



# DANONE

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**Chief Financial Officer**

**Kepler Cheuvreux - Autumn Conference**

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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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A unique mission

BRING HEALTH THROUGH FOOD TO AS MANY PEOPLE AS POSSIBLE





# Clear priorities

## 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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# H1 Results in line with priorities

## H1 2013 Results figures

### Growth Markets

Sales

**6.9 bn**

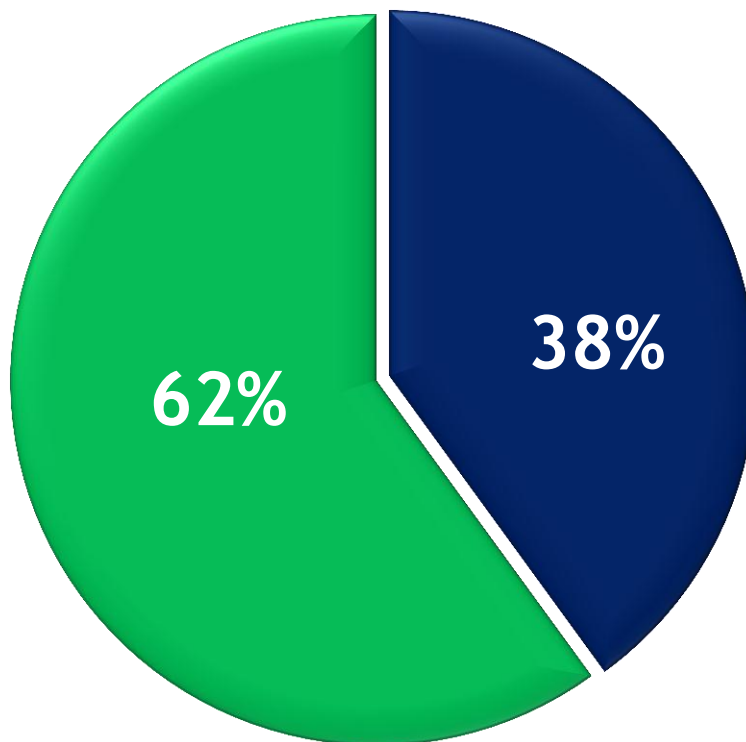
**+13.5%** like-for-like<sup>(1)</sup>

Trading operating margin

