



DANONE

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CAGNY
CONSUMER ANALYST GROUP OF NEW YORK

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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.

Agenda

1

2009: Adjusting the model

2

Danone: 6 levers for profitable growth

3

2010: our key priorities

2009: adjusting the model

KEY FIGURES - FY 09

Sales



€ 14,982 mln

+3.2% like-for-like ⁽¹⁾
(1.6)% reported

Trading operating margin



15.31%

+61 bps like-for-like ⁽¹⁾
+40 bps reported

Underlying net income
from continuing activities



€ 1,412 mln

+11.5% like-for-like ^(1,2)
+7.5% reported

Underlying EPS (fully diluted)
from continuing activities



€ 2.57

+10.2% like-for-like ^(1,2)
(3.1)% reported

Free cash flow ⁽³⁾



€ 1,427mln

+ 20.6% reported

(1) At constant scope of consolidation and constant exchange rates

(2) Excluding exceptionals and excluding the effects of the capital increase

(3) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals)

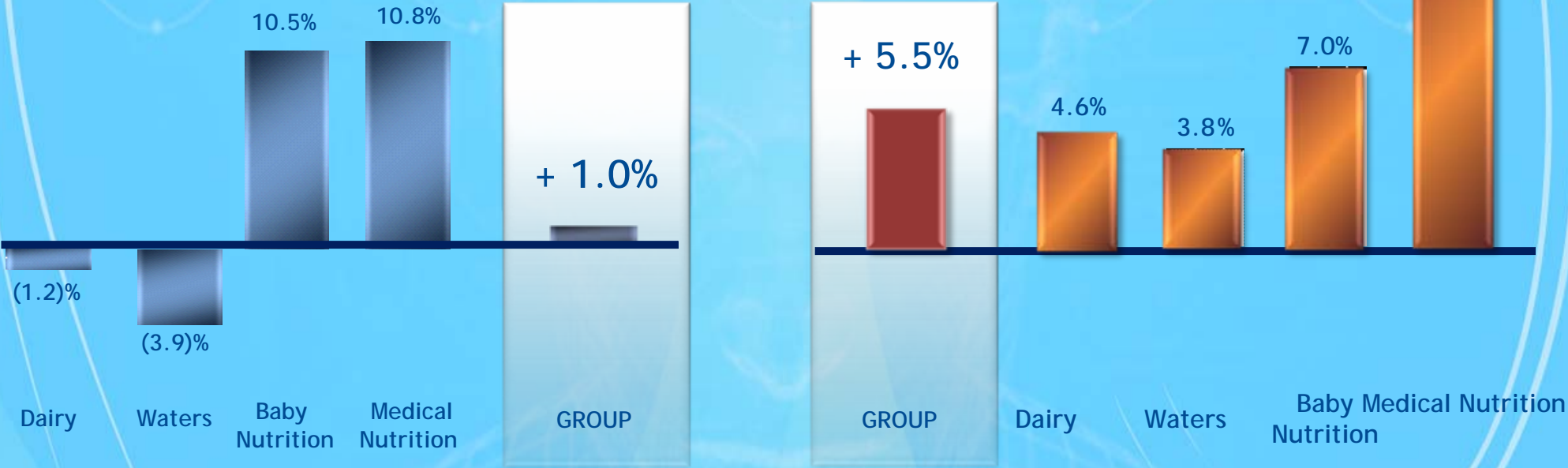
We strongly accelerated

Like-for-like sales growth

1st quarter



4th quarter



FRESH DAIRY - Market shares continue to strengthen

Volume market share vs year ago¹

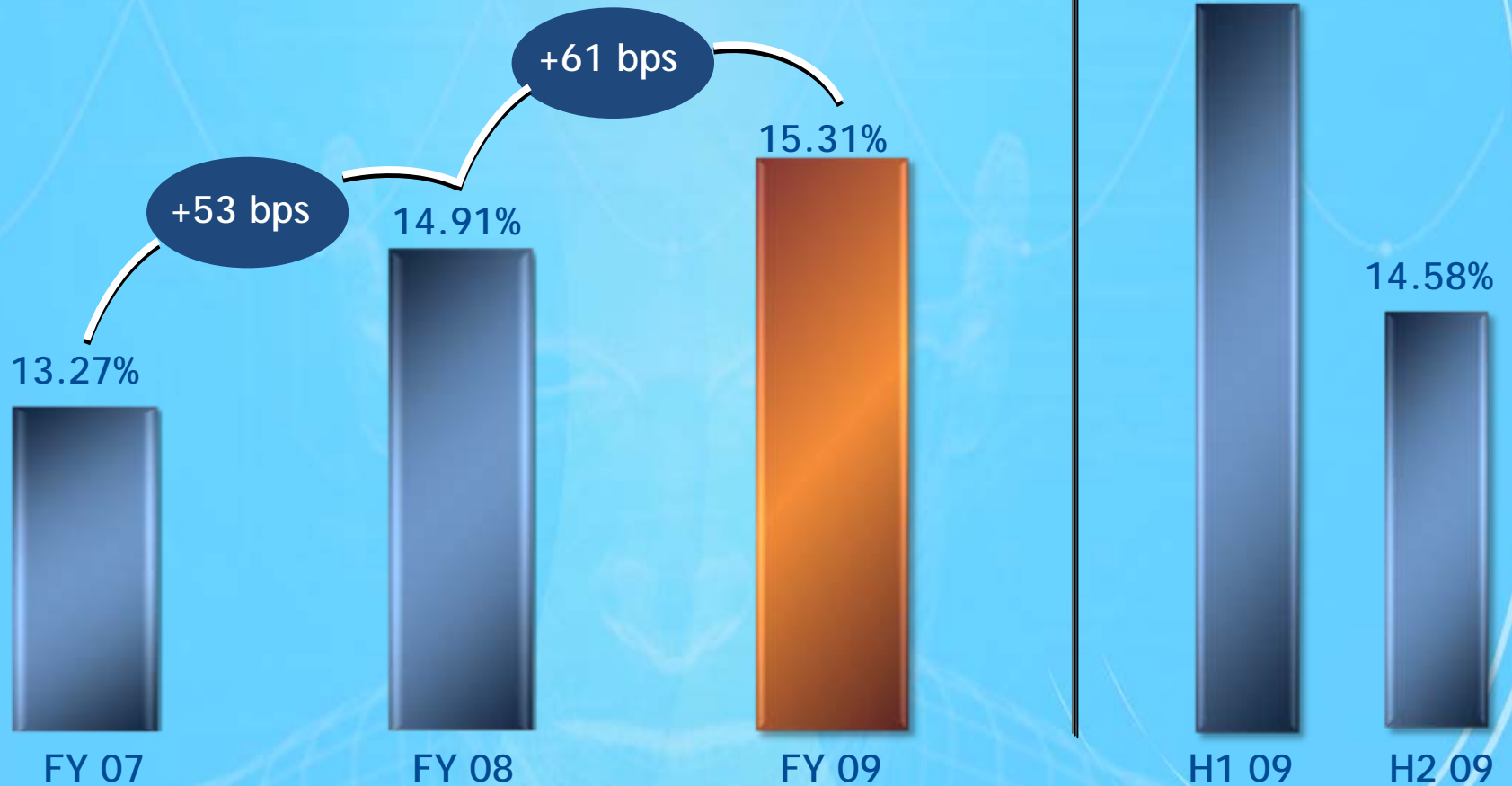


(1) Full year 2009 vs full year 2008

(2) Year to date November 09 vs year to date November 08

Margins have strongly and consistently progressed in the past two years with a peak in H1 09

Reported margins and like-for-like growth



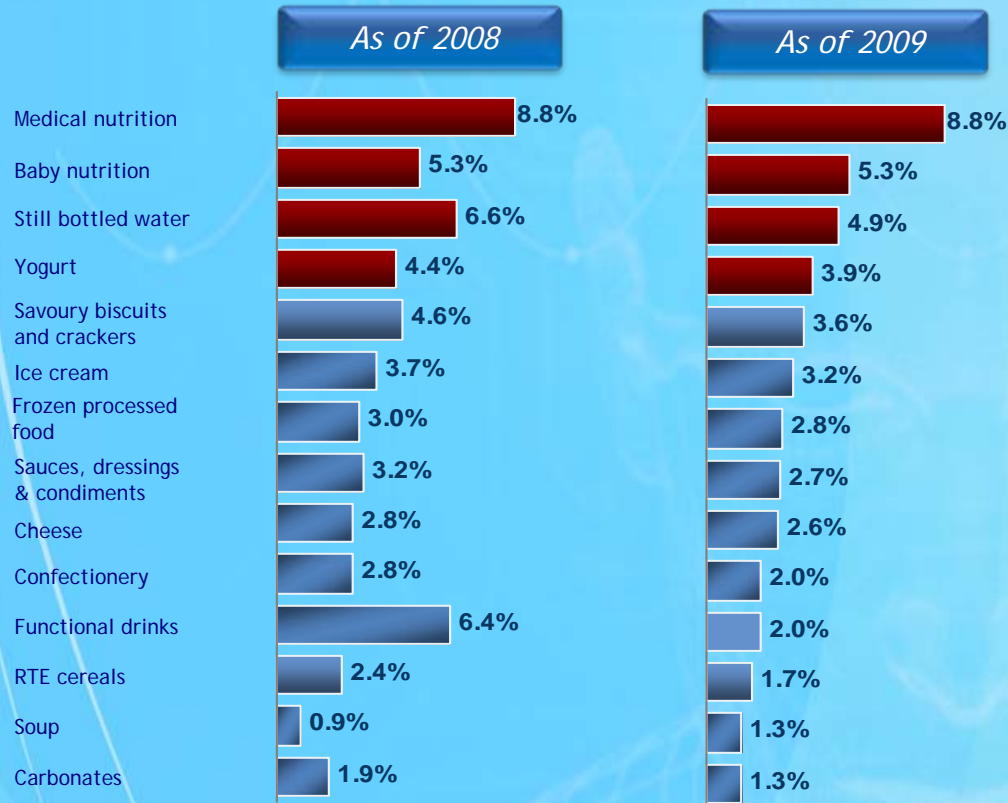
Danone: 6 levers for profitable growth

Danone: 6 levers for profitable growth

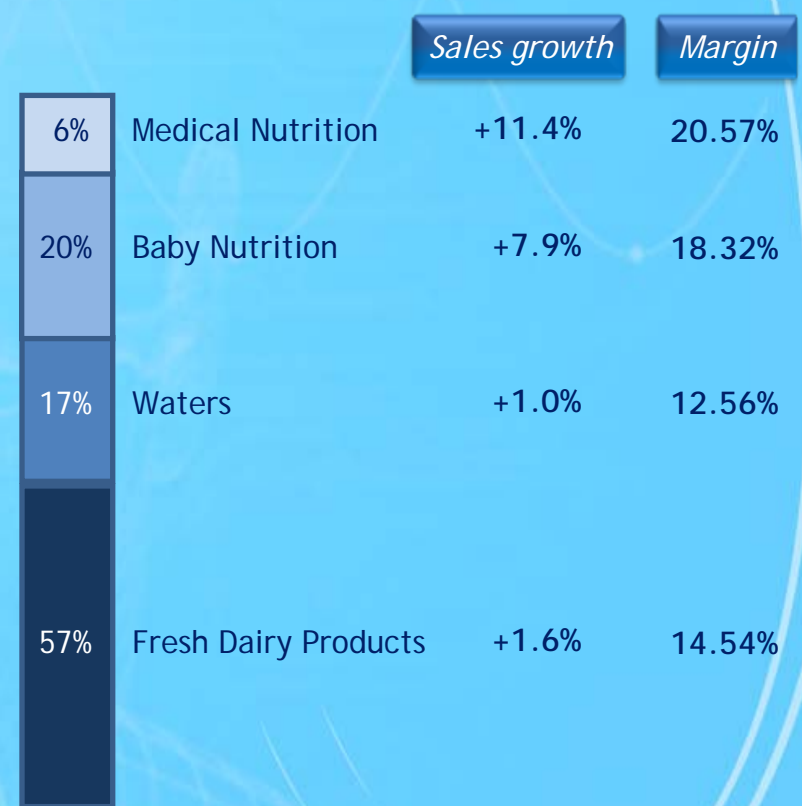
- 1 Fast growing categories
- 2 Diversified geographies
- 3 A unique mission
- 4 Focus on productivity
- 5 Unique cash conversion cycle
- 6 Decentralized organization

