



# DANONE

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**SOCIETE GENERALE**  
Corporate & Investment Banking



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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](http://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.*



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**Danone Model in Motion**

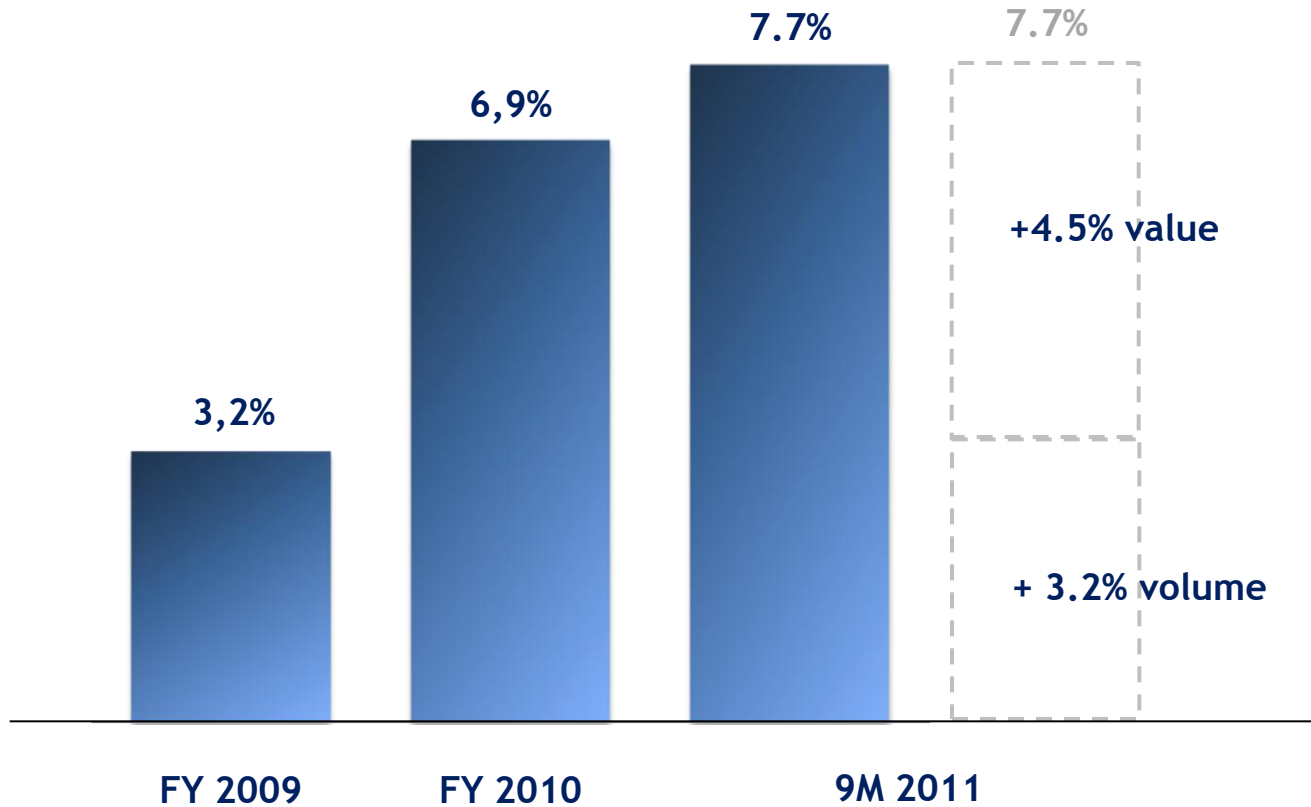
***Strong year-to-date performance***



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# Sales up +7.7% like-for-like in the first 9 months