**12.8%**

**+10bps** like-for-like<sup>(1)</sup>

Sales breakdown



### Europe

Sales

**4.2 bn**

**-4.0%** like-for-like<sup>(1)</sup>

Trading operating margin

**14.3%**

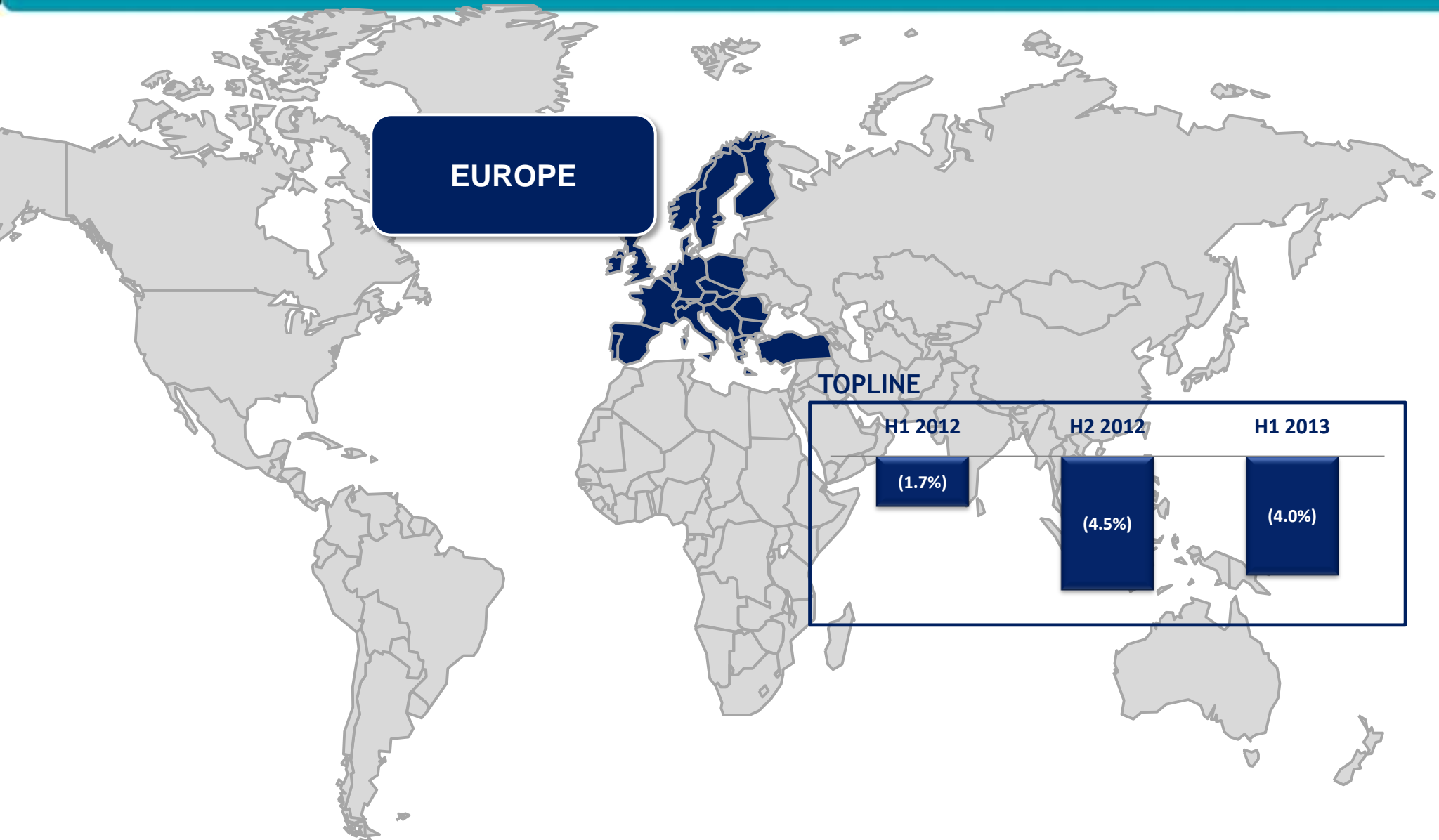
**-118bps** like-for-like<sup>(1)</sup>

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



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# Europe : First positive signals





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# Europe : Our roadmap to restore growth

The best packaging



The right organization



The best product



The right price point



Differentiating innovation





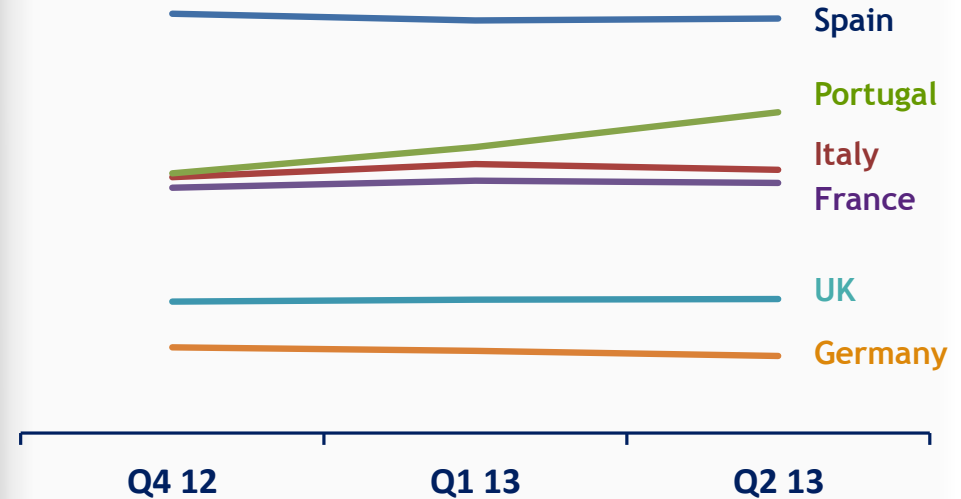
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# Dairy Europe : first signs of stabilization