Well positioned in faster growing categories

*Faster growing categories
5 - year volume CAGR*



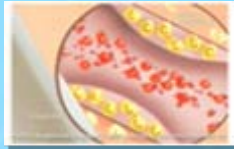
*Growth focused portfolio
2009 performance*



Source: Euromonitor

Unique ability to build differentiation

- Danacol: exclusive plant sterols



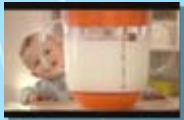
82% of
Market
Share

- Fortimel: superior high protein supplement



Drive the
segment
growth

- Bebelac: unique complete care formula



> 1 Bn€ sales

- Elimination: low mineral water to help eliminate



Leader in
Mexico

1

Unique ability to build differentiation

- With unparalleled taste superiority and dailiness

✓ Excellent



✓ Daily



✓ Superior

50%
superior

40%
parity

10%
inferior

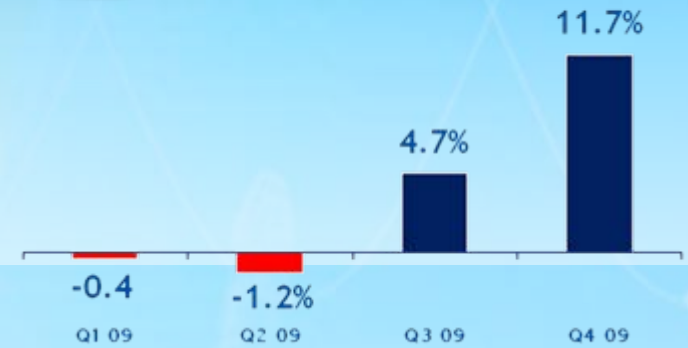
Our key brands drive the growth



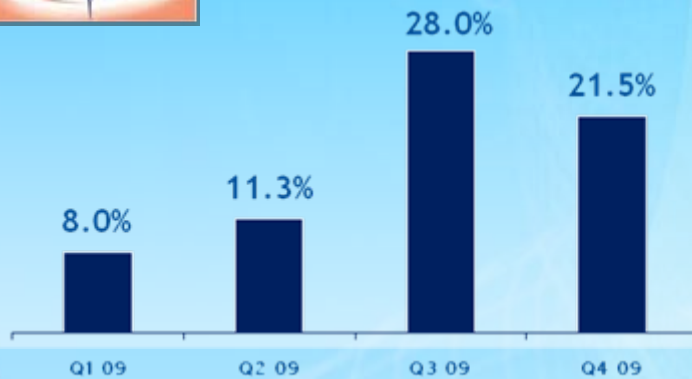
Volume evolution Activia



Volume evolution Actimel



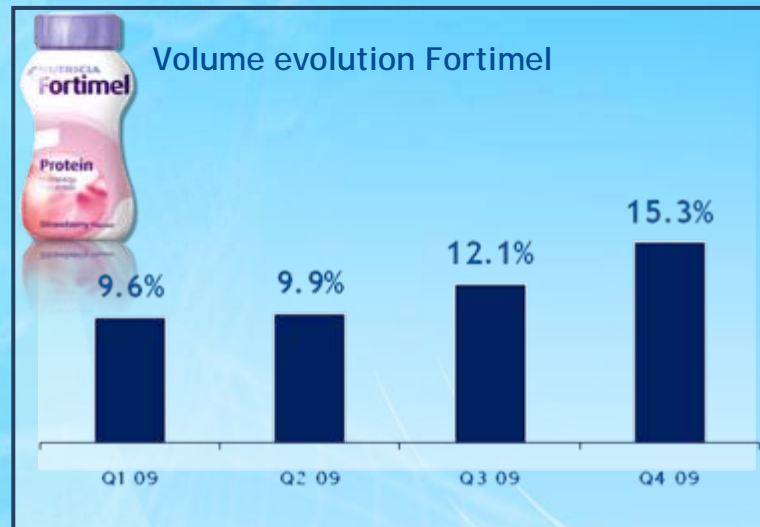
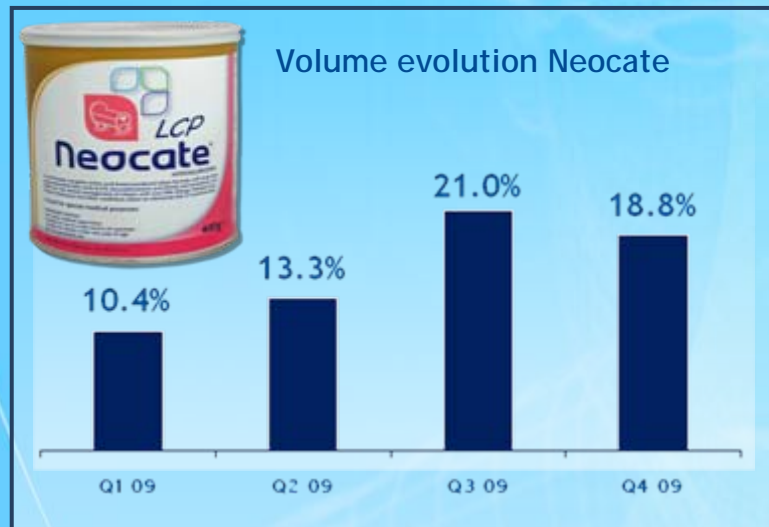
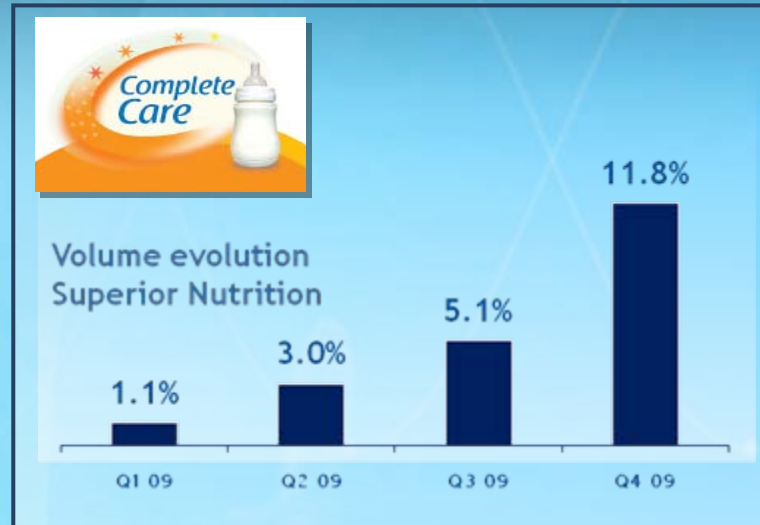
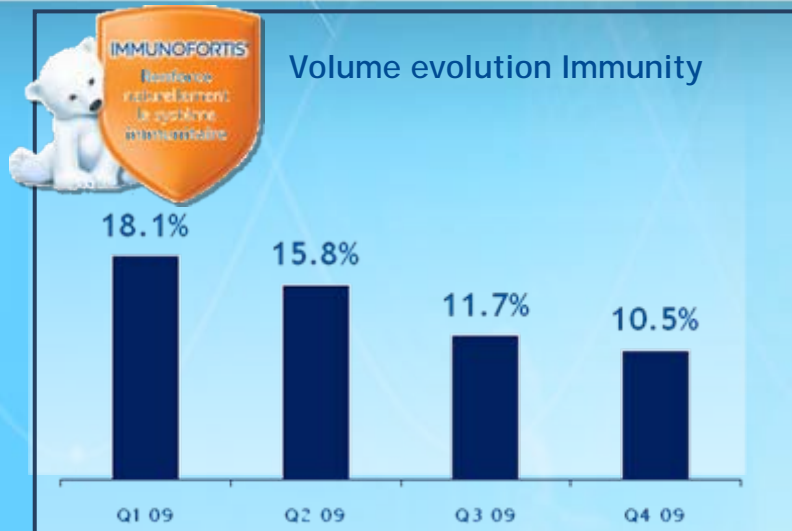
Volume evolution Bonafont