## Like-for-like sales growth

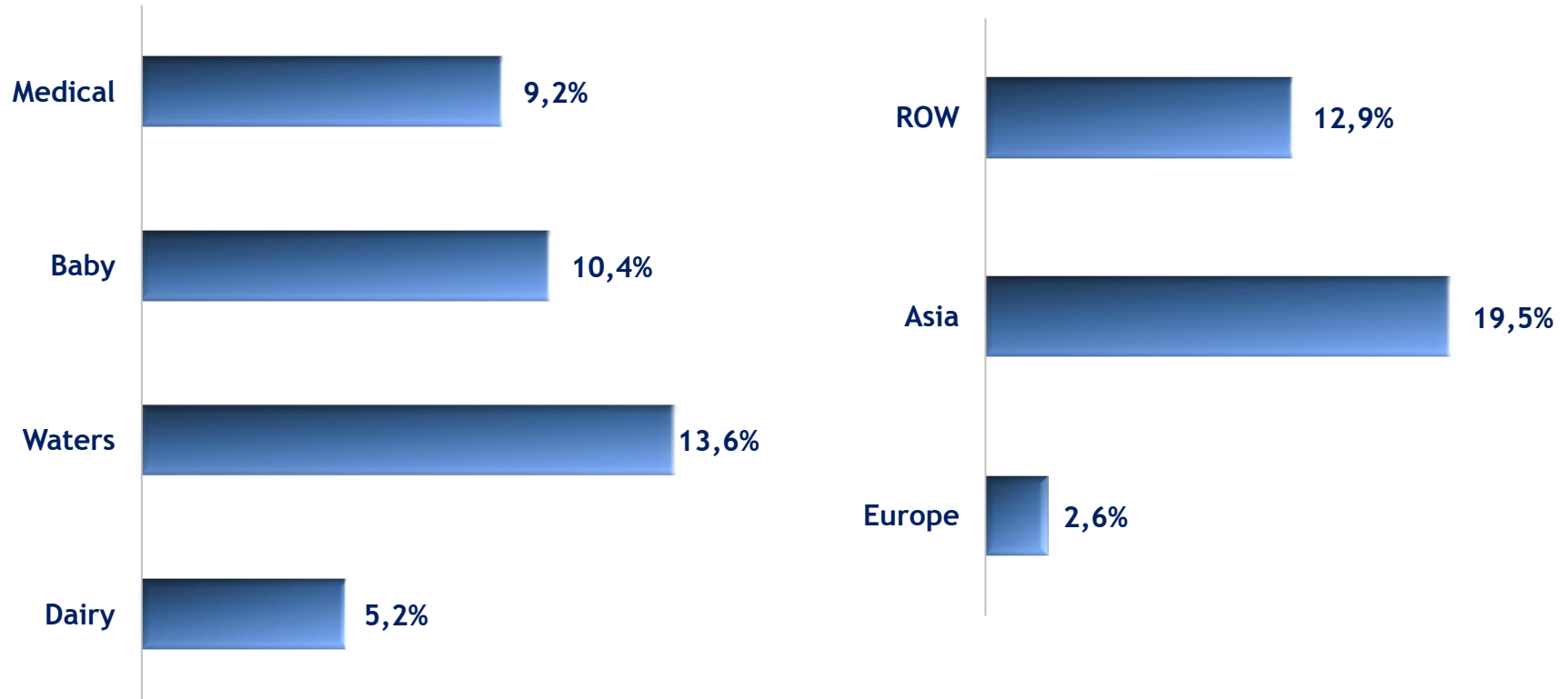




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# 9M 2011 - Broad based growth

*Like-for-like sales growth by division and by region*

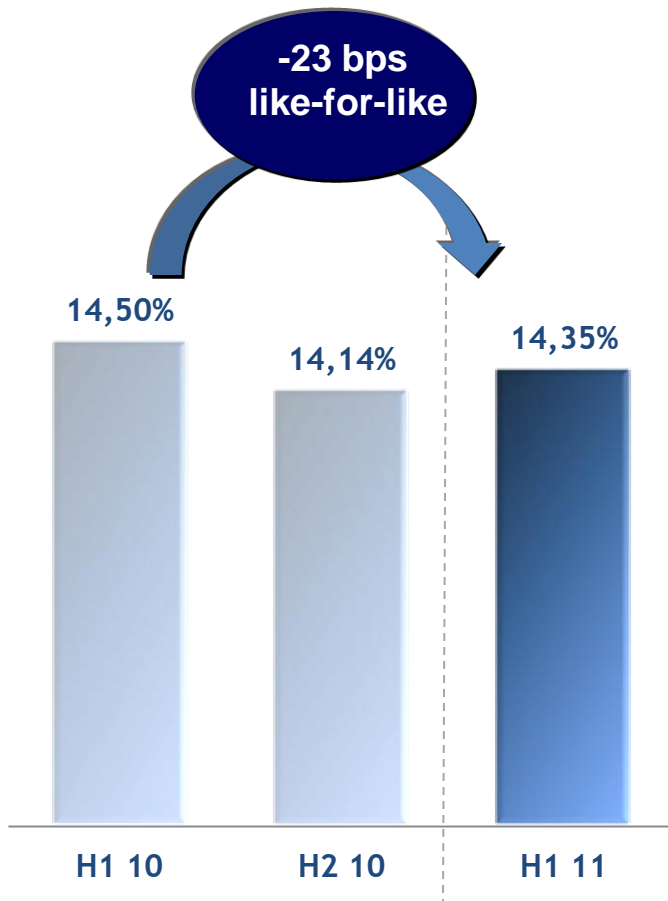




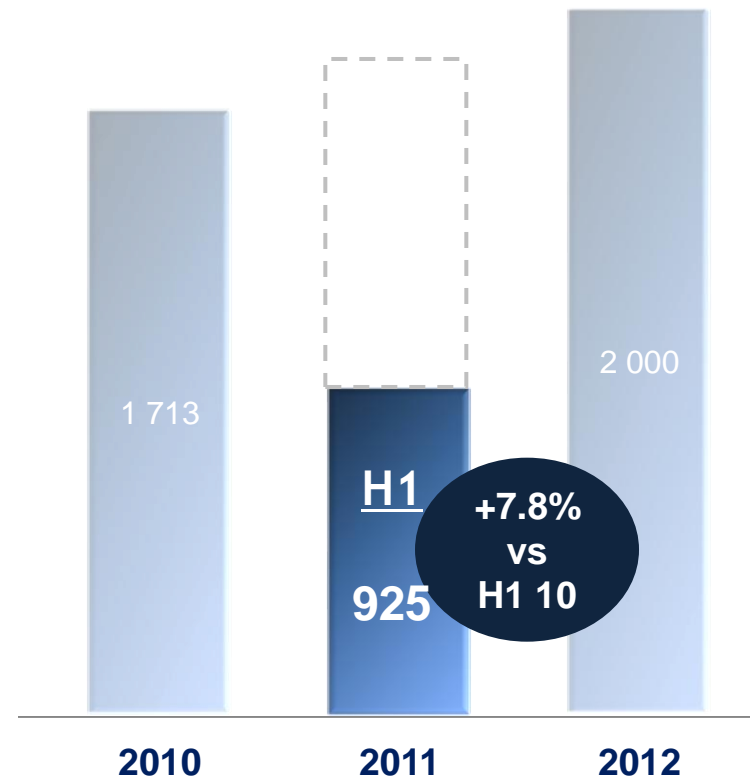
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# Margin and FCF on track to full year targets

