



Pierre-André T erisse Chief Financial Officer

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DANONE

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 Registration Document (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.

Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material.

The image is a collage. The top half features a row of Brazilian flags flying against a background of old, weathered buildings. The bottom half shows a street scene where children are playing soccer. In the foreground, a child in a yellow jersey with the number 10 is seen from behind. In the middle ground, another child in a yellow jersey is kicking a ball, with three white starburst graphics around the ball. A third child in a white shirt and cap is walking nearby. The background shows a large, ornate metal gate and the facade of an old building.

H1 2014 Highlights

H1 2014 KEY ACHIEVEMENTS



OVERCOME MILK INFLATION



Q1 margin under pressure as a result of record milk prices

Pricing, mix & cost management
→ Q2 bounce back

Milk prices now stabilized / down

INNOVATION & MIX IN KEY MARKETS



EUROPE: Danio, evian La Goutte and Looney Drinks

NORAM/CIS: Tëma Biolact, Creamery & Oikos Frozen

ALMA: Nutrilon & Dumex International, VIT Levité

STRENGTHEN OUR STRATEGIC PLATFORMS



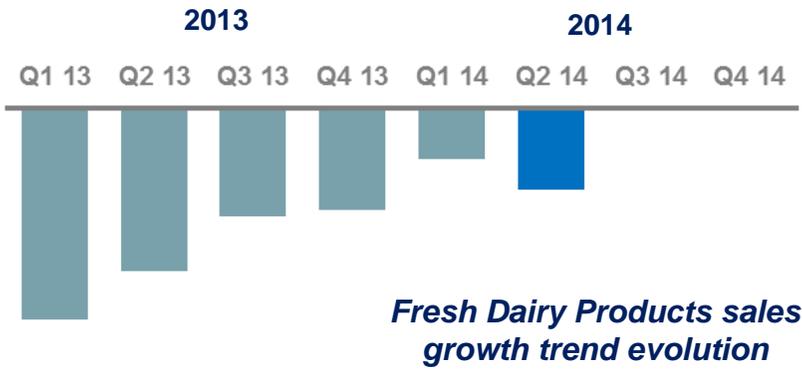
Closing of COFCO Mengniu partnership:
Increased stake & Fresh Dairy JV

Strengthening Africa:
40% stake in Brookside (East Africa)

