



**DANONE**

**Emmanuel Faber**  
**Vice-Chairman – Chief Operating Officer**

**Morgan Stanley – Global Consumer Conference**

**New York – November 20<sup>th</sup>, 2013**



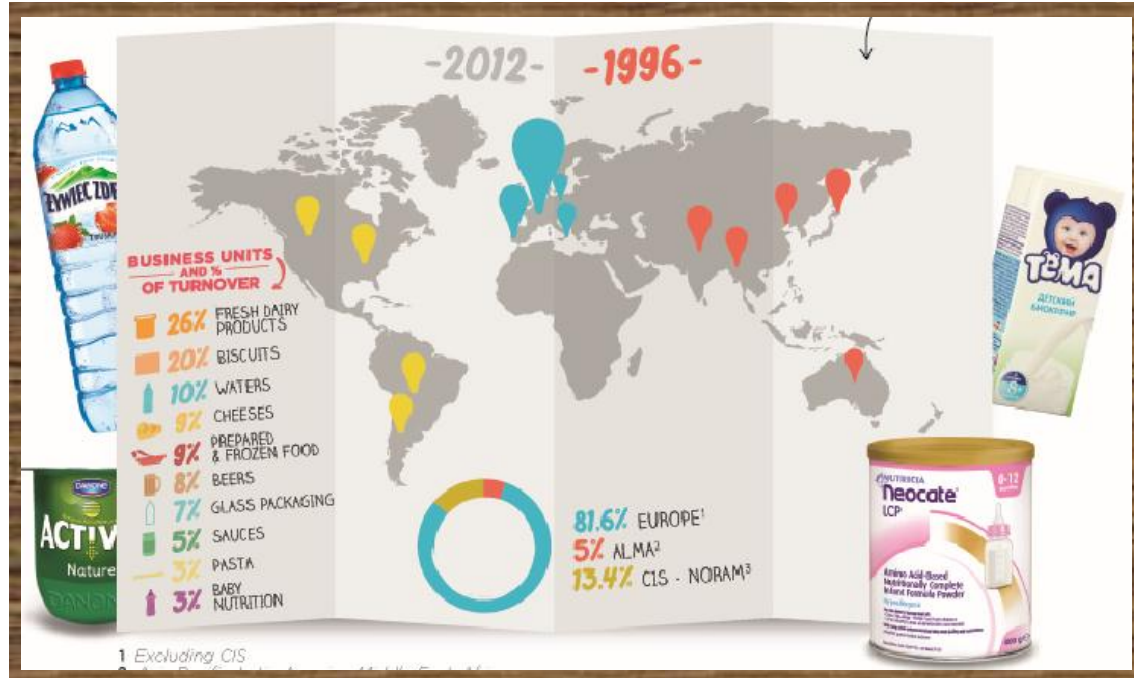
# Disclaimer

*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 model of development





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# Our priorities today



**Europe**  
Adapt & fix  
**Growth markets**  
Invest & leverage



FRESH DAIRY  
PRODUCTS

BABY  
NUTRITION

WATERS

MEDICAL  
NUTRITION



**WORLD  
N°1**  
€11.7BN



**WORLD  
N°2**  
€4.3BN



**WORLD  
N°2\***  
€3.6BN



**EUROPEAN  
N°1**  
€1.3BN

\*by volume



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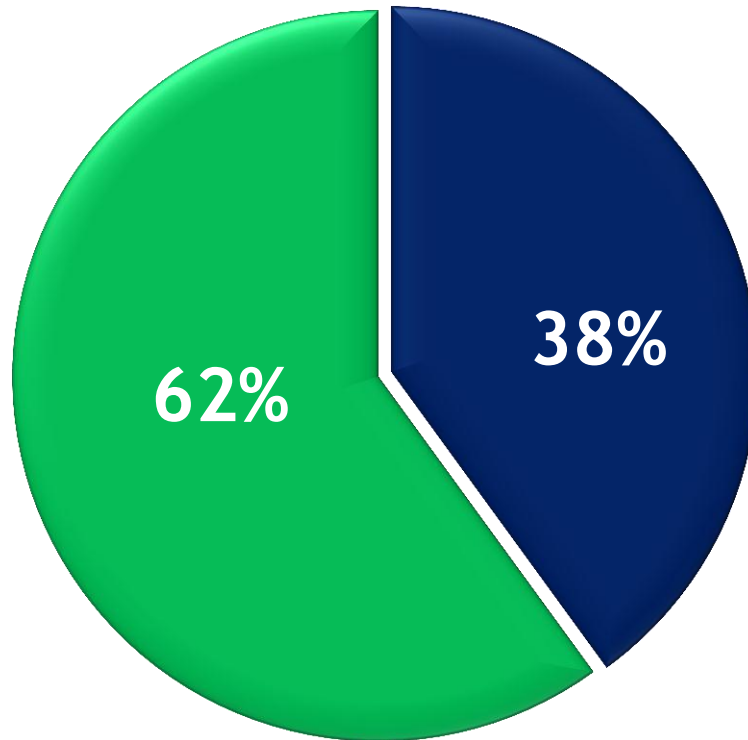
# 2 tier momentum 9M sales growth : +5.5%