### Trading operating margin



### 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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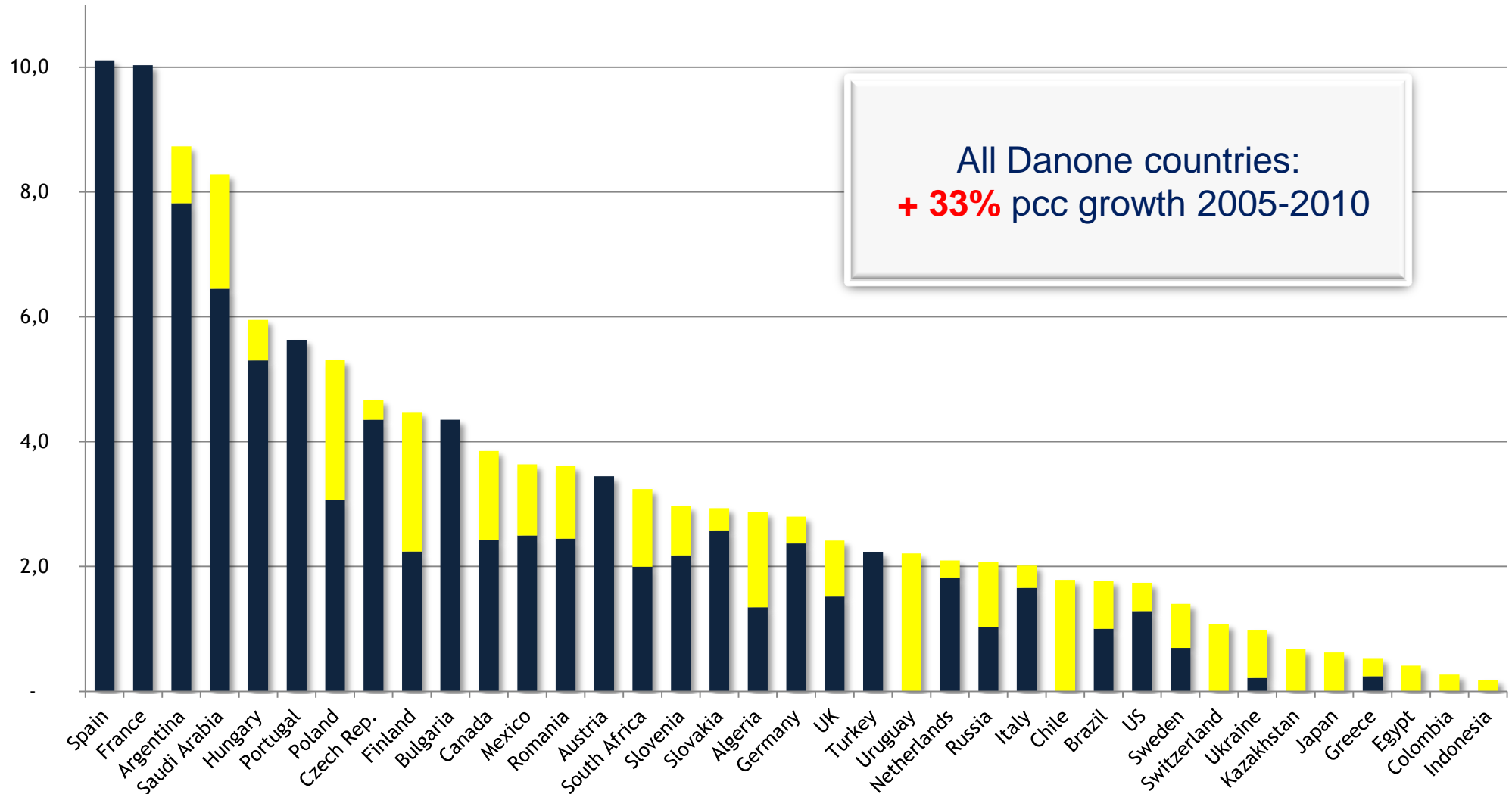
**Danone Model in Motion**  
***Solid growth platforms***



# FRESH DAIRY PRODUCTS - Growing our categories and brands

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







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# FRESH DAIRY - Continuous outstanding growth in Latam