## Breakdown volume / value growth (%)

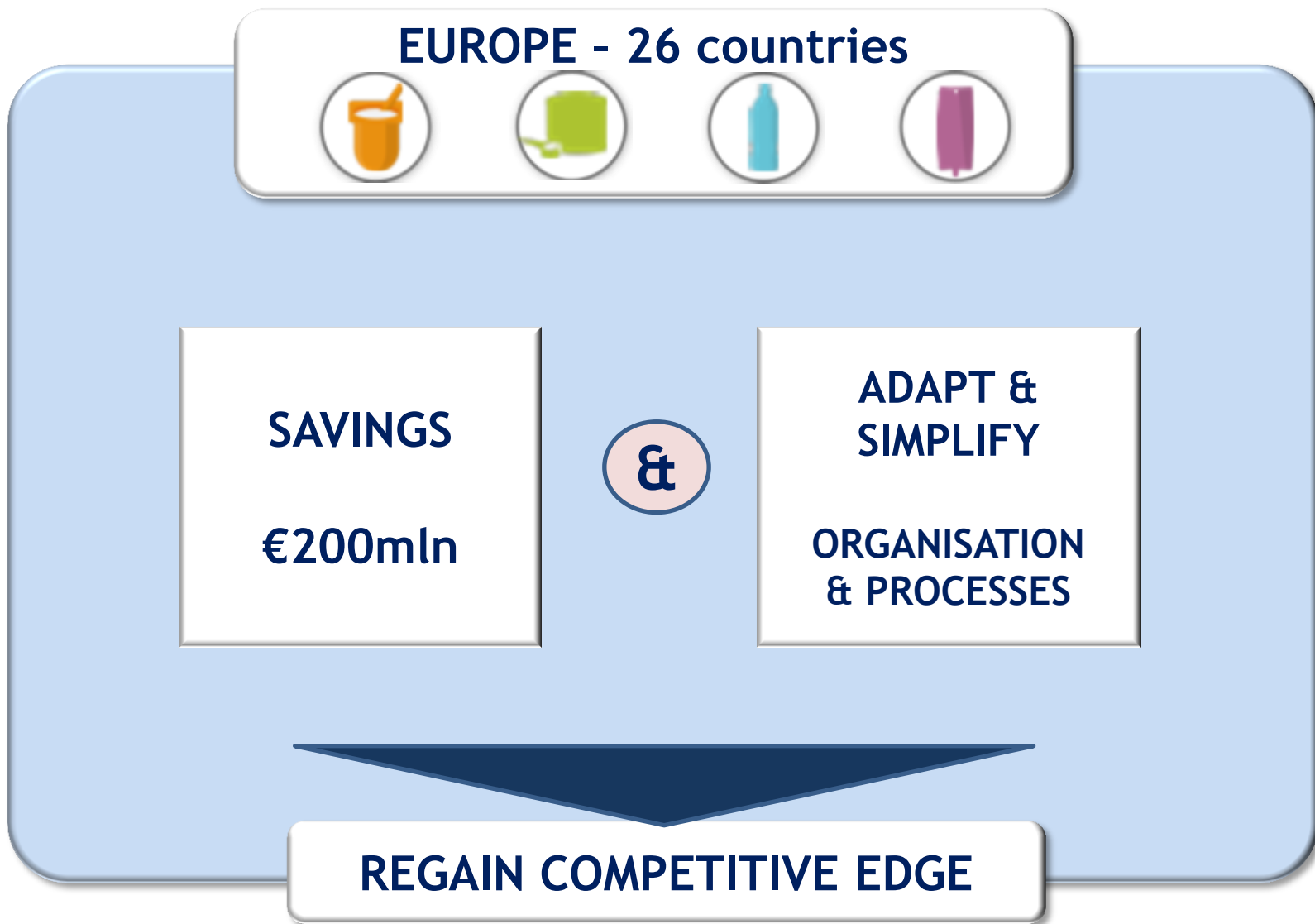


## Value market shares





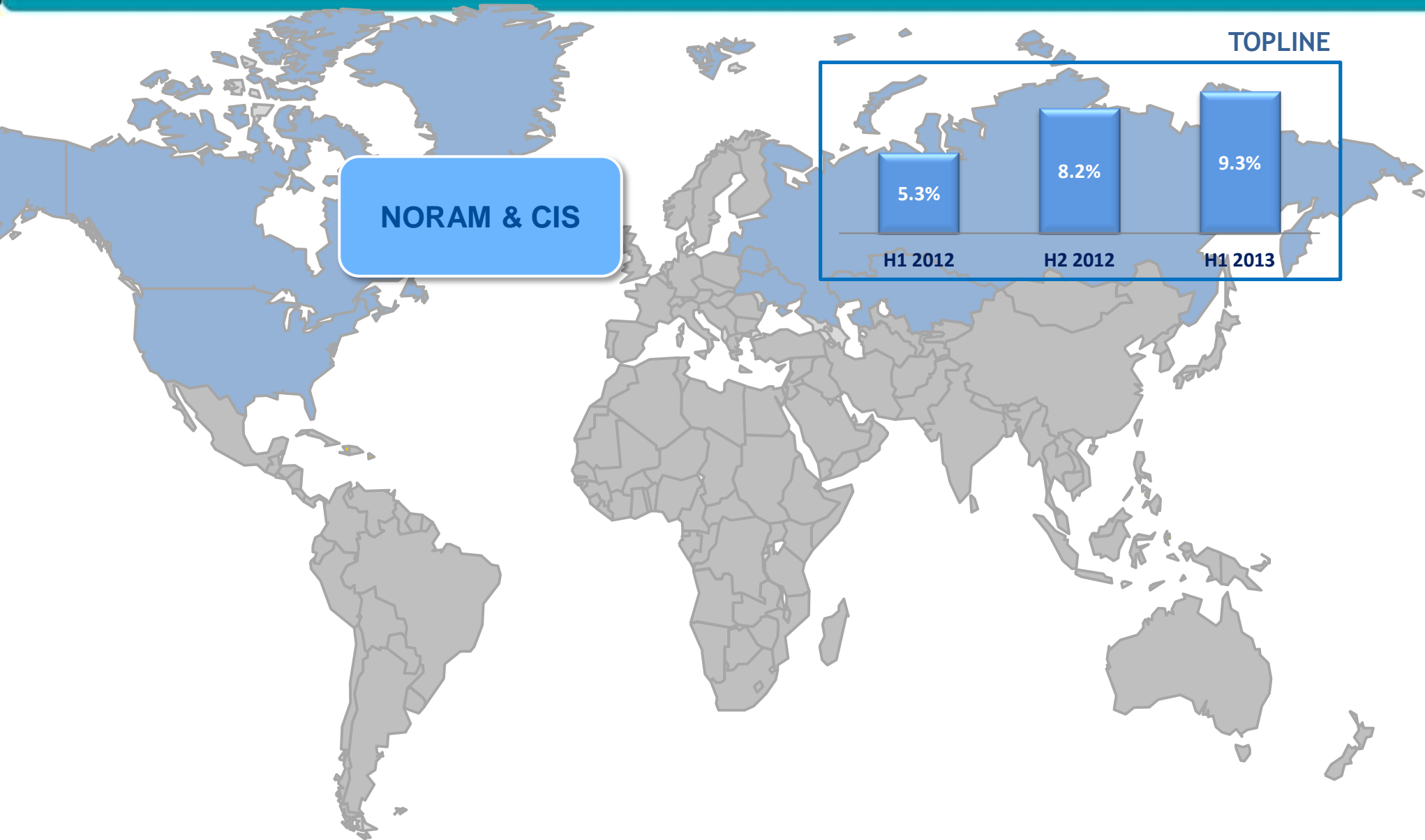
# Plan for competitiveness in Europe moving on target