## 9M 2013 Sales figures

**Growth Markets**

*Sales*  
**10.1 bn**  
**+11.7%** like-for-like<sup>(1)</sup>

*Sales breakdown*



**Europe**

*Sales*  
**6.2 bn**  
**-3.0%** like-for-like<sup>(1)</sup>

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



# Q3 2013 : Strong underlying dynamics impacted however by the Fonterra crisis

## Clear priorities

### Europe :



Adapt & fix

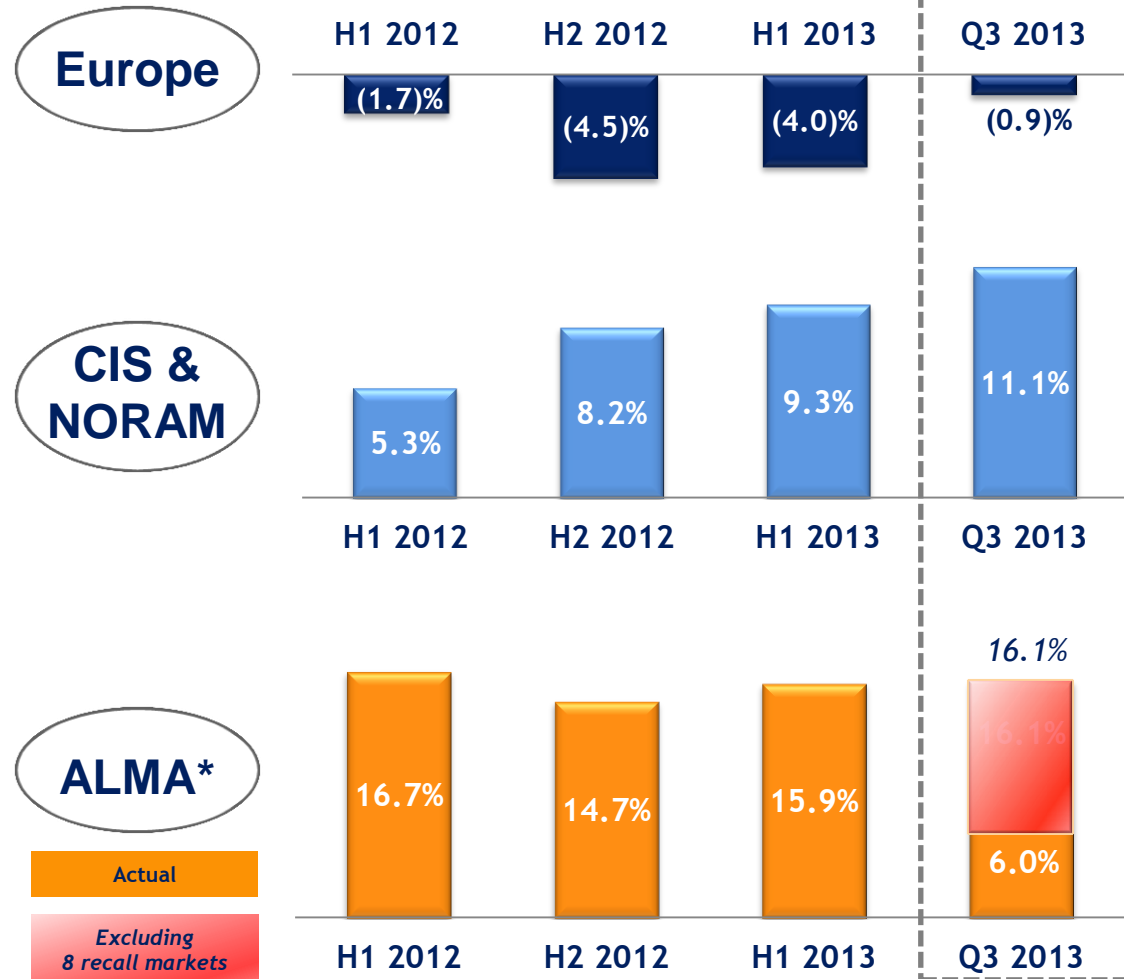
- Savings & competitiveness
- Value for consumers