H2 2014 AGENDA - DELIVER ON 2014 KEY PRIORITIES



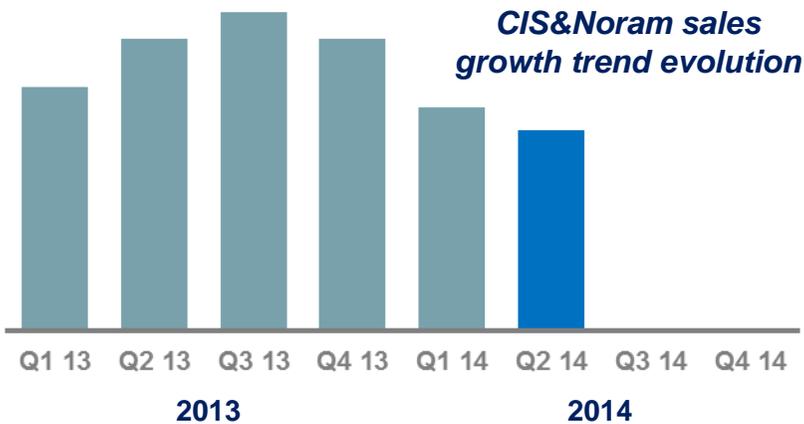
TURNING AROUND EUROPE



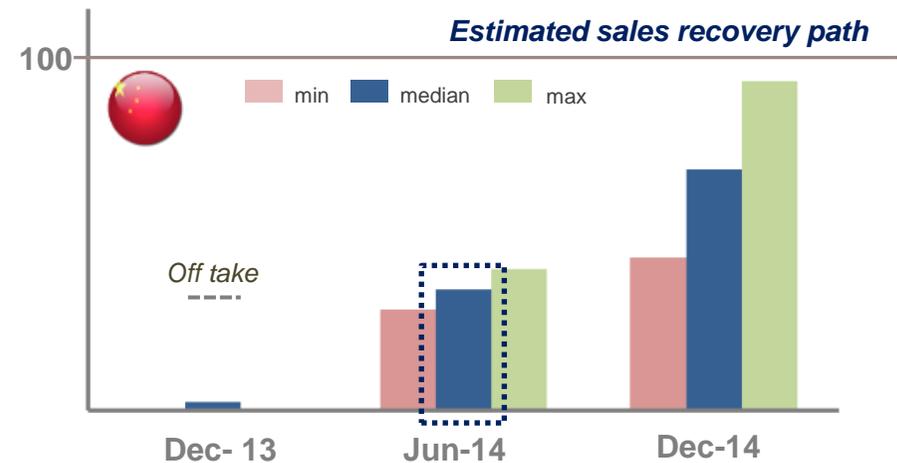
GROW AND NAVIGATE IN ALMA

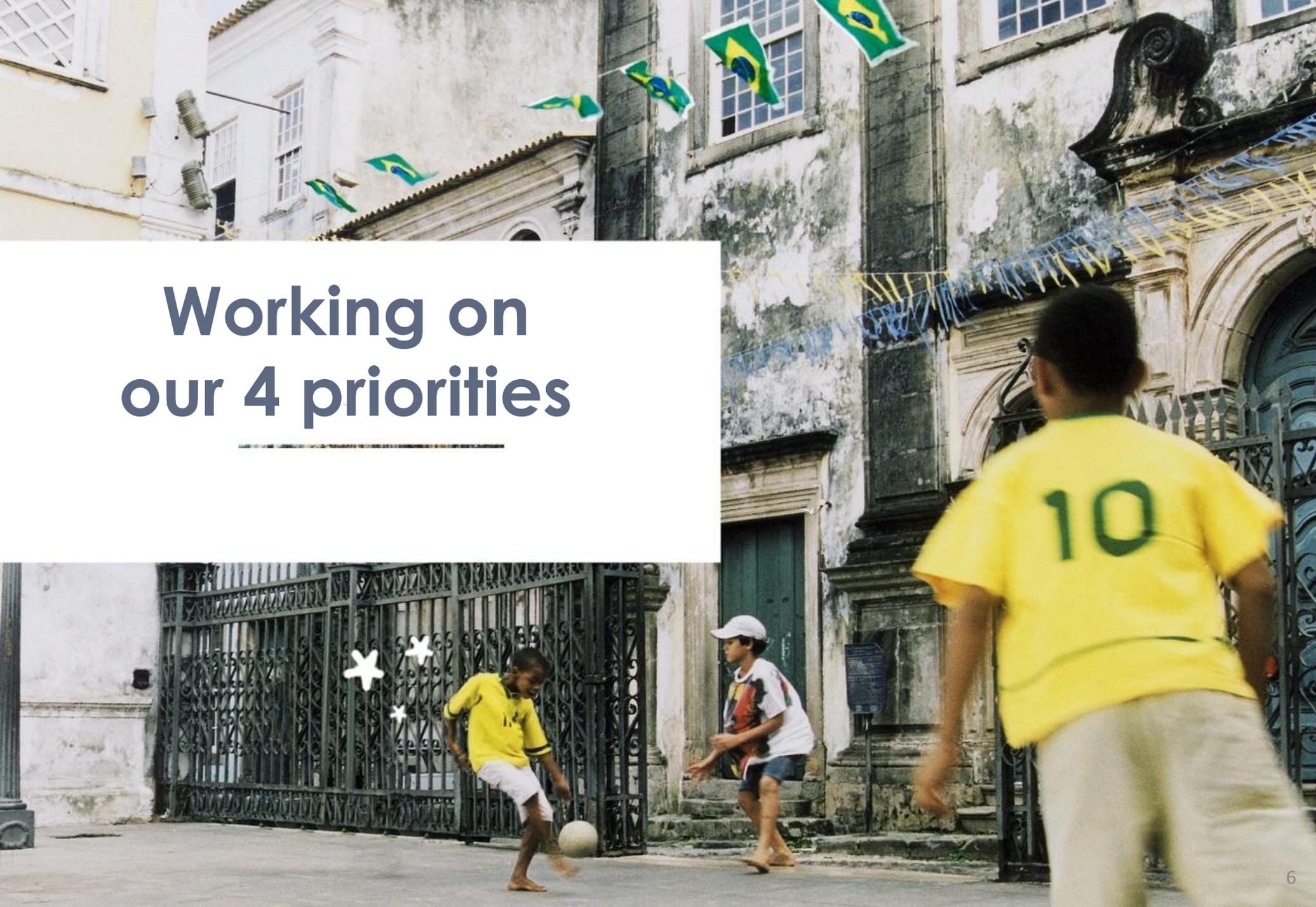


KEEP WINNING CIS & NORAM



TURN ELN ENGINE BACK TO FULL SPEED



The image is a collage. The top half shows a street scene with several Brazilian flags flying from buildings. The bottom half shows three children playing soccer in a narrow street. One child in the foreground is wearing a yellow jersey with the number 10. Another child in the background is wearing a white jersey and a white cap. A third child is in the middle ground, also in a yellow jersey, kicking a ball. There are white starburst graphics near the child in the middle ground. A white text box is overlaid on the top half of the image.