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# Noram & CIS : Leveraging and building strong platforms



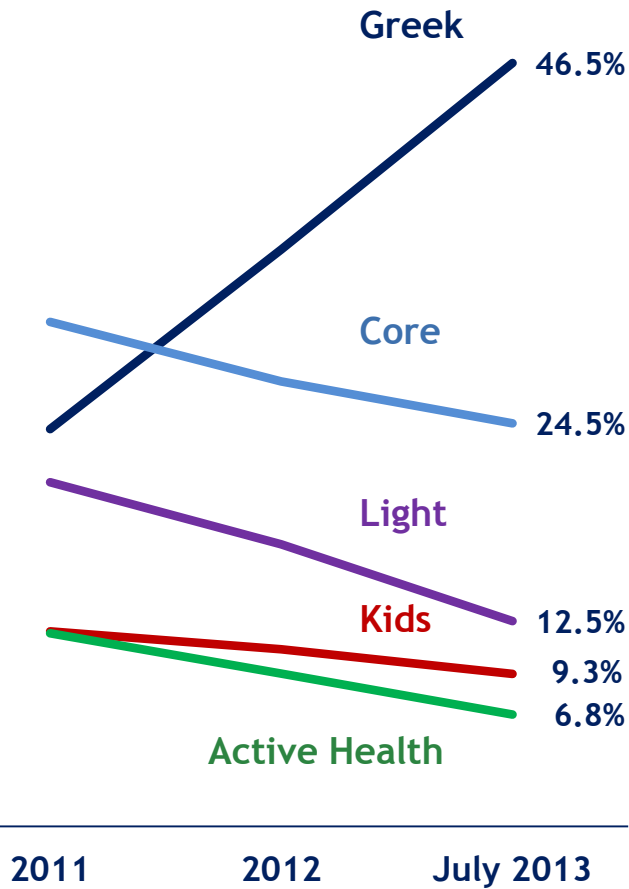


# Fresh Dairy US :

## Greek yogurt becoming a component of Americans' diet



### Fresh Dairy products category Value market shares by segment

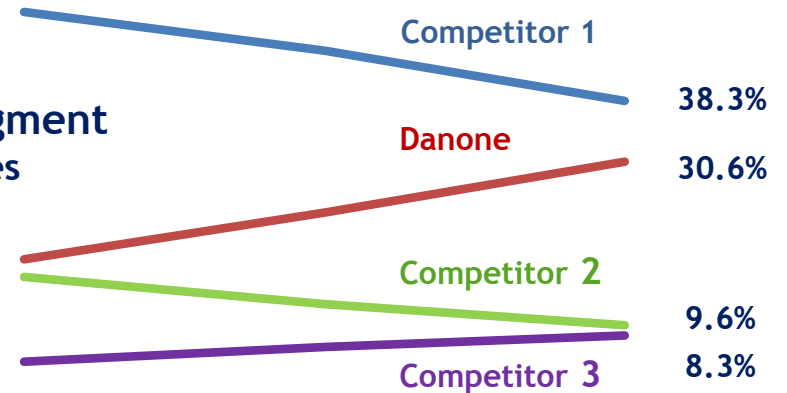


Source : IRI Total Food US

### Greek segment latest innovations



### Greek yogurt segment Value market shares



Source : IRI Multi Outlet

2011

2012

July 2013



*evolution*  
FRESH™

Create and Develop an Exclusive Line of Evolution Fresh, Inspired by Dannon-branded Fresh Dairy Products