### Growth markets :



Invest & leverage

## Strong underlying growth trends



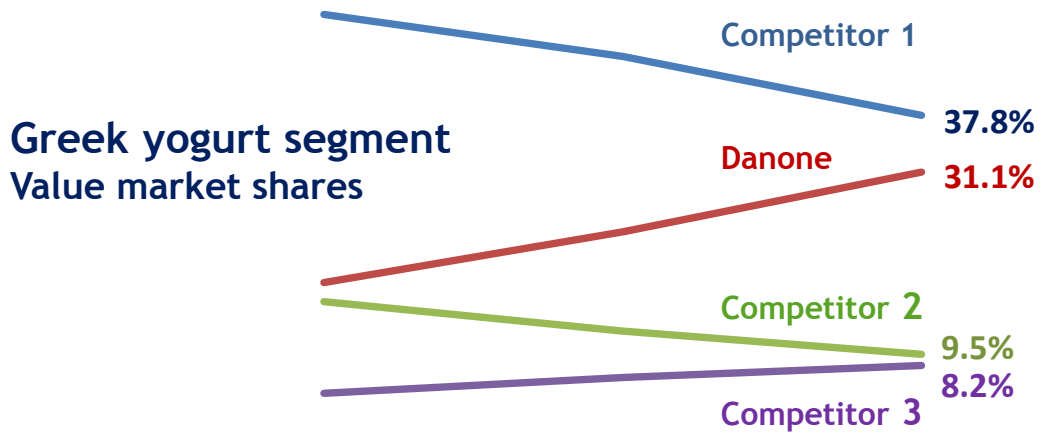
\* ALMA :AsiapacLatamMiddleEastAfrica



# FRESH DAIRY US - Greek yogurt becoming a component of Americans' diet



## Greek segment latest innovations





## CIS performance



**+28%**  
YTD Like-for-like sales growth



**+18%**  
YTD Like-for-like sales growth



**+8%**  
YTD Like-for-like sales growth







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# FRESH DAIRY Europe - Improvements confirmed