Volume evolution Aqua



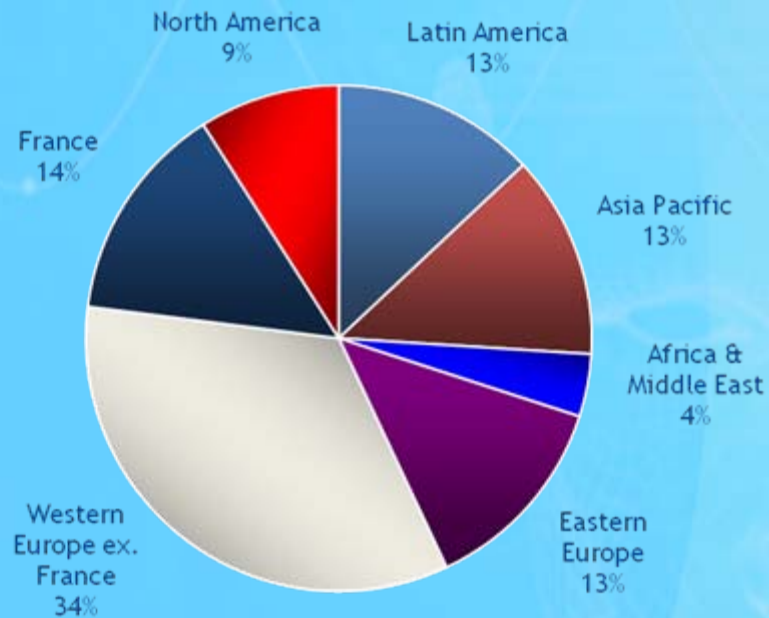
Our key brands drive the growth



2

Well diversified geographical footprint exposed to fast growing geographies

*Diversified geographic portfolio
(sales split 2009)*



Faster growing markets

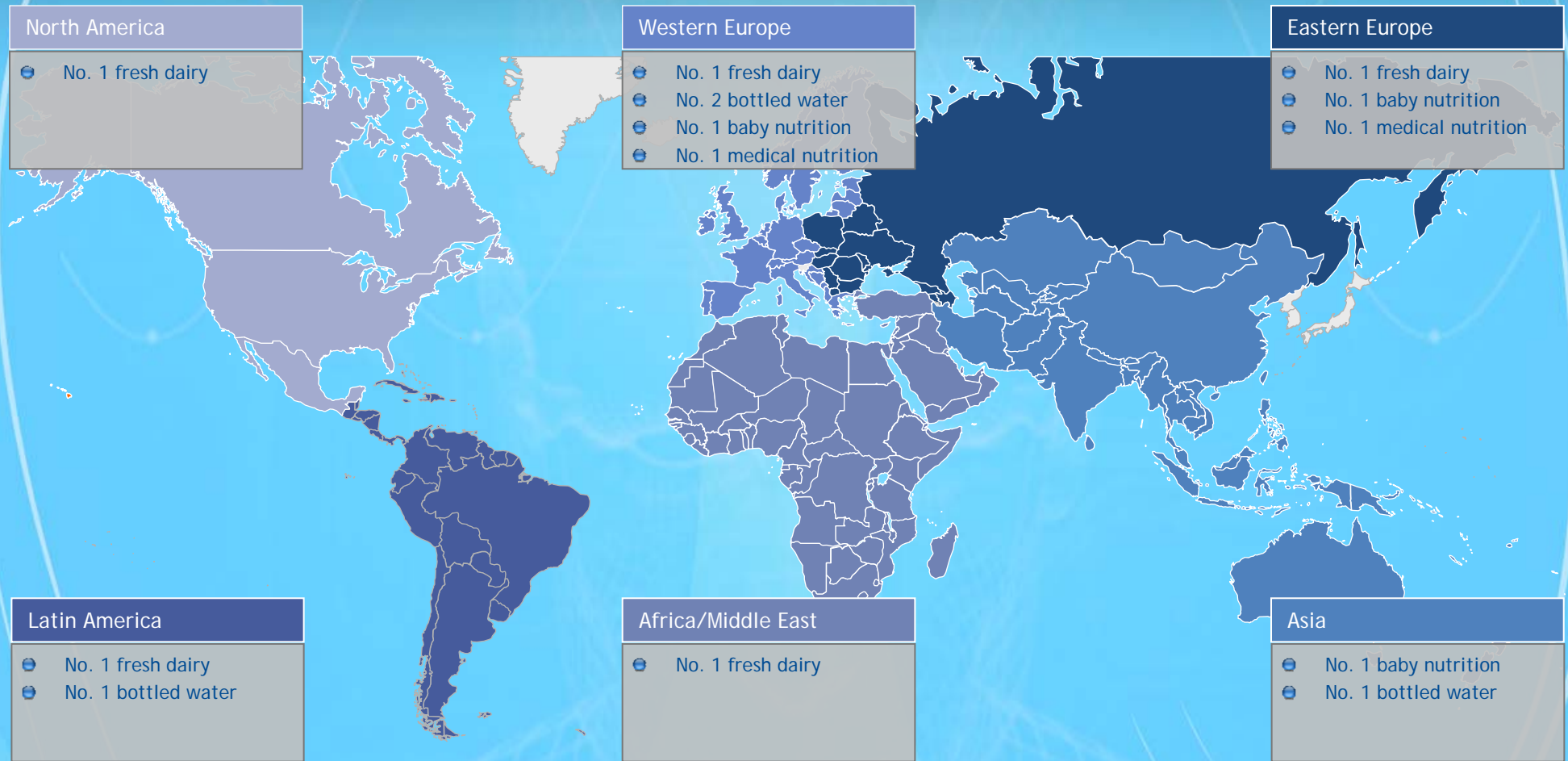
Country	GDP growth differential v. OECD ¹ 07/08	GDP growth differential v. OECD ¹ 08/09
China 	8.2 %	10.6 %
Indonesia 	5.3 %	6.5 %
Brazil 	4.3 %	2.6 %
Argentina 	6.2 %	0.6 %
Mexico 	0.6 %	(0.3)%
Russia 	4.8 %	(0.9)%

Source: Economist Intelligence Unit (EIU) as of May 28 2009 (national sources, EIU)
¹ OECD aggregate real GDP growth rate used as benchmark for 07/08 and 08/09 is 0.8% and (4.1)%, respectively