- 2014 : Ready-to-eat Greek yogurt parfait in 11,000 U.S. Starbucks stores
- 2015 : Roll-out in U.S grocery channels
- Additional regions around the world over time

## Market leader in yogurts with toppings

Co-branded originals



Yo Crunch kids



All family



A unique know-how in compartmentalized packaging

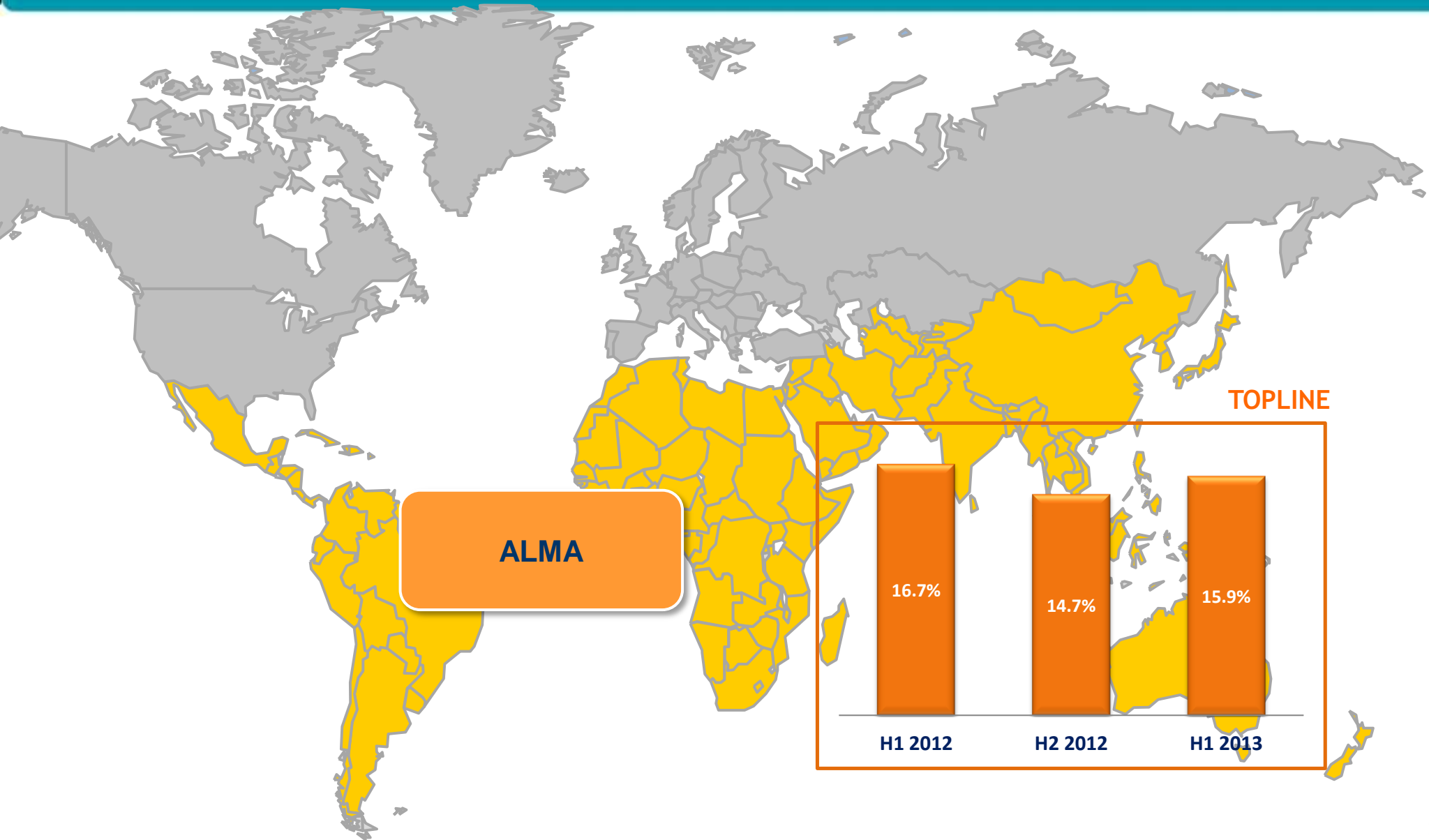
Developing the category by offering new ways to enjoy yogurt