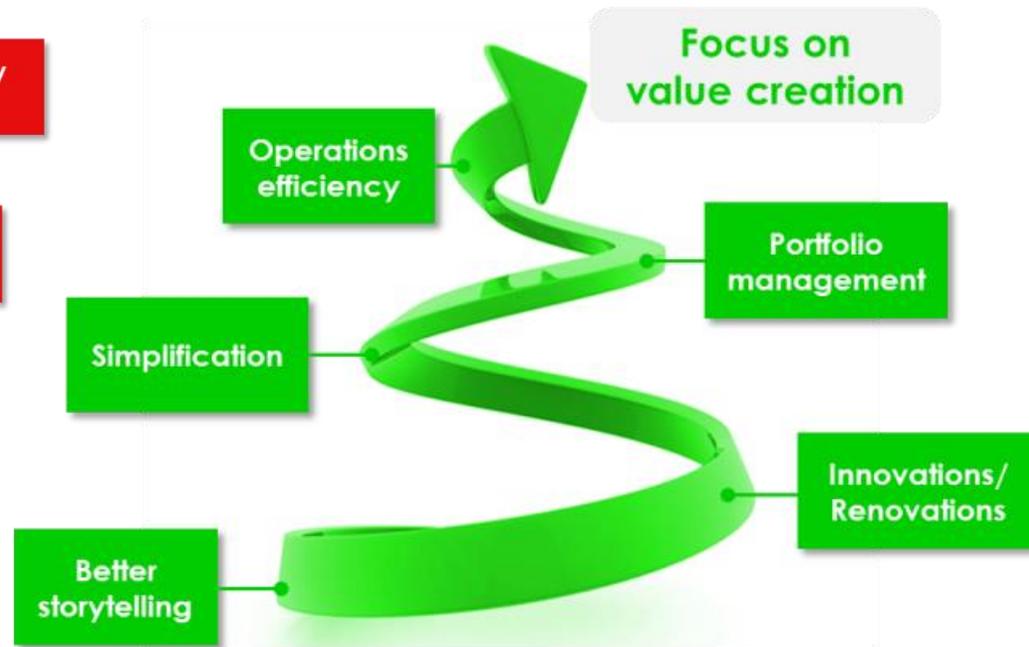
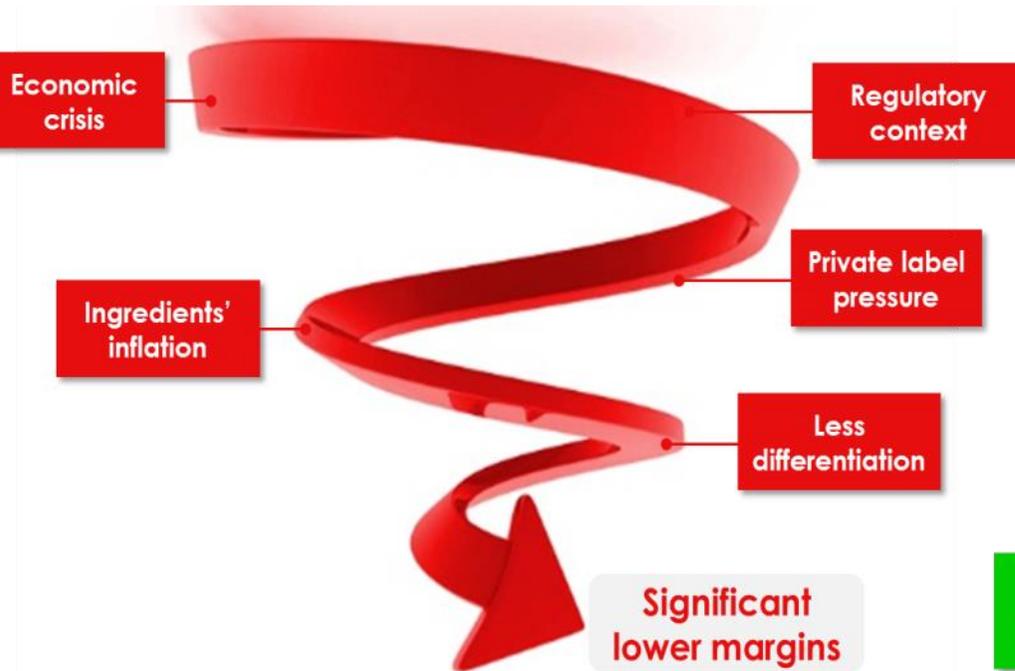
Working on our 4 priorities