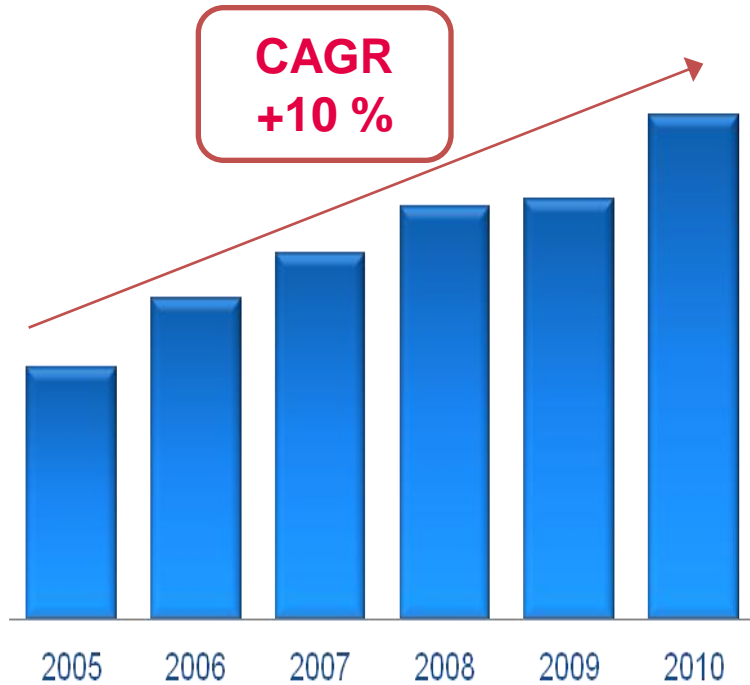


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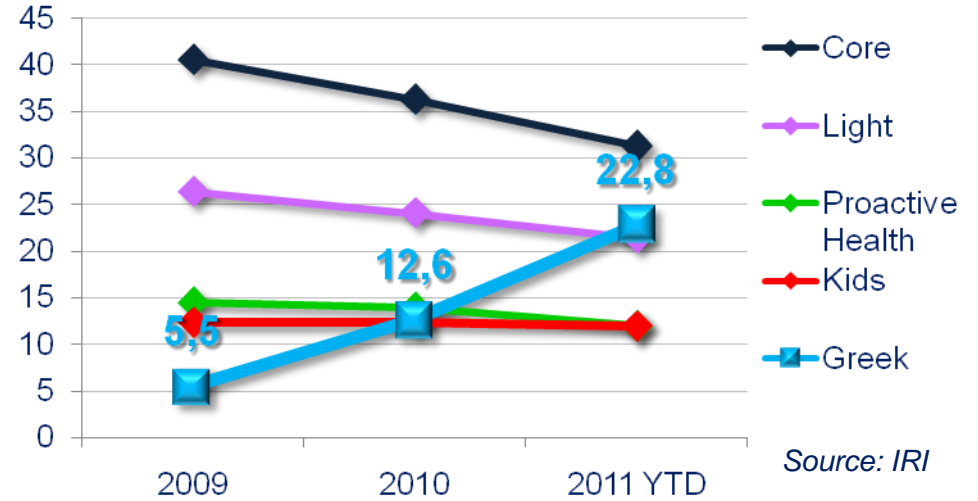
# FRESH DAIRY US : adjusting the model

## Sales - Danone Fresh Dairy Products\*

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



## Market Share by Segment



Source: IRI

## Danone Oikos preferred to competitor

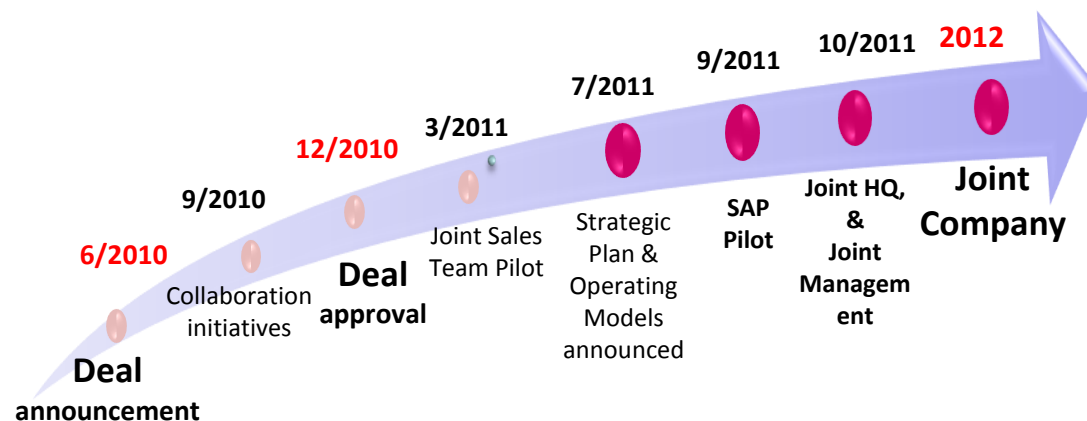


# Unimilk - Integration proceeding as planned

## 2011 priorities

- ✓ Segment the portfolio
- ✓ Drive efficiency to invest behind brands
- ✓ Integration

## Integration milestones



- Integration plans on-track : One merged Danone-Unimilk company on 1 January 2012
- Unimilk performing as expected, with focus on profitability improvement



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# WATERS - Continuous outstanding growth in Latam & Asia



(value - YTD)

Flavoured waters	+9.6 pts
Plain water - bottle	+1.2 pts
Plain water - HOD	+5.2 pts



Mizone growing double digit



Leading position in Sao Paolo after 3 years  
Now launching HOD



40 % Market share  
(value - YTD)  
**+0.6 pts vs LY**



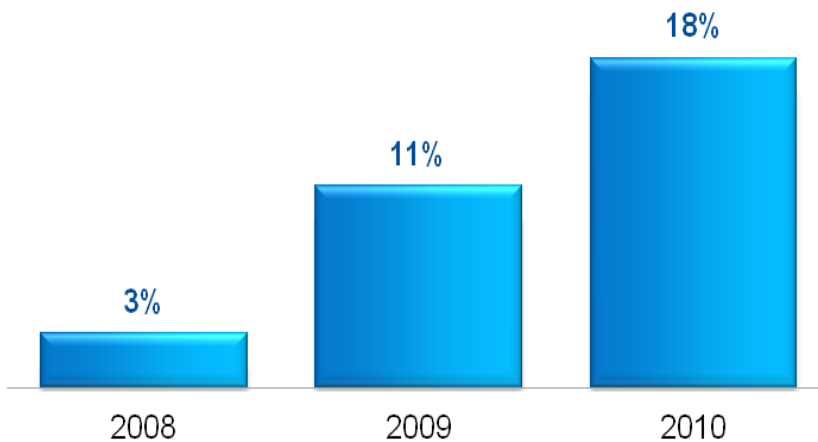
Aqua growing double digit  
Mizone growing double digit