41% of sales generated in Emerging Markets

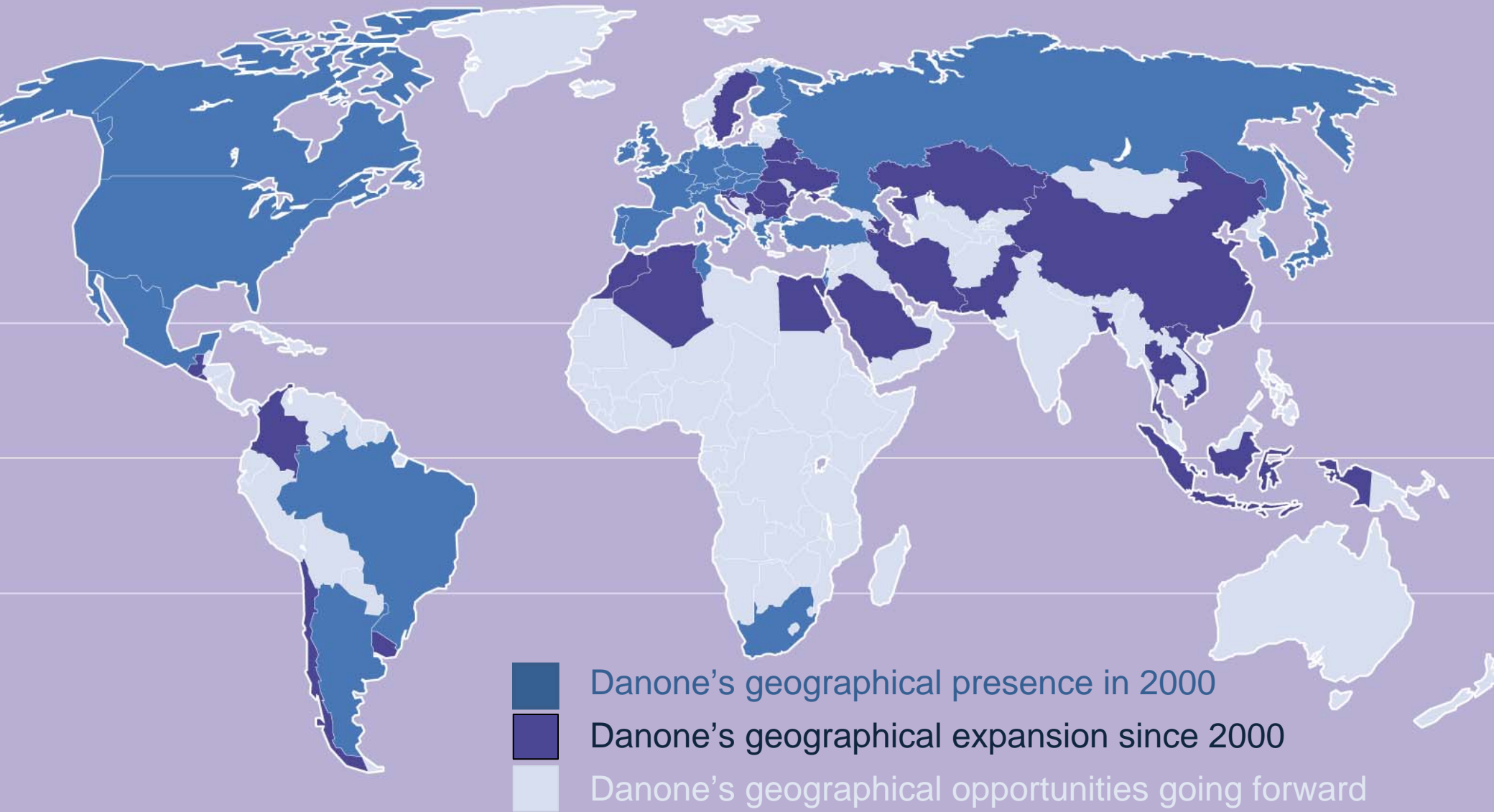
2

Our mission and market positions provide a strong platform for continued above-sector growth



To bring health through food to the largest number of people

Substantial potential to increase our worldwide footprint



2

Unique expertise and opportunities in new geographies

White space in current big countries: East Russia + West USA + North Brazil
+ 200 mln new consumers