DAIRY EUROPE: REINVENTING THE MODEL



FROM :

TO:

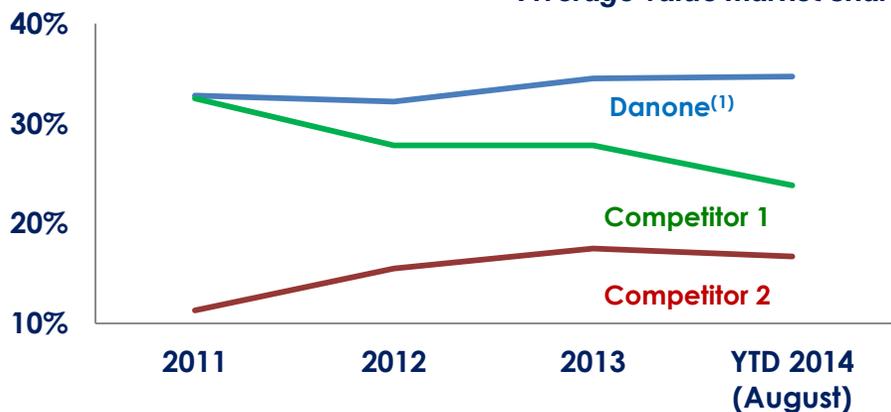


USA: LEADING THE CATEGORY THROUGH GREEK AND INNOVATIONS



LEADING THE YOGURT CATEGORY

Average value market shares



⁽¹⁾ Danone : including Stonyfield and YoCrunch

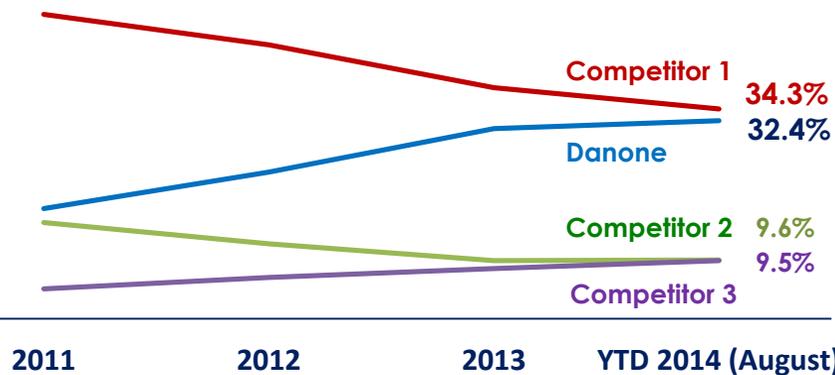
Source: IRI Multi Outlet

PUSH INNOVATIONS AGENDA



CO-LEADING THE GREEK YOGURT SEGMENT

Average value market shares



Source: IRI Multi Outlet

USA: PILLARS FOR DANNON'S FUTURE GROWTH



Innovations



Consumer Engagement