EUROPE - 26 countries



SAVINGS

€200mln



ADAPT &  
SIMPLIFY

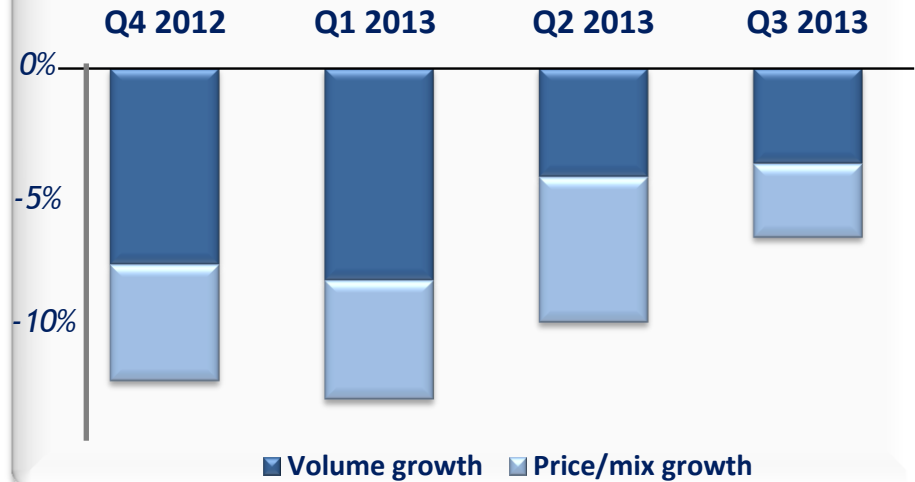
ORGANISATION  
& PROCESSES

REGAIN COMPETITIVE EDGE

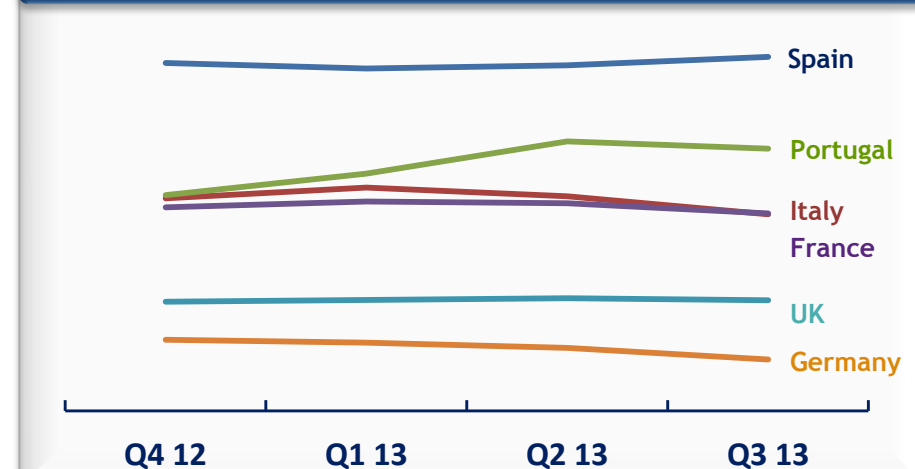


Integrated management  
as of January 1st 2014

## Breakdown volume / value growth (%)

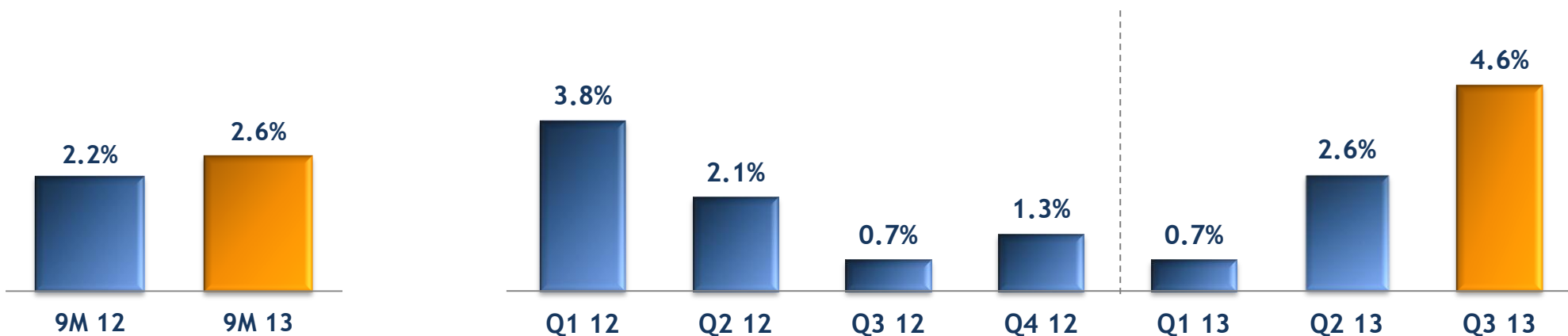


## Value market shares



# FRESH DAIRY PRODUCTS - Further improvement across geographies

## Like-for-like sales growth

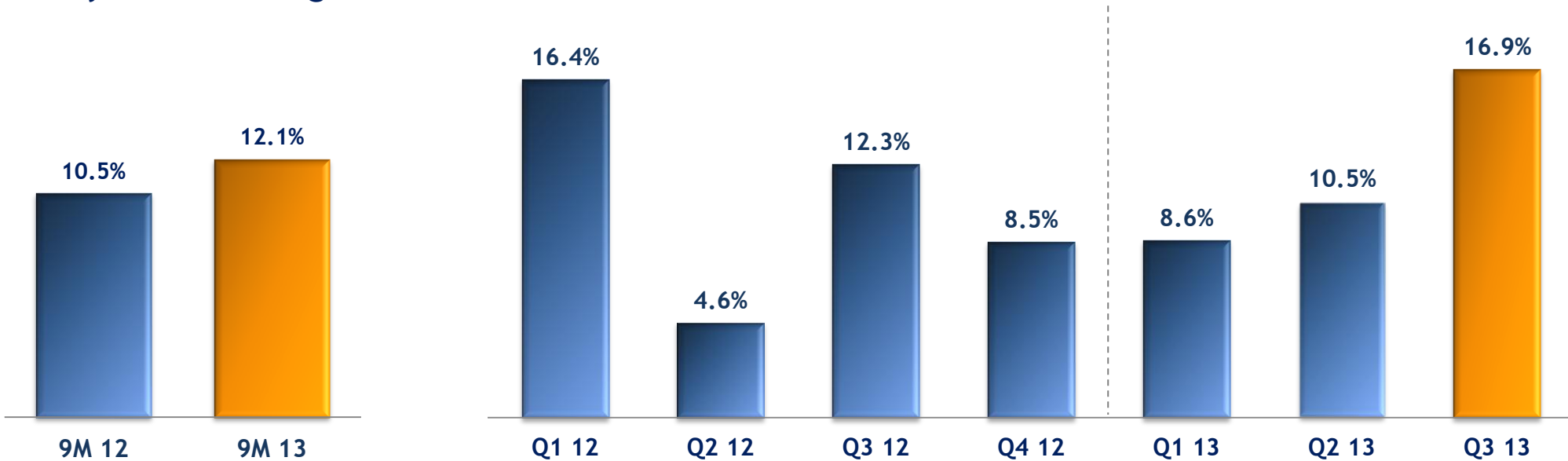




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# WATERS - Outstanding performance in Q3

## Like-for-like sales growth





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# Key Q3 event : Fonterra false alert



- **2<sup>nd</sup> August 2013** : some batches of ingredients manufactured by Fonterra suspected of containing *Clostridium Botulinum*
- New Zealand announces ban of China on New Zealand milk product
- Danone immediately recalls all finished products potentially related to incriminated batches
- Internal & external tests on recalled products : no sample shows any contamination
- **28<sup>th</sup> August 2013** : New Zealand authorities lift the warning after concluding that there are no *Clostridium Botulinum* in any of the Fonterra batches concerned