One meaningful area to assess BOP model:
Indian subcontinent

- 1 bn people



Dairy
Geographical
Footprint

Per Capita potential in recently opened countries



800 mln consumers with
<1 kg per cap

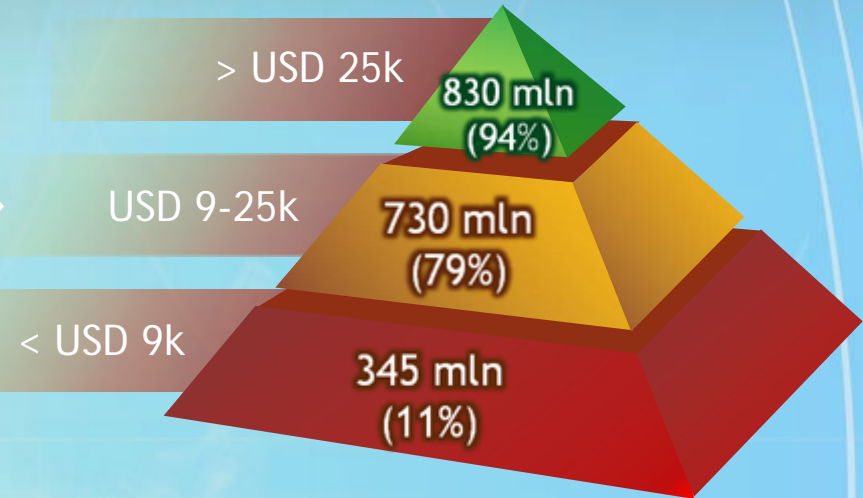
Danone: a unique mission



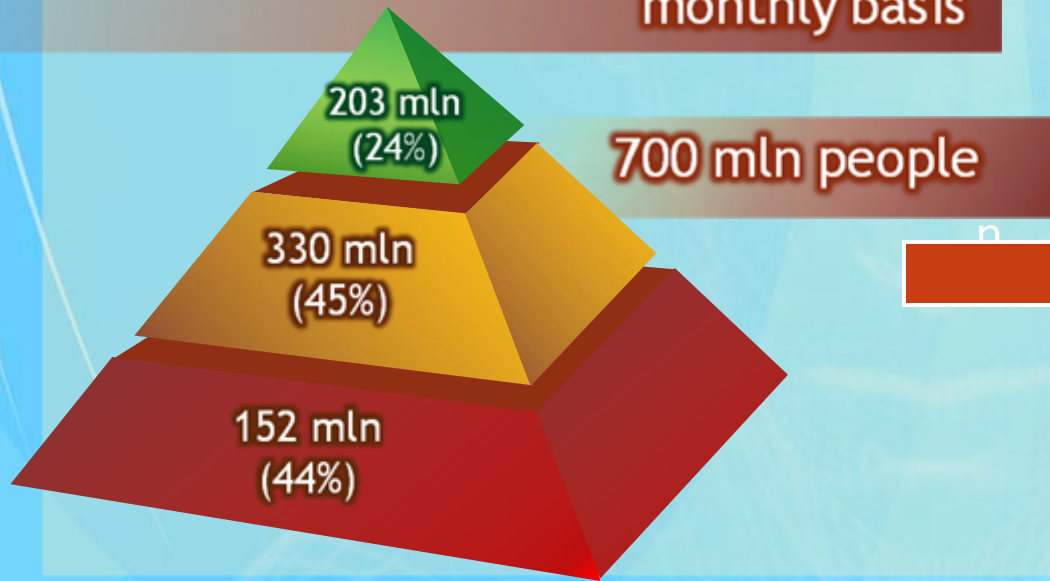
3

Our Mission: To bring health through food to the largest number of people

Our operations cover 1.9 bn consumers - mostly in developed countries



Out of 1.9 bn, 37% consume on a monthly basis



Our ambition



3

Our Mission: To bring health through food to the largest number of people



Dairy Romania

Market share

64 %

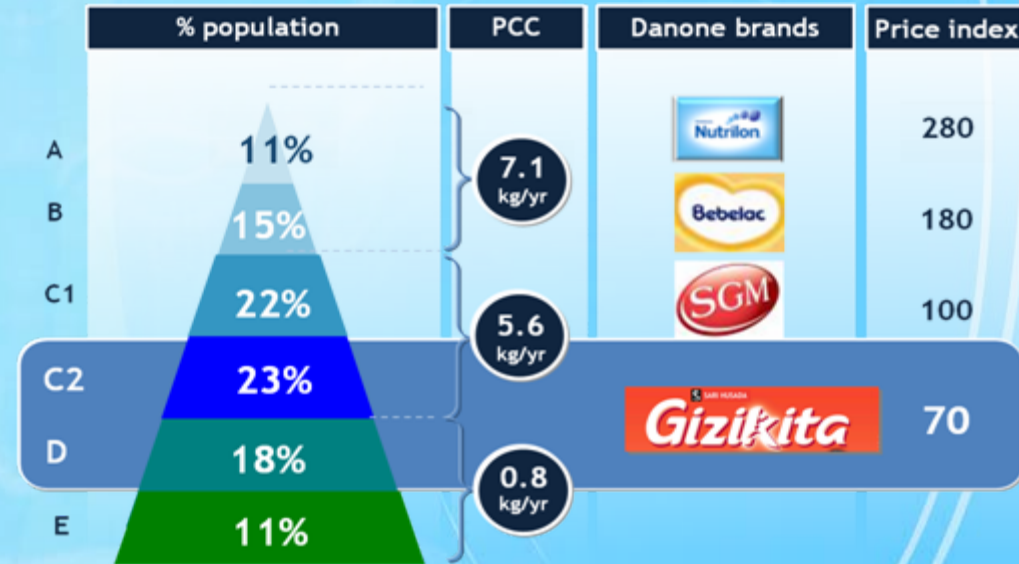
51 %

56 %

71 %



Baby Nutrition Indonesia



Our Mission: To bring health through food to the largest number of people



Waters Mexico

No drinkable tap water

Alternatives have significant drawbacks:

- Not reliable
- Not properly "purified"
- Flavor issues
- Requires time

20 Lt jug is the only affordable alternative for secure & convenient water



Boiling



Chlorine



Filters



Jug (20 Lt) PCC
Per year



Focus on productivity

By-product valorization

- Desserts & Drinks



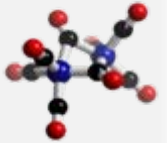
DanCream

- European Cream sales



Upstream Differentiation

- DanFarm - potential up to €40-80 mln
- CO2 Footprint reduction
- DanMilk means to differentiate Danone milk