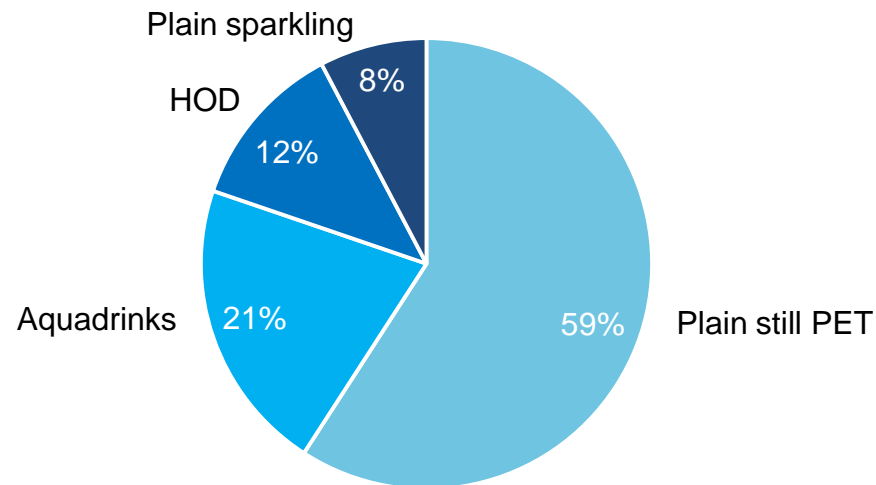
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# WATERS - Expanding the category with Aquadrinks

### 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)







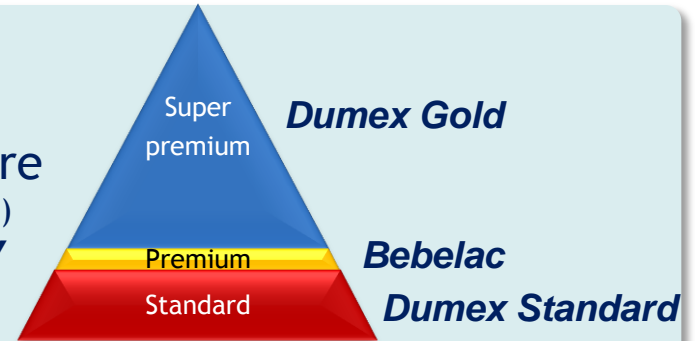
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# BABY NUTRITION - Continuous outstanding growth in Asia

Agreement for the acquisition of Wockhardt Nutrition



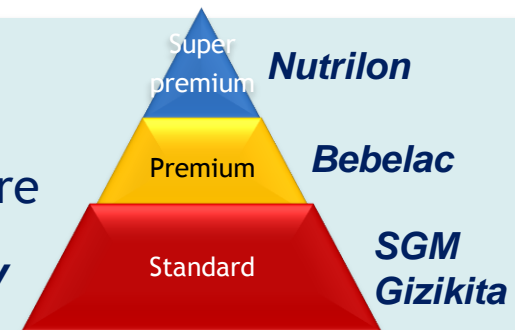
14 % Market share  
(value - MAT July 2011)  
**+0.6 pts vs LY**



30 % Market share  
(value - MAT)  
**+1.6 pts vs LY**



38% Market share  
(value - MAT)  
**+3.3 pts vs LY**



EXAMPLE IN CHINA: 1000day Program offers mom unconditional service they need along the feeding journey

## 1. Knowledge



- Immunity book to build basic knowledge



- Stage health assessment to guide mom with right nutrition knowledge



- DM & SMS to provide tailor-made service and solution



## 2. Interactive experience



- Hotline & Mom class to provide one-on-one consulting service



- Social media platform to help moms to connect with each other



- Baby show programs to demonstrate baby progress





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# MEDICAL NUTRITION - Growing our categories and brands

2011  
launches :



## Co-building with KOL for business impact

### Healthy ageing initiative



Pilot project for European Innovation Partnerships (EIP)

#### Objectives

- to add, by 2020, two healthy life years to the average healthy life span of European citizens
- by mobilizing and linking up stakeholders, EU institutions, national and regional authorities in order to facilitate new ways of working together across the entire innovation value chain

#### Steering Group

Chaired by Vice-President for the Digital Agenda Neelie Kroes and by the Commissioner for Health John Dalli