## => Significant impact on 2013 Group results

Sales

- Q3 €170 mln -3.2%
- FY €350 mln

Cost impact

- FY €280 mln  
incl €170 mln one off

Cash impact

- FY €300 mln

# 2013 objectives

	Previous 2013 objectives	New 2013 objectives
Sales growth <sup>(1)</sup>	At least 5%	4.5% to 5%
Trading operating margin <sup>(1)</sup>	-30bps to -50bps	- 80bps
Free cash-flow excluding exceptional items <sup>(2)</sup>	Around € 2 bn	€1.5 bn to €1.6 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



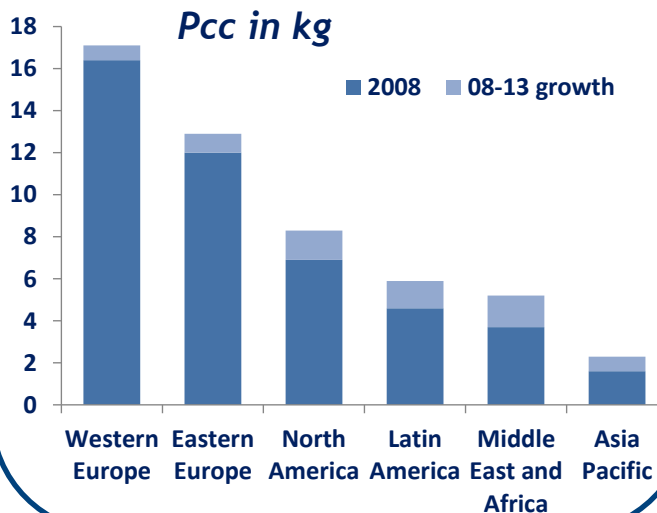
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# Building the future



