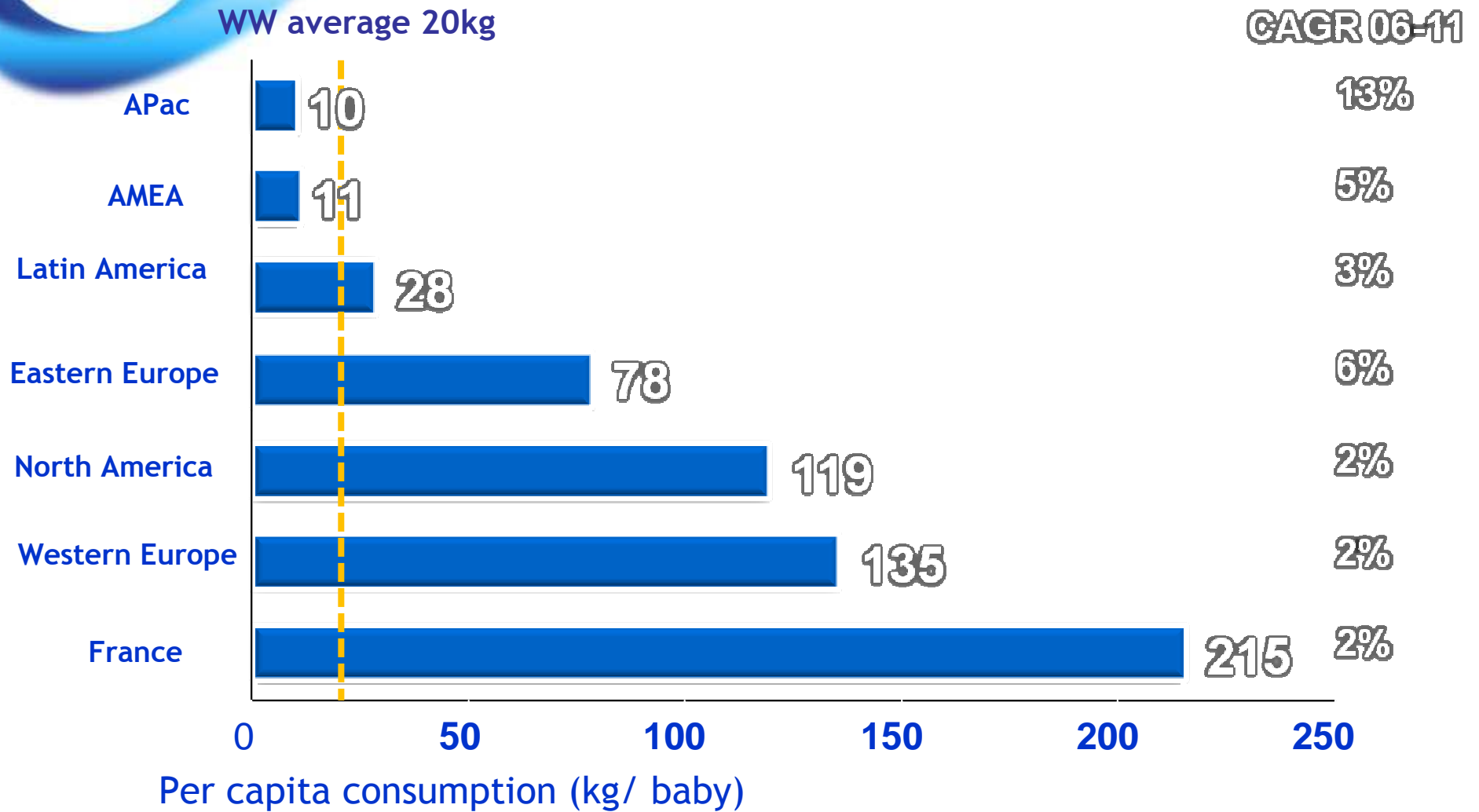


## With high entry barriers....





# ...and with significant growth potential



Source: Euromonitor, External data – APac: Asia Pacific

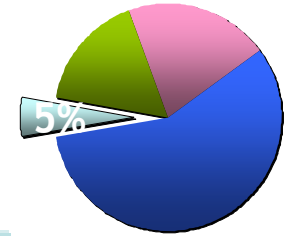


## Medical Nutrition Division





# Medical Nutrition - key figures



**2007 PF\***

Net Sales (€ mln)