34 members

Danone is the only food or medical nutrition company in the Steering Group



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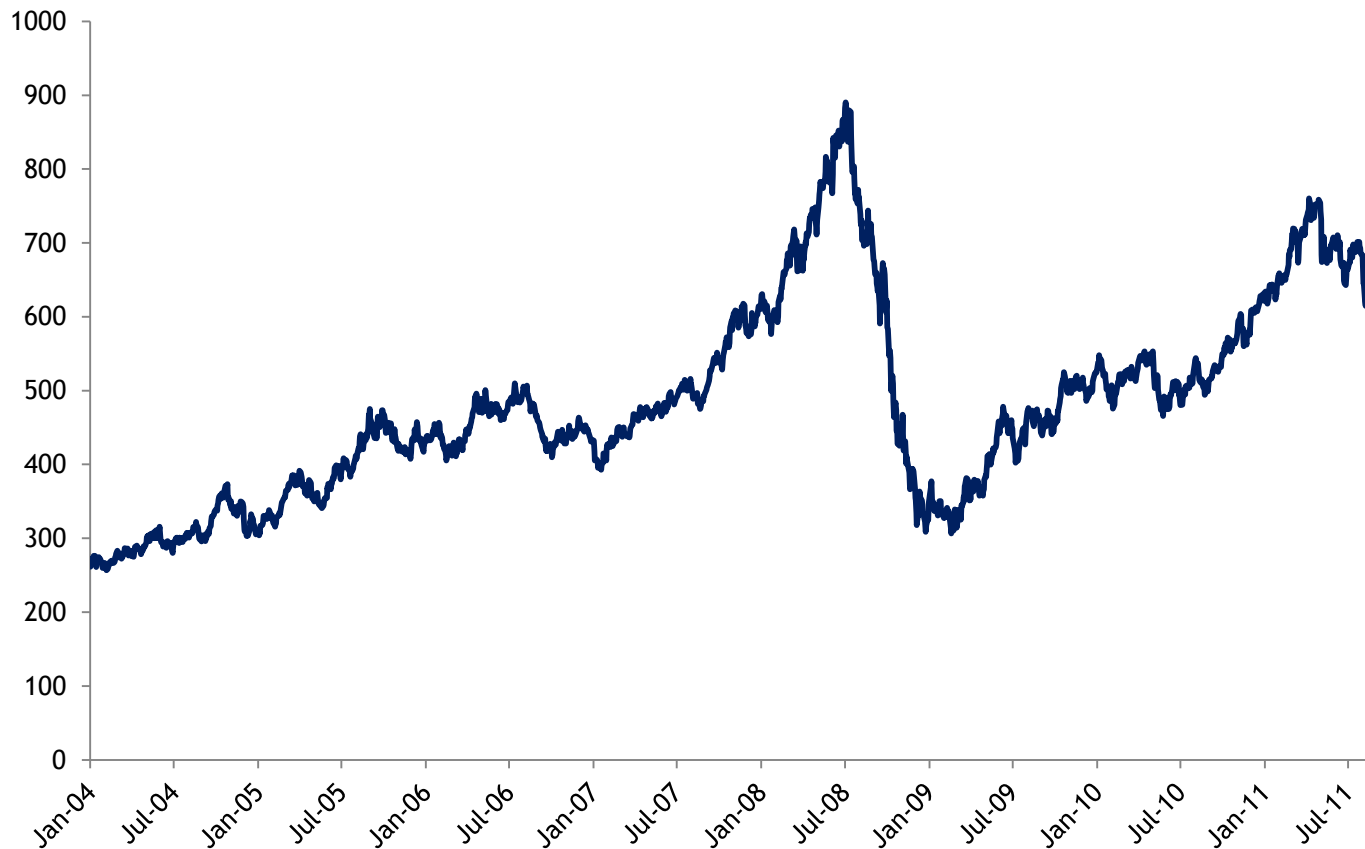
## Danone Model in Motion

*Managing profitable growth  
in a challenging environment*



# Input cost at high level and volatile

*S&P GSCI Commodity Index*

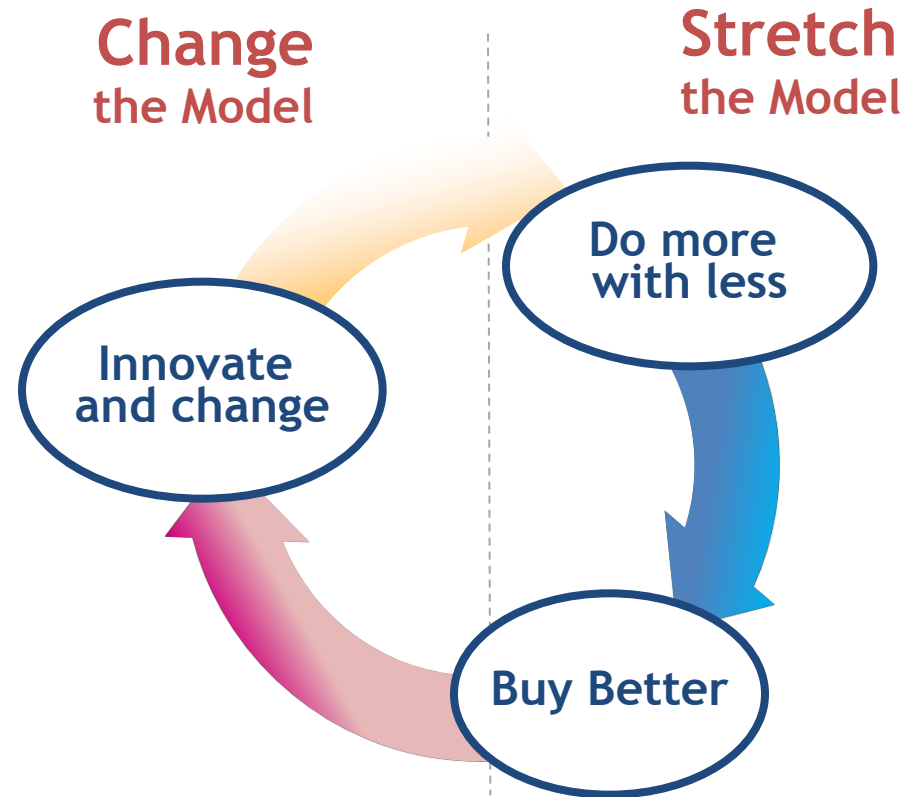
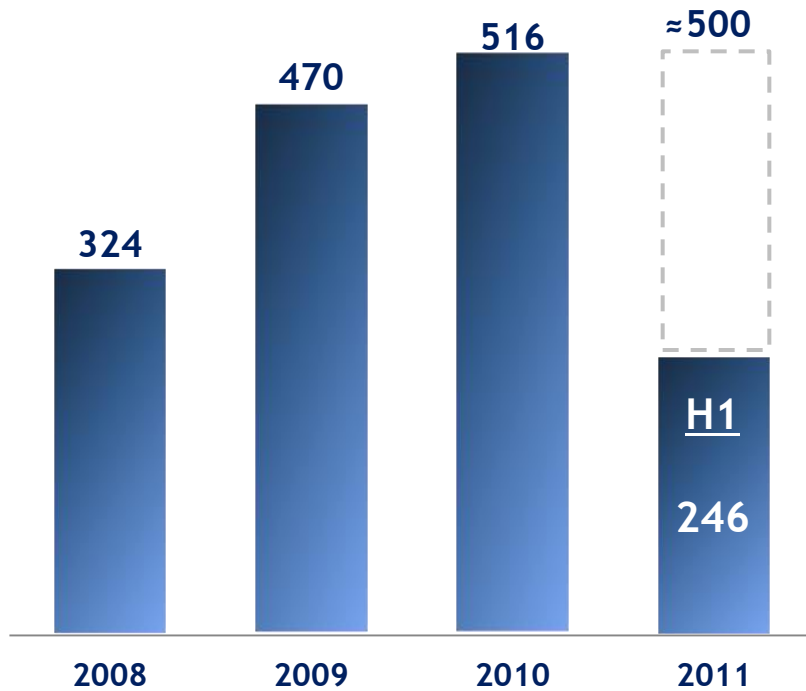