**Winning  
over  
7 bn  
consumers**

# The right model to develop categories

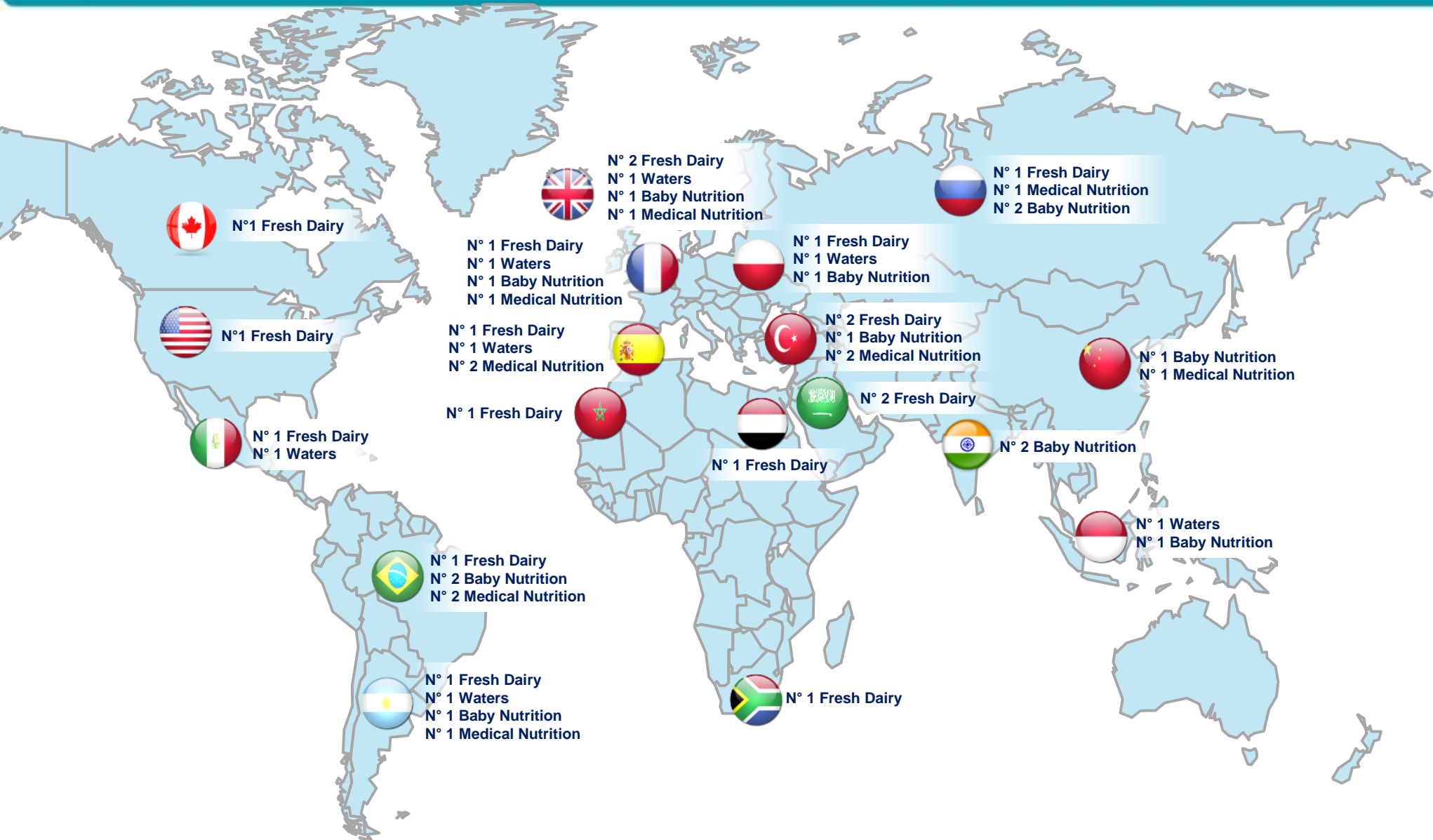


*Nutricia Research in Utrecht - Opening a new global research centre*



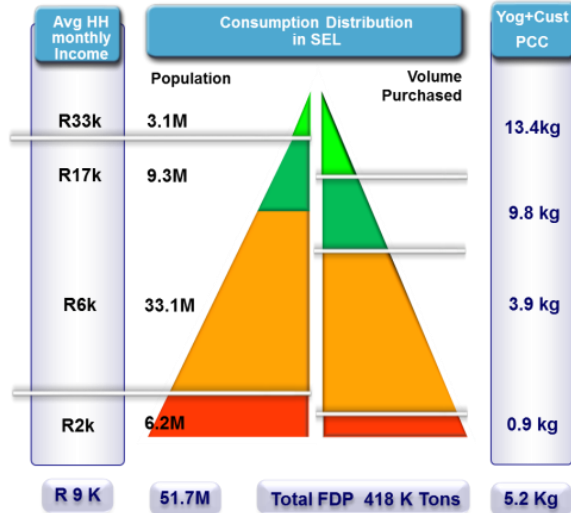
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# Plenty of growth opportunities for now and the future





## PCC potential down the pyramid



## Export to 10 countries



## Relevant innovation

Ultramel : 7 months shelf-life



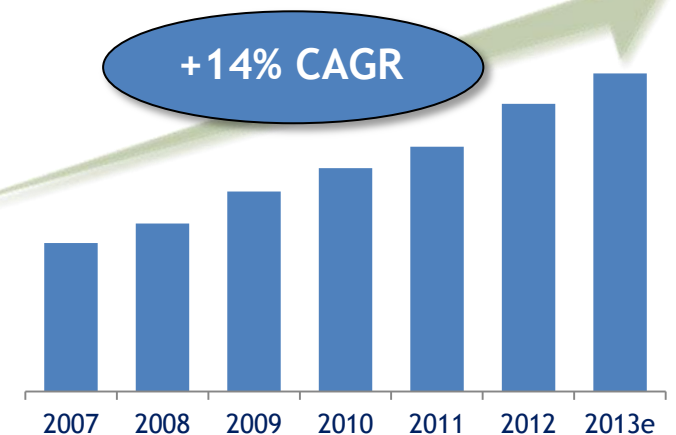
NutriDay :  
3 months shelf-life



Mayo (adults):  
3 months shelf-life



## Sales evolution

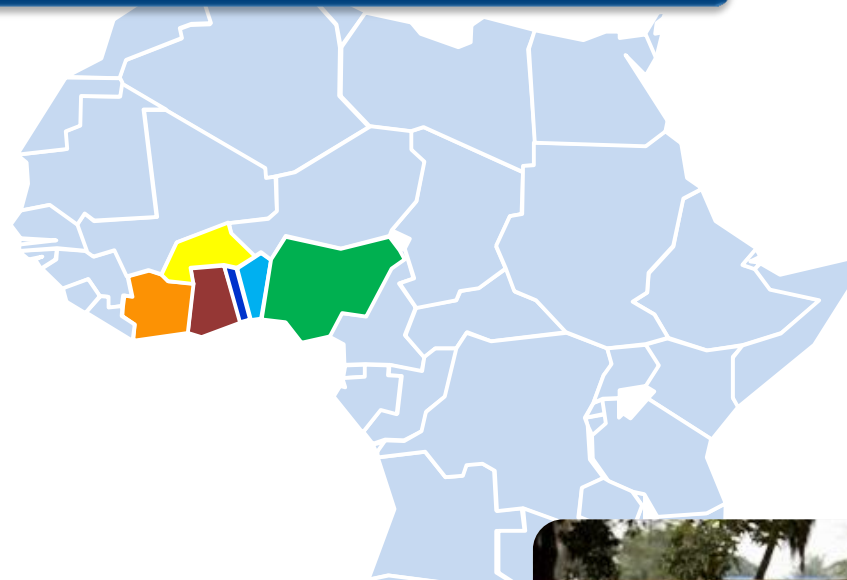


# Fan Milk : A strategic partnership to enter West Africa



A joint venture with the Abraaj Group

- The market leader brand in frozen dairy products and juices in West Africa
- A unique and iconic street vending system with more than 25,000 street vendors