Category Advocacy



Working with retailers



Engaging with our partners



RUSSIA: A STRONG BUSINESS WITH LOCAL ROOTS



Local brands volume >80% of total portfolio



100% local milk sourcing

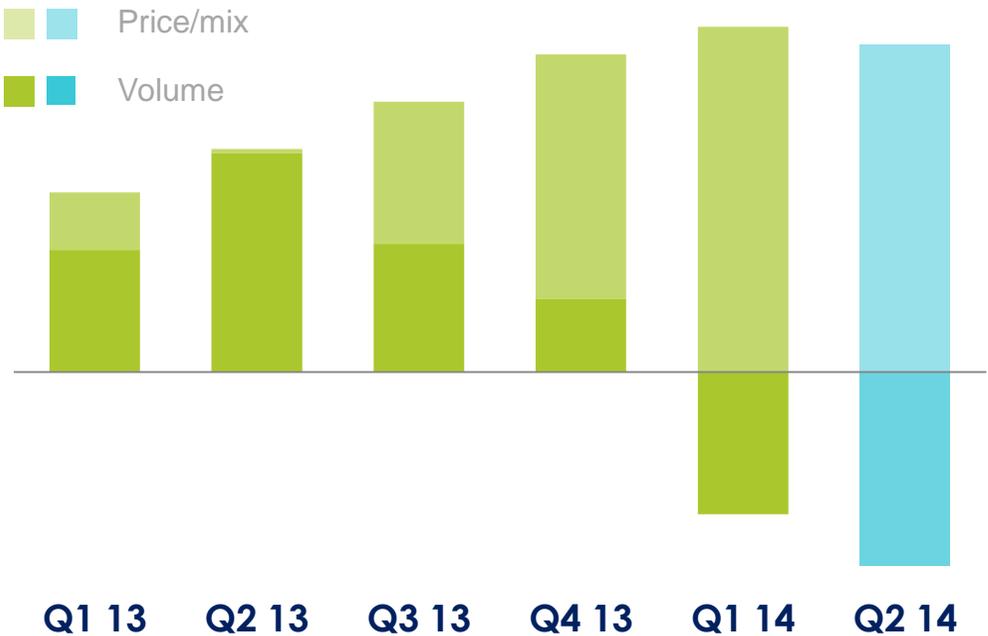


100% local production

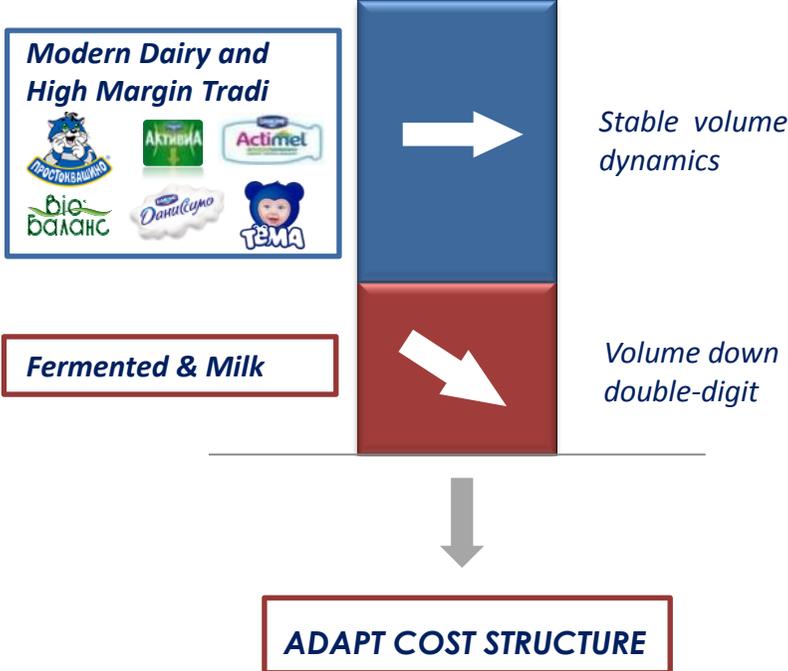
CIS: KEEP STRENGTHENING THE PORTFOLIO



CIS PERFORMANCE



RUSSIAN SALES BREAKDOWN



WATERS: BRINGING AQUADRINKS TO CONSUMERS

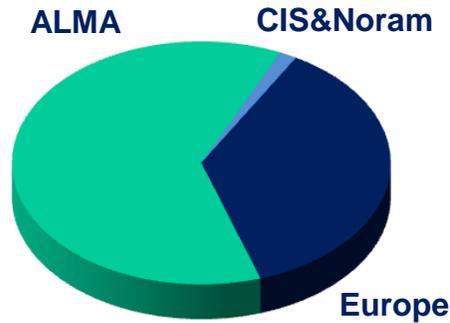
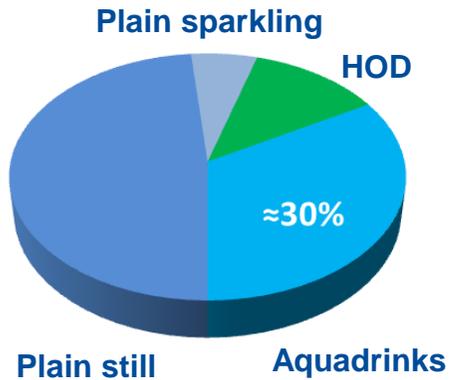