Sustained double-digit growth in recent years



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# ALMA : Leveraging platforms and preparing the future



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## Building and leveraging strong platforms



## Nurturing seeds for growth



Nutrimea





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## Fonterra : Precautionnary recall in 8 markets

- **2<sup>nd</sup> August 2013** : some batches of whey protein concentrate supplied by Fonterra suspected of containing *Clostridium Botulinum*
- Danone immediately recalled all finished products potentially related to incriminated batches.
- Internal & external tests on recalled products : no sample showed any contamination
- **28<sup>th</sup> August 2013** : New Zealand authorities lift the warning after concluding that there were no *Clostridium Botulinum* in any of the Fonterra batches concerned







# Action plan to restore sales in recall countries - China example

Sales in recall countries significantly impacted during recall



## Action plan to restore sales : Chinese example

- Heavy Communication campaign : *“Dumex product is safe and has been always safe”*
- *“We trust Dumex”* - 3<sup>rd</sup> party endorsement 360° communication
- Business development acceleration

TVC & press campaigns  
« Dumex is safe to use »



On pack sticker  
« This pack is tested & checked »



KMBS/NKA joint announcement :  
Dumex product on shelf is safe



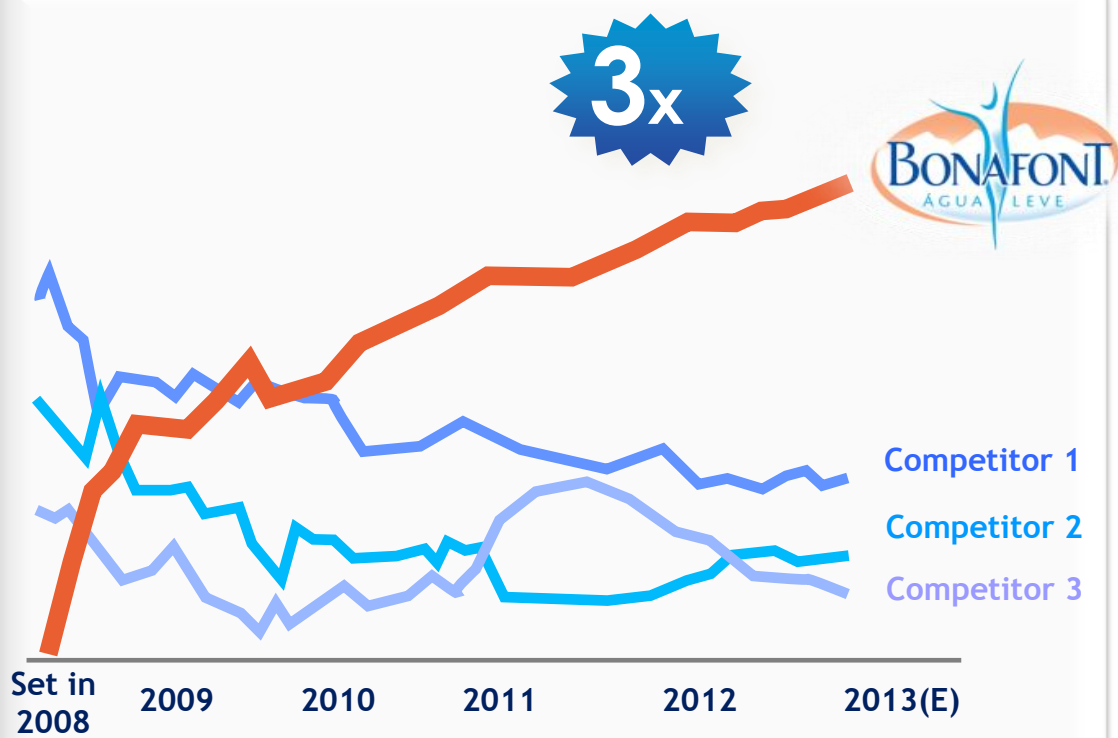


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# Waters Brazil : The next emerging market