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# Africa : Invent new models to leverage Danone social project



## LIVELIHOODS

Act today for a better future



Senegal : Mangrove restoration - Oceanium

**-35% in CO<sub>2</sub> emissions between 2008 and 2012**



Egypt: Milk Collection Communities

**Develop a sustainable & high quality milk sourcing model with 3 milk collection centres sourcing more than 5 tons of milk every day - 1600 people empowered**

danone).communities



Senegal : La Laiterie du Berger

**2012 : over 800 herding families tripled their income by contributing to the collect of milk to produce Dolima yogurt**



Population	1.3 bn	240 mln	1.2 bn
Births/year	15 mln	4 mln	25 mln

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



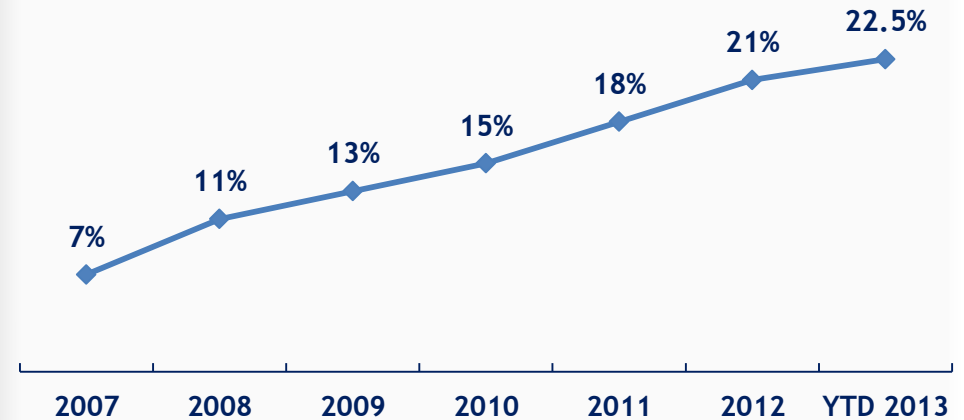
## 2007-2013 action plan

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

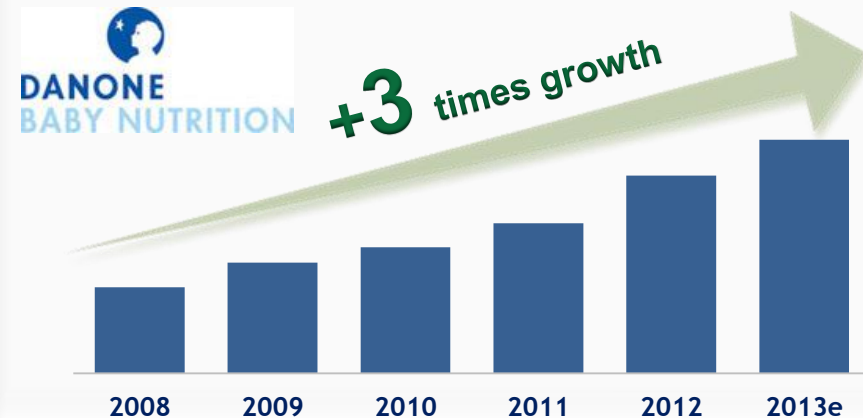


## 2007-2013 achievements

### DBN value market share



### DBN Sales evolution

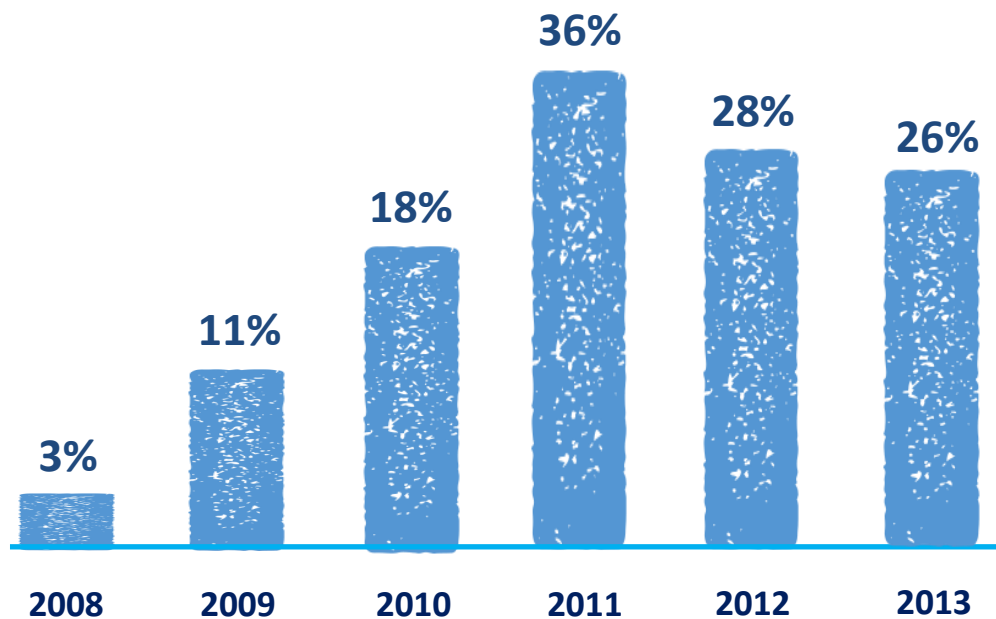




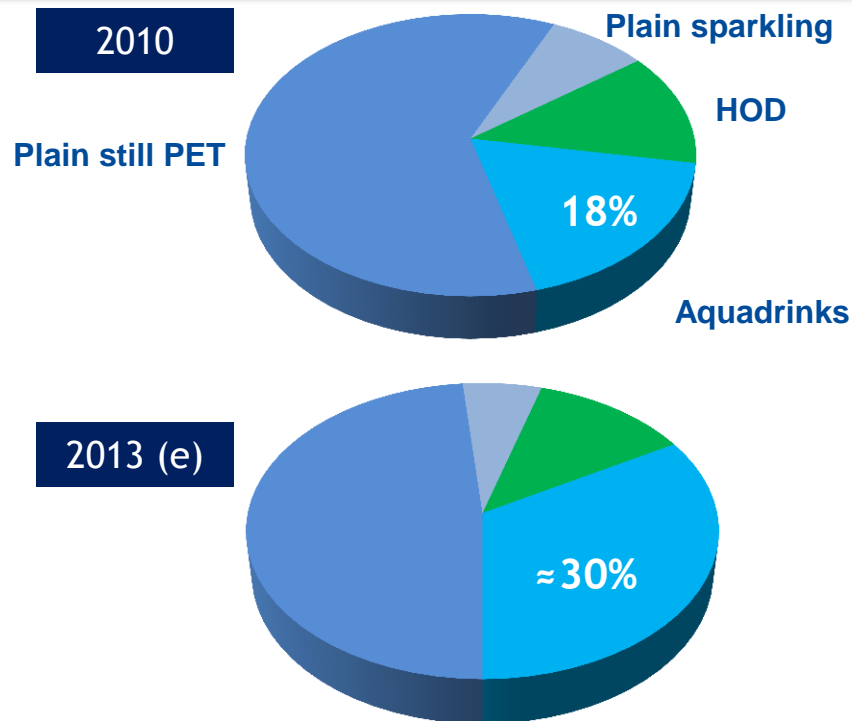
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# WATERS - Aquadrinks : Create a new category

## Aquadrinks sales growth



## Sales split





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# United States : Key initiatives to develop categories