Milk Transformation

➔ optimization of milk usage

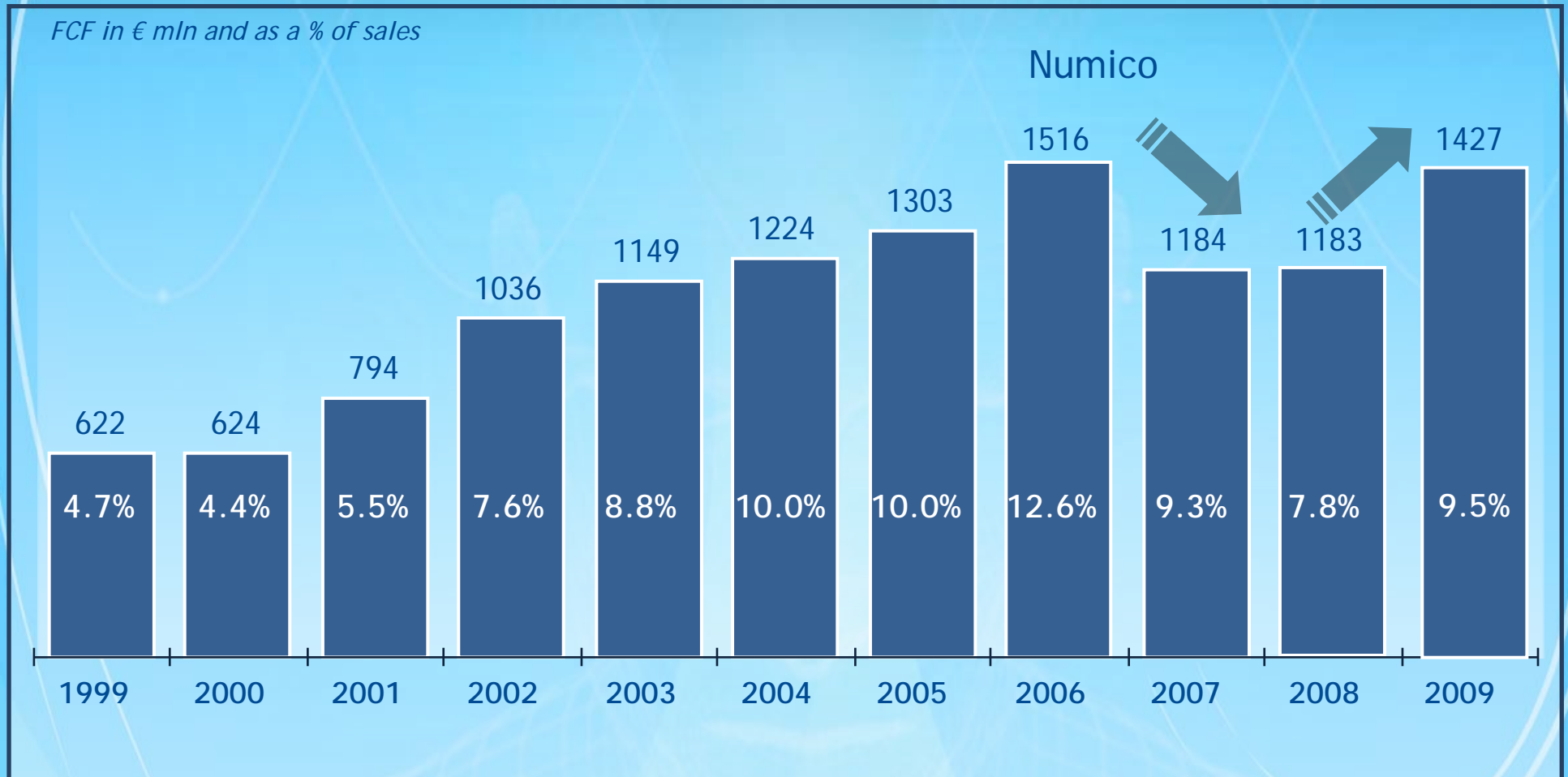


Focus on productivity

- Head office convergence:
 - 7 countries initiated move in 2009-2010
 - 6 more in 2011-2012
- Global plan for IS/IT convergence
- Purchasing opportunities cross division
- 2010 media pitch
 - 17 Countries
 - Cross divisional
 - + 15% GRP (€ 80 mln equivalent)



Unique cash conversion cycle



Unique cash conversion cycle

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Days inventory	38.7	37.8	38.4	35.5	34.3	33.7	37.2	42.6	42.1	42.2
Days payable	-92.0	-87.1	-91.5	-94.6	-94.4	-94.7	-108.8	-119.2	-114.4	-112.8
Days Receivables net of rebates	39	36	34	30	29	25	32	28	18	19
Cash conversion cycle including rebates	-15	-13	-19	-29	-31	-36	-40	-48	-54	-54

Successful initiatives

- Cash committee
- Suppliers negotiation
- Sales & operations planning process (decrease of stocks)
- Wall to Wall
- Animation of KPIs

Headwind

- Negative mix (new geo)
- LME

New Initiatives

- FR€€
- G€M
- Capex monitoring

Decentralized organisation

- Adaptability
- Multiplicity
- Reactivity



+ synapses
 =
 + intelligence
 + synergies
 + knowledge
 + success



Medium-term objectives

Sales growth¹

Annual free cash flow