a key contributor to growth
H1 2014 growth >20%

Main H1 2014 innovations



WATERS GEOGRAPHICAL AND CATEGORY SALES SPLIT



2013 Margin growth :
+10 bps

PLEASURE IN THE PRODUCT EXPERIENCE



BRING EXCITEMENT TO AQUADRINKS



Seasonal



Event-related



Health theme

... AND KEEP TURNING ELN CHINA ENGINE BACK TO FULL SPEED



STRONG ACTIVATION CAMPAIGNS

Blue house exclusive launch at Walmart



SUSTAINABILITY ENABLERS

Build category recognition

Master geographies and channels

Be the closest to mums

Efficient investment model to secure profitability

Secure global supply chain

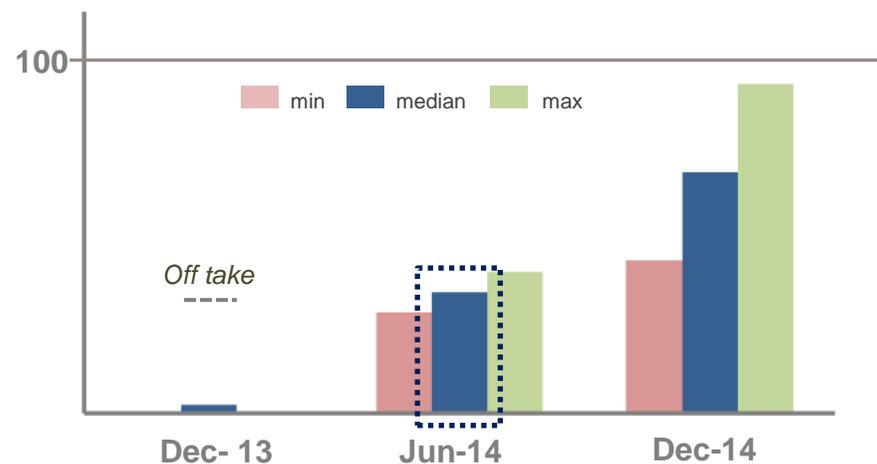
Merchandising of Dumex Precinutri International



Modern trade

Mum and Baby Store

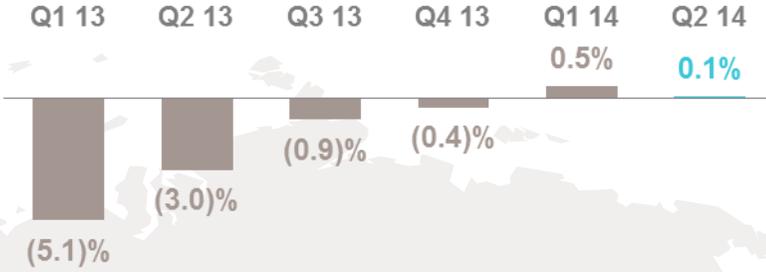
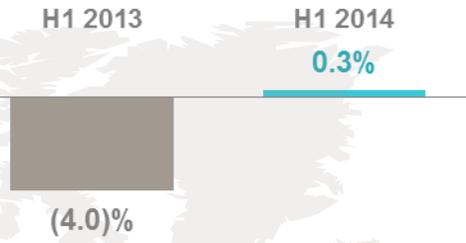
ESTIMATED SALES RECOVERY PATH



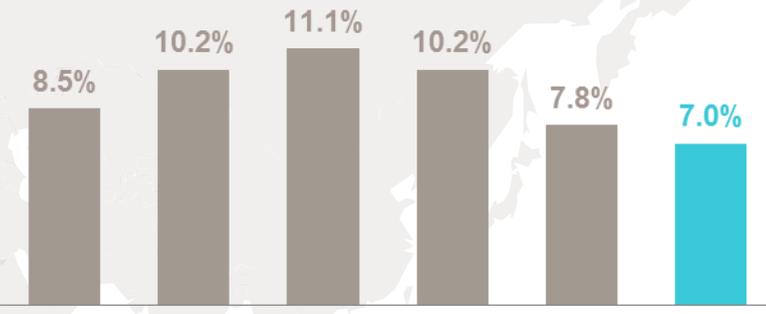
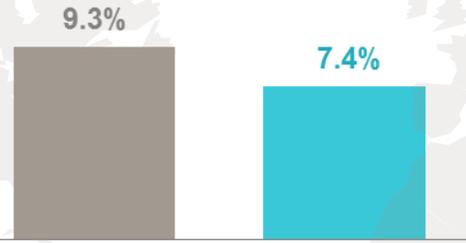
GEOGRAPHICAL DYNAMICS