## Dairy new segments and moments of consumption



# evolution FRESH™



## Investing in the fast growing premium organic Baby food



# happyfamily™

•ORGANIC SUPERFOODS•





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# 2013 : New initiatives to support the model







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# Danone : a unique model to do business

## NUTRIPLANET

A method of analysing the specific health and nutrition issues for a country's population (or age group) using nutritional, epidemiological, socio-economic and cultural data...

45 COUNTRIES

COVERED BY A NUTRIPLANET STUDY

5 COMMITMENTS

TO RESPOND TO PUBLIC HEALTH PROBLEMS LINKED TO CURRENT AND FUTURE DIETS

1 CHARTER

FOOD NUTRITION & HEALTH

200 PARTNERSHIPS WITH INTERNATIONAL SCIENTIFIC COMMUNITIES

✓ Reliability

✓ Progress

✓ Well-being

✓ Cultures

## A SUSTAINABLE RELATIONSHIP BETWEEN DANONE & ITS ECOSYSTEM

-35% IN CO<sub>2</sub> EMISSIONS BETWEEN 2008 & 2011

LIVELIHOODS FUND

100 MILLION TREES PLANTED

THE CONNECTION BETWEEN THE ECONOMIC AND SOCIAL SPHERES

36,000 EMPLOYEES ENJOY HEALTH INSURANCE

DAN'CARES

## THE DANONE ECOSYSTEM FUND

43 35 48.000

PROJECTS SUBSIDIARIES JOBS CONCERNED

10 ACTIVE PROJECTS

DANONE.COMMUNITIES





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