from operations

Medium-term objectives

At least +5%

€ 2 bn by 2012

¹ Based on constant scope of consolidation and constant exchange rates

2010: our key priorities

Dynamics of our operating environment

Consumption in Western economies



Source: Eurostat Industrial Production

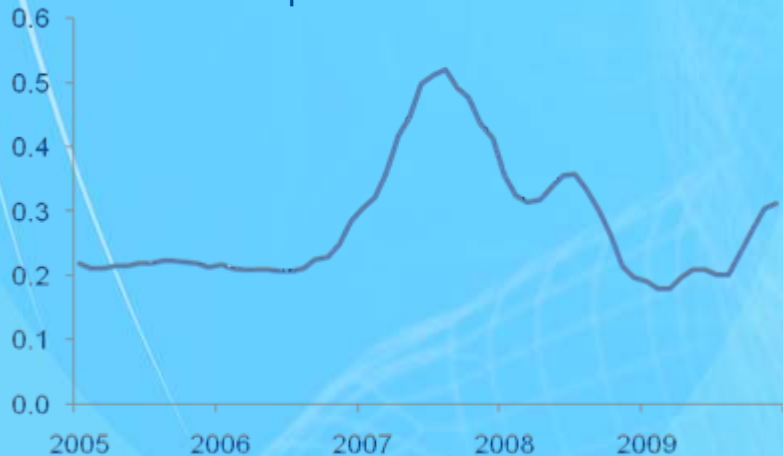
Solid growth in emerging countries



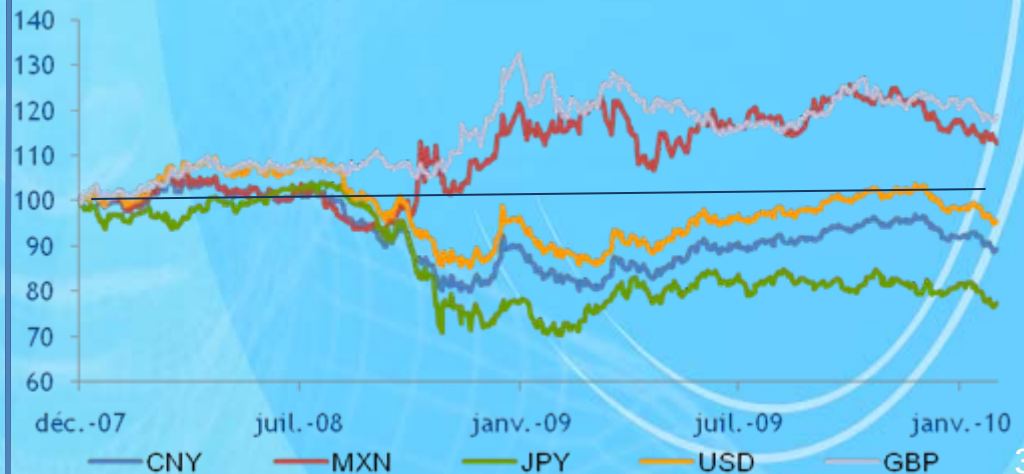
Source: Nomura Economic Monitor

Raw materials rebound

SMP price 2005 - 2009



Currencies stabilizing



Key priorities 2010

1

CONTINUE TO STRENGTHEN TOP-LINE GROWTH

- Keep reinforcing our competitive positions
- Negative value growth gradually fading away
- Strengthen new geographies & seize new opportunities

2

SUSTAIN OPERATING MARGINS

- Productivity will be key priority to counter cost inflation
- Competitive management of pricing
- Balancing H1/H2

3

MAINTAIN FREE CASH FLOW FOCUS

- Continue to improve the cash conversion cycle
- Intention to start using share buy-back authorization in 2010

Outlook 2010

	Objectives 2010
Sales growth ¹	At least +5%
Free cash flow	At least +10%
EBIT margin ¹	Stable margin

¹ Based on constant scope of consolidation and constant exchange rates

Notes

Notes

Notes