EUROPE

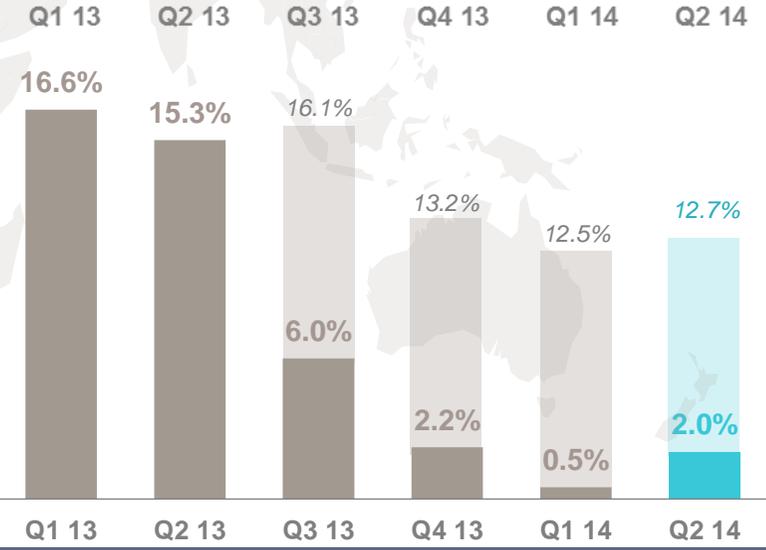
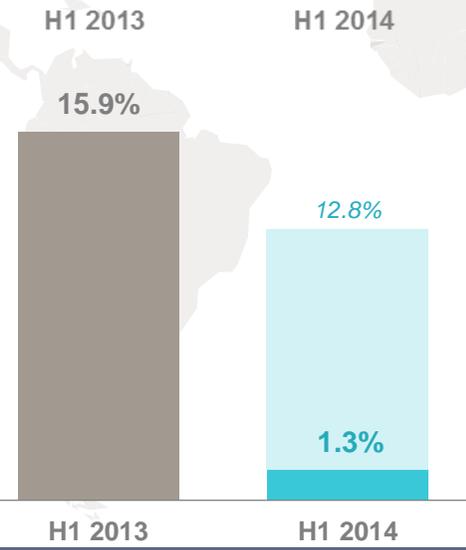


CIS & NORAM *CIS+USA+Canada*



ALMA

AsiapacLatamMiddleEastAfrica



Actual

Excluding 8 recall markets

2014 objectives

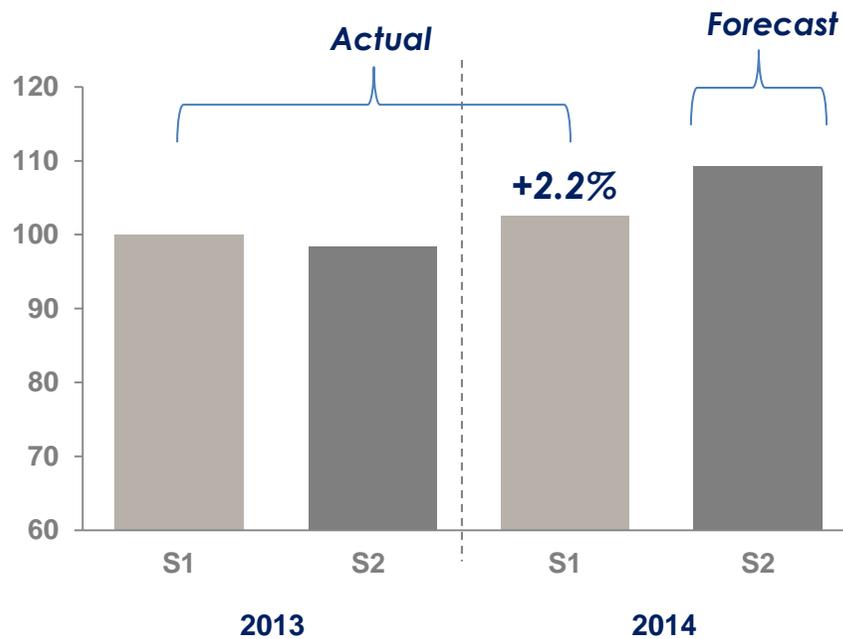
Sales growth ⁽¹⁾	+4.5% to +5.5%
Trading operating margin ⁽¹⁾	Stable ± 20 bps
Free cash-flow excluding exceptional items ⁽²⁾	around €1.5 bn

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

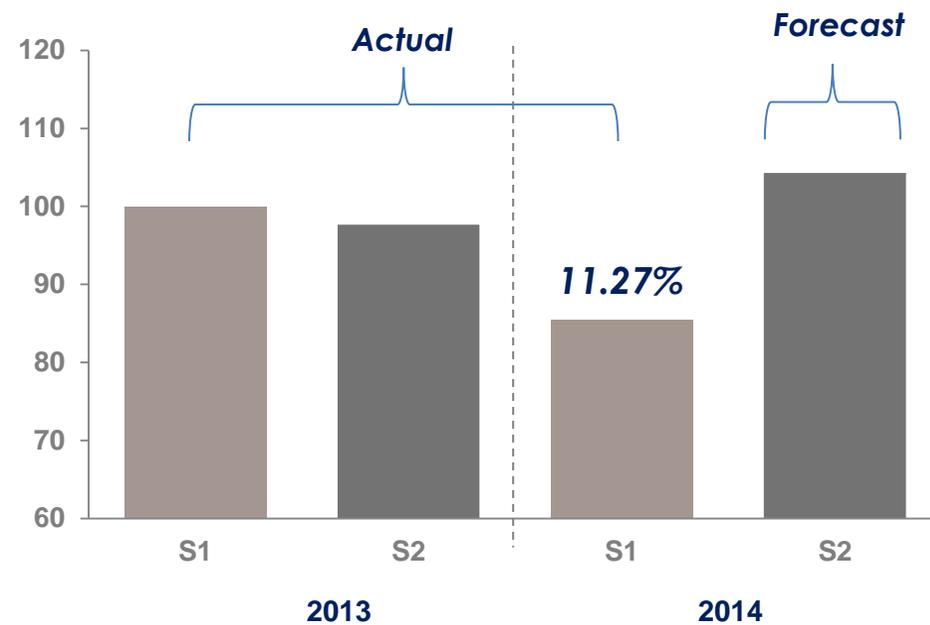
(2) Free cash-flow excluding exceptional items : cash-flows provided or used by operating activities less capital expenditure net of disposals, excluding acquisition costs related to business combinations and earn-outs related to business combinations and paid subsequently to acquisition date and before cash-flows related to initiatives that may be taken by the Group to deploy the plan to generate savings and adapt its organizations in Europe