## Bonafont – a market leader in Sao Paulo area



## Launch of HOD last year



Source: MT SHARE – VOLUME – IPANEL GSP



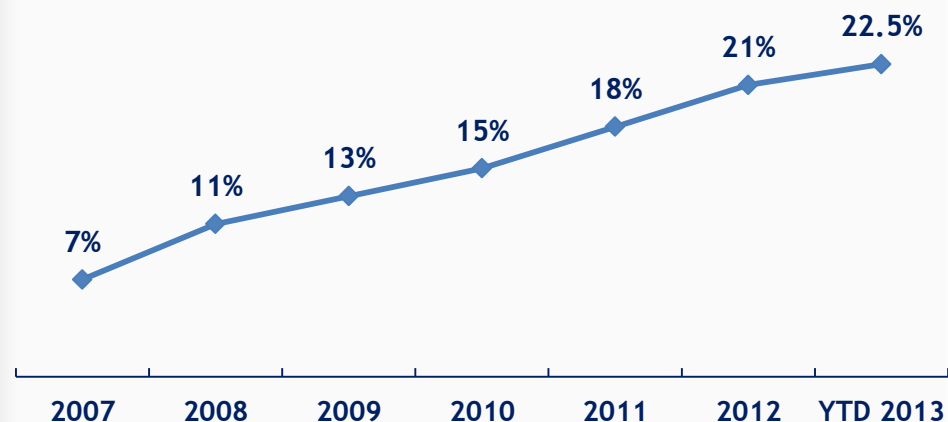
## 2007-2013 action plan

- **Creating Category Recognition (Credibility)**
- **Leading Category Innovation**
- **Improving Presence Geographic Expansion**

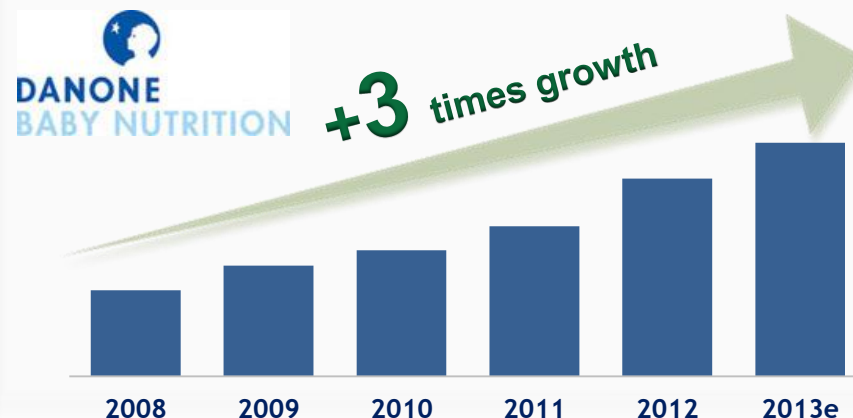


## 2007-2013 achievements

*DBN value market share*



*DBN Sales evolution*



## A PCC far below other Asian Countries



Population

1.3 bn

240 mln

1.2 bn

Births/year

15 mln

4 mln

25 mln

PCC IFFO

12 kg

13 kg

1.5 kg

Markets Estimates 2012 IMF, Source Nielsen, IMS

Danone n° 2 position on the market  
with 7% market share

## Clear roadmap for integration & development

### Quality & sourcing



### Relevance

Enriching HCPs with  
the right knowledge  
& services



### Brand of first choice

Brands renovation  
& differentiation

### Team & talent development



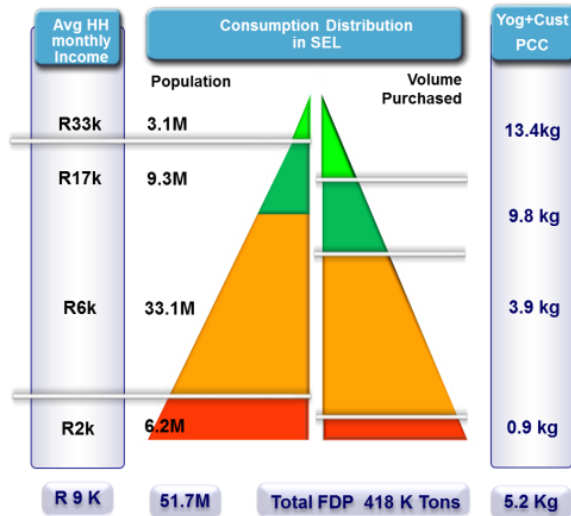


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# Dairy South Africa : Reaching more consumers