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# Strong productivities the first lever to manage input costs

Productivity <sup>(1)</sup> 2007-2011 (€ mln)



(1) Perimeter = COGS including logistic costs

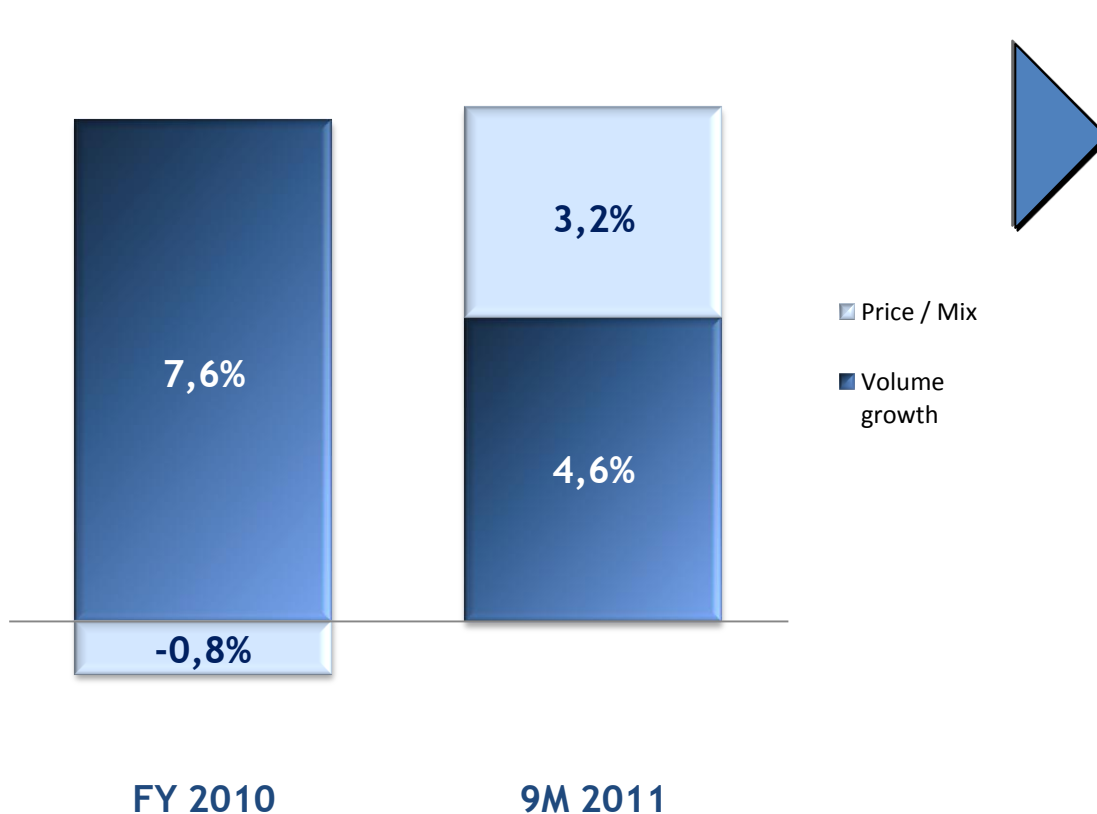


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# Competitive management of pricing

*Danone stand-alone before Unimilk*

## Volume and price/mix growth - Total Group without Unimilk



### Reset

- Price index in Fresh Dairy Products from 126 to 120

### 2011 & beyond

- Selected competitive price increases
- Balanced portfolio across the pyramid => more resilient