2014: AN UNBALANCED YEAR

TOPLINE



MARGIN



- * Negative effect of the 2013 comparison base and carryover of the Fonterra crisis
- * Strong rebound expected in H2 2014

BRING DANONE BACK TO THE AGENDA OF A...



DANONE



**STRONG
PROFITABLE
SUSTAINABLE**

GROWTH

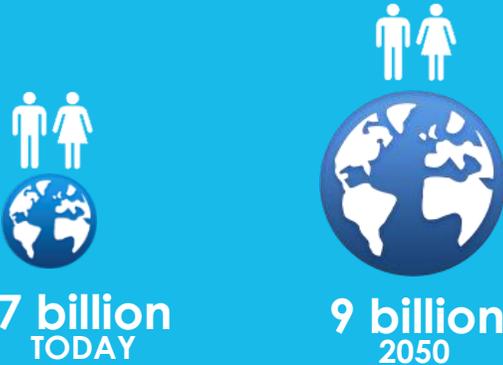
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Danone towards 2020

A CRITICAL MISSION IN A CHANGING WORLD



GROWING POPULATION



RESOURCES SCARCITY AND VOLATILITY



BALANCING DIETS: A KEY CHALLENGE OF THE WORLD

1/4 undernourished
1/3 overweight adult
1/10 obese adult



INCREASING FOOD SAFETY & QUALITY STANDARDS



WE CONTINUE TO BUILD A UNIQUE AND RELEVANT APPROACH TO FOOD



Becoming partners in Dairy in China



Our ambition :

Become the indisputable leader of Fresh Dairy in China by offering safe, qualitative and superior products through a more diversified portfolio

Top 3 brands: >50 % portfolio



Bringing Greek as part of consumers' diet



Strengthening Aquadrink platforms

Growing Mizone



Expanding Levité



Developing Dairy in Africa



MASTER FOOD & WATER CYCLES TO CREATE VALUE



MILK

Manage milk price inflation

Danone Farmgate Price evolution (€ur/Ton)



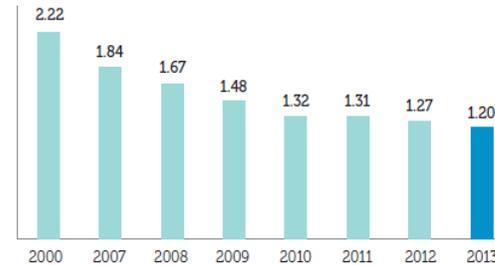
Secure access, reduce volatility and ensure cost competitiveness



WATER

Resource efficiency

Intensity of water consumption related to production processes (in m³/ton of product)



Waste reduction

-46%

Reduction of water consumption since 2000

Expertise to create value for consumers

« SPRING »

Management standard for each source of spring water bottled by Danone



ONE BOARD

**14 Board members
71% independent**

ONE CHAIRMAN



ONE CEO



ONE COMEX



Simplified governance - Strengthened execution

ONE DANONE TO REINFORCE COMPLIANCE AND ENSURE SUSTAINABILITY OF THE MODEL



NO COMPROMISE

Never compromise on food safety
100% compliance to all regulatory requirements

QUALITY OF DESIGN

Consumer preference
+
Outstanding product experience

A DEDICATED ORGANIZATION

Product compliance board & audit support

ZERO DEFAULT ATTITUDE

Everyday excellence
Target zero waste

QUALITY OF EXECUTION

Consumer confidence in every product, every day

ONE DANONE



DANONE AS A KEY LEADER IN A PROMISING FOOD CATEGORY



BRINGING HEALTH THROUGH
FOOD
TO AS MANY PEOPLE AS POSSIBLE