## PCC potential down the pyramid



## Export to 10 countries



## Relevant innovation

Ultramel : 7 months shelf-life



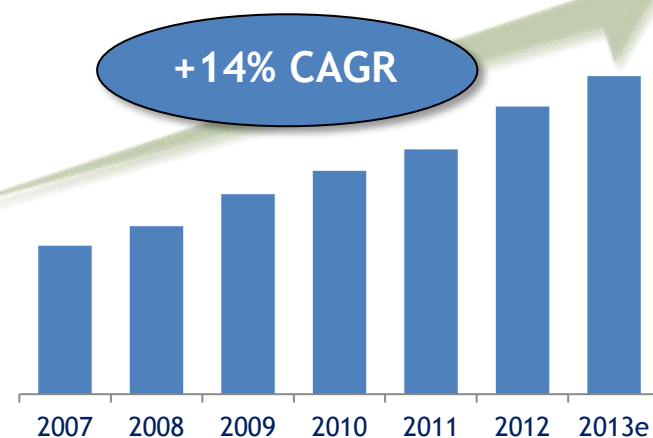
NutriDay : 3 months shelf-life



Mayo (adults): 3 months shelf-life



## Sales evolution





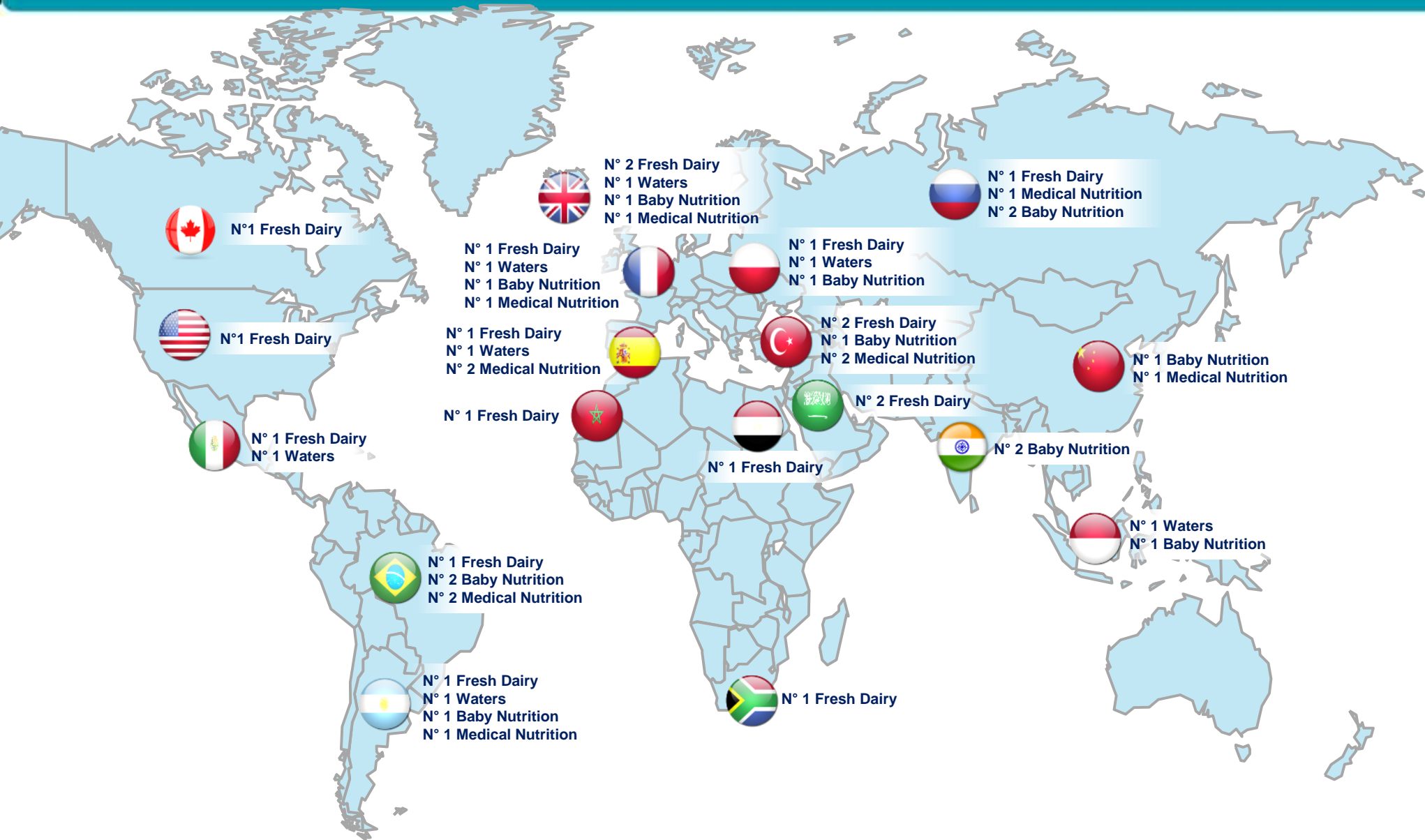
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# CONCLUSION



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# Plenty of growth opportunities for now and the future



# 2013 objectives

	2013 objectives
Sales growth <sup>(1)</sup>	At least 5%
Trading operating margin <sup>(1)</sup>	-30bps to -50bps
Free cash-flow excluding exceptional items <sup>(2)(3)</sup>	Around € 2 bn

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

(2) Free cash-flow excluding exceptional items : cash flows provided or used by operating activities less capital expenditure net of disposals and excluding acquisition costs related to business combinations 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

(3) Free cash-flow excluding cash effect of the Asia-Pacific Baby Nutrition quality event





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# Notes

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