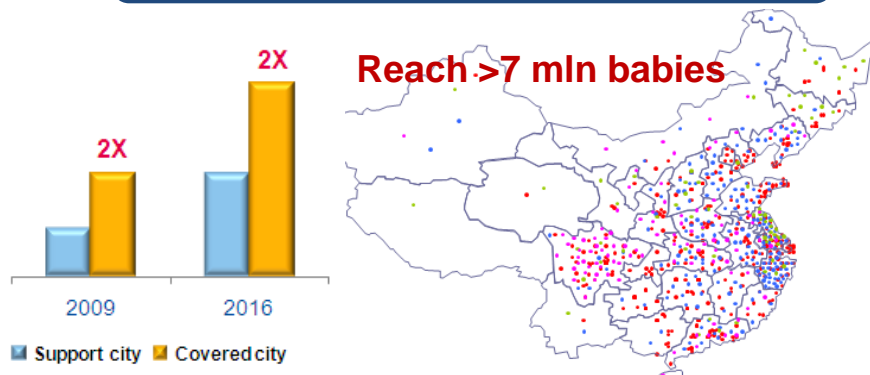
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# Invest behind growth drivers

## Building categories



## Building distribution



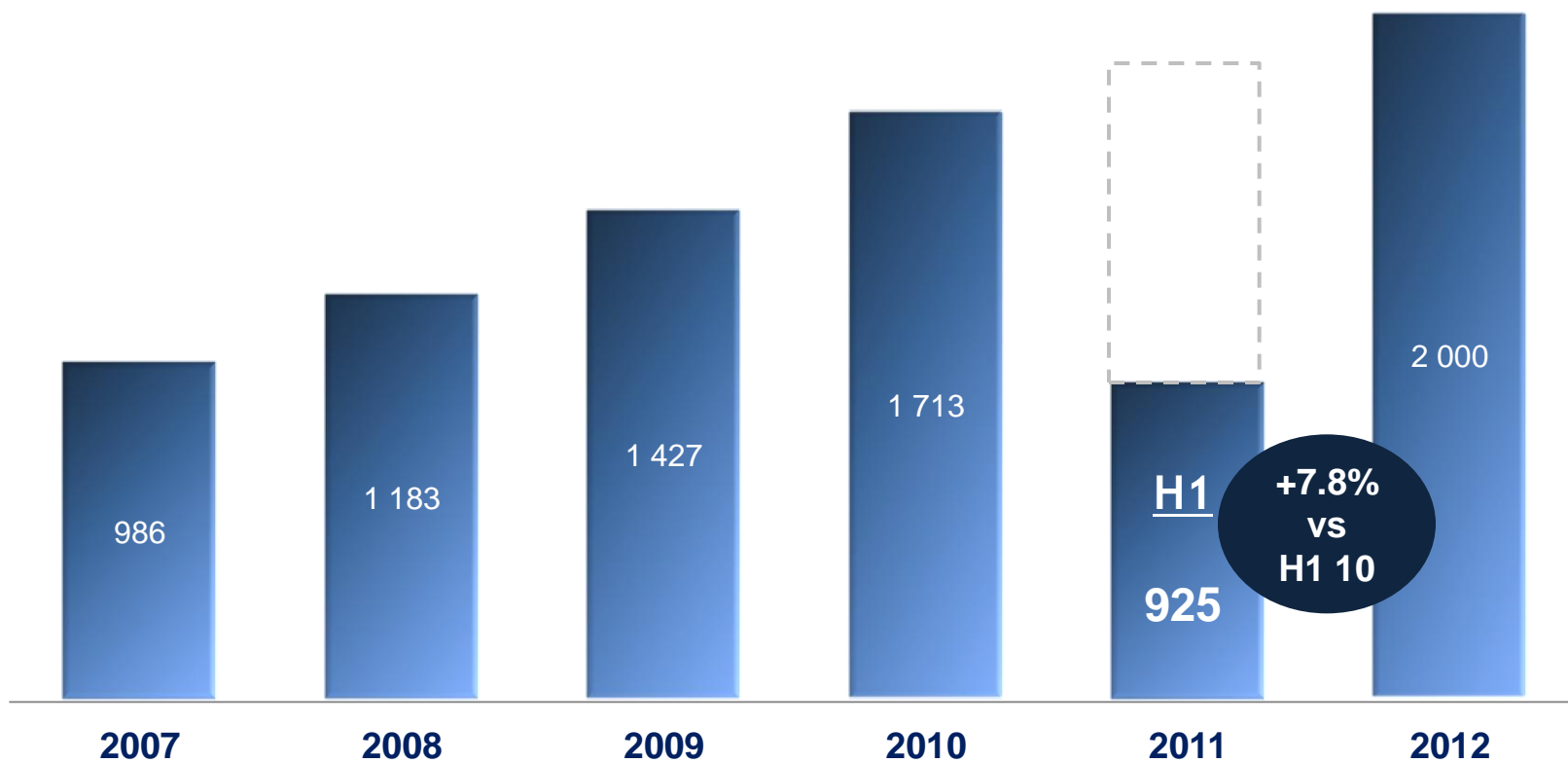
## Building new business models





# FCF remains a core focus

## 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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# Danone Model in Motion

## *Outlook*

# 2011 targets confirmed

	Objectives 2011
Sales growth <sup>(1)</sup>	6-8%
Free Cash Flow <sup>(2)</sup>	Towards € 2 bn in 2012
Trading Operating Margin	around +20 bps <sup>(1)</sup>

*(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*