793

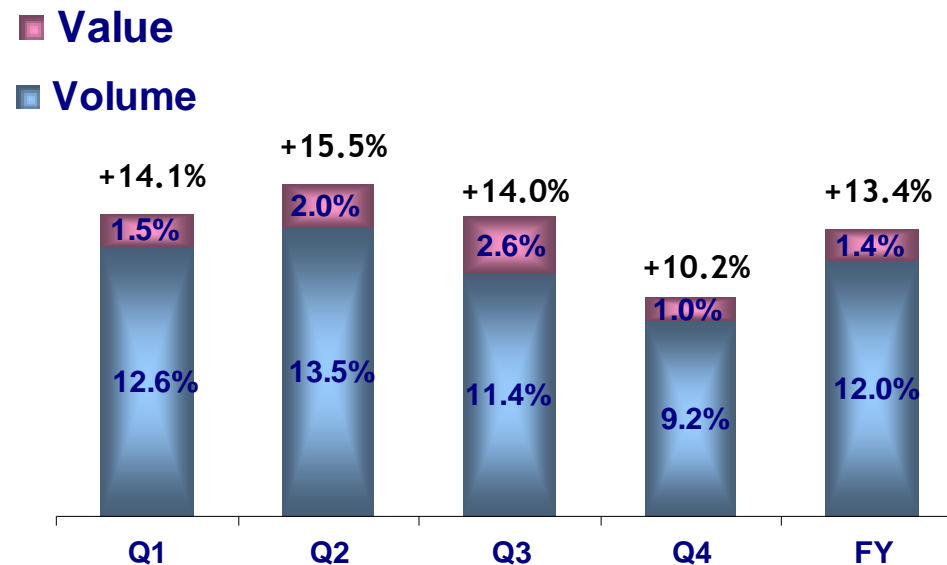
Trading Operating Income (€ mln)

173

Trading Operating Income margin

ca. 21.8%

L-f-L Sales Growth



\* Central costs allocation is estimated (based on historical keys)





# Leading market player in every market where we are present





## Medical Nutrition consists of two distinct businesses...

**Medical  
Nutrition**

**Nutrition for people who  
cannot eat or are sick**

**Disease  
Targeted  
Nutrition**

**Nutrition to alleviate disease  
Symptoms or delay  
the progression of a disease**

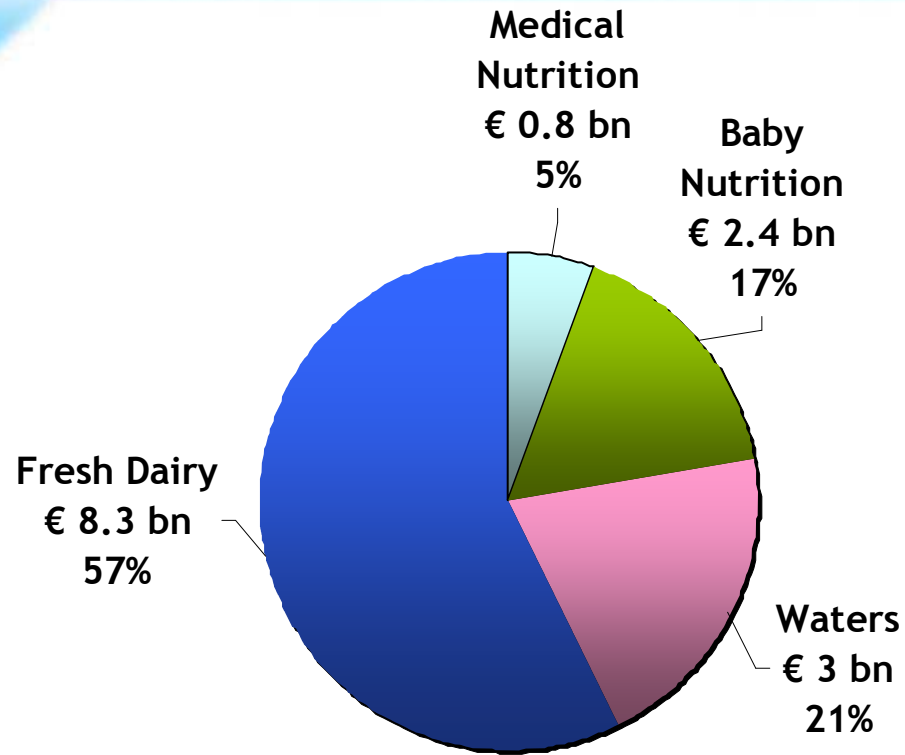


...with a number of LT growth drivers

- Ageing population
- Lifestyle diseases exploding
- Growing role of Nutrition in disease management and prevention
- Industry in its infancy and growing at a fast rate



# The New Danone



Sales

€ 14 468 mln

EBIT Margin

14.6%



## New Danone targets reflect the New Danone

### Medium Term Target

### Target 2008

Sales growth\*

+8% to +10%

+8% to +10%

Trading Op.Profit\*  
(EBIT) growth

Faster than  
sales growth

Faster than  
sales growth

EBIT margin

improving

>+30bp

Underlying EPS  
growth

>+15%

\* On like-for-like basis



## The New Danone

A unique food company  
focused 100% on Health