



**DANONE**

**GROWTH NOW !**

Franck Riboud

June 15<sup>h</sup>, 2010

## 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.*

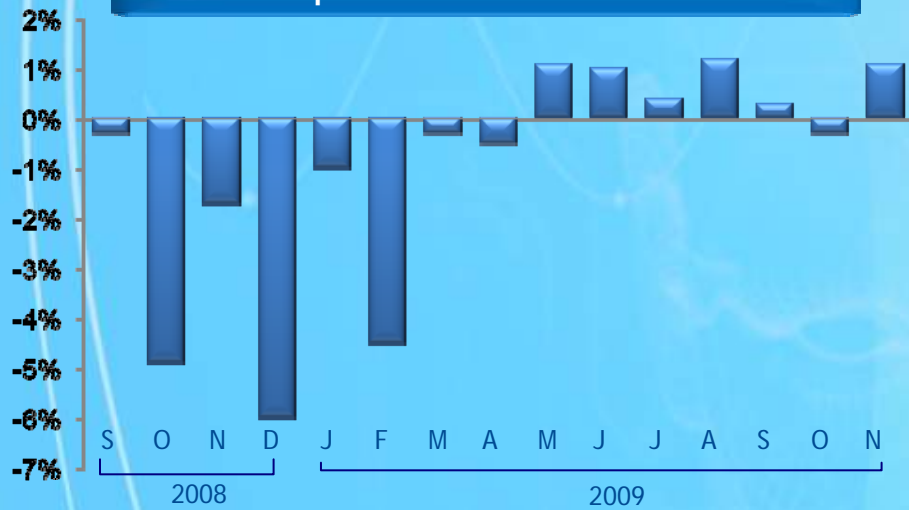
# 2010: strong start driven by double-digit volume growth

*Like-for-like sales growth*



# Dynamics of our operating environment

Consumption in Western economies



Source: Eurostat Industrial Production

Solid growth in emerging countries



Source: Nomura Economic Monitor

# Adapted portfolio through "Reset"

## Price

- Actimel - Poland
- 30% price reduction
- Price index reduction vs main competitor Zott from 133 to 126



## Promo

- Danette - France Campaign: « La Danette des Français »



- Core - Mexico -15% versus competitors



## Inno

- Densia - Argentina, Spain, Portugal



- Danimals Crush Cups - USA



- Activia shots - Mexico



## Format



## A dynamic of Market Share Gain



Volume FY 09 vs FY 08

China	+ 11.7 pts
Egypt	+ 9.0 pts
Hungary	+ 4.7 pts
Cz Rep	+ 2.8 pts
UK	+ 1.8 pts
Japan	+ 1.4 pts
USA	+ 1.2 pts
Canada	+ 1.2 pts
Mexico	+ 1.0 pts
Germany	+ 0.8 pts
France	+ 0.8 pts
Chile	+ 0.3 pts









Volume FY 09 vs FY 08

	Mexico + 4.3 pts
	Uruguay + 2.4 pt
	Poland + 1.6 pts
	Turkey + 0.2 pt



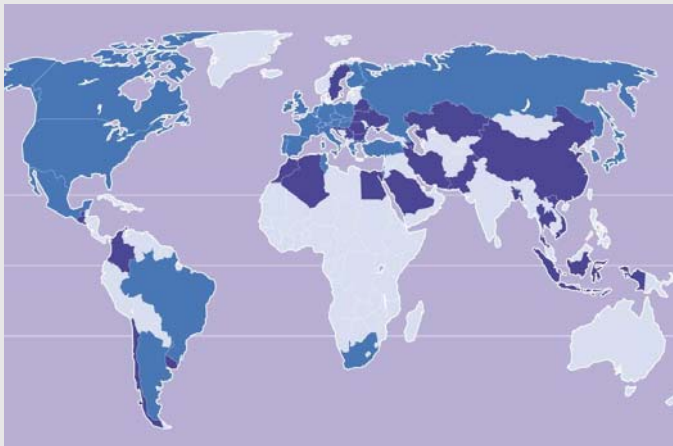
Volume Dec 09 vs Dec 08

	Switzerland + 5.2 pt
	Argentina + 3.5 pt
	Brazil + 3.1 pt
	New Zealand + 2.7 pt
	Indonesia + 1.7pt
	France + 0.8 pt

# Strong assets for superior growth

1

Unique expertise  
and opportunities in  
new geographies



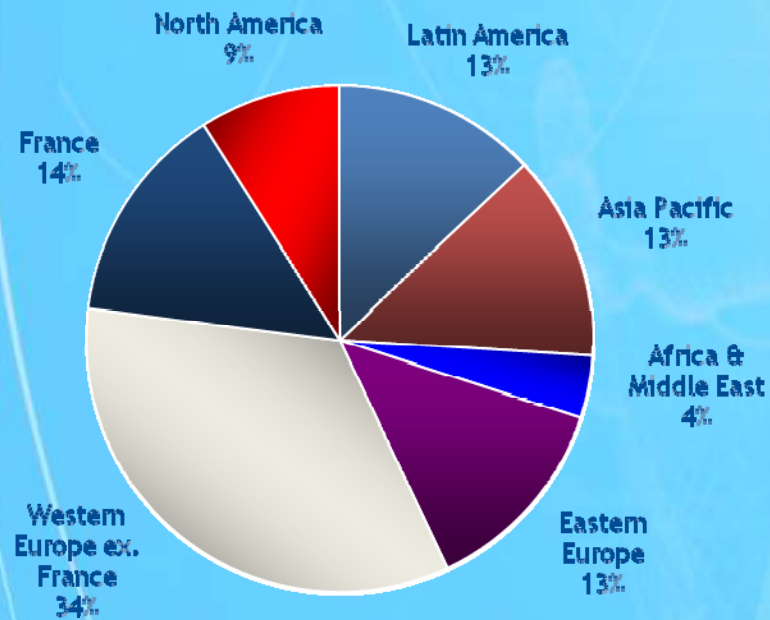
2

Strong brands in  
fastest growing  
categories









# Well diversified geographical footprint exposed to fast growing geographies

## Diversified geographic portfolio (Sales split 2009)



41% of sales generated in Emerging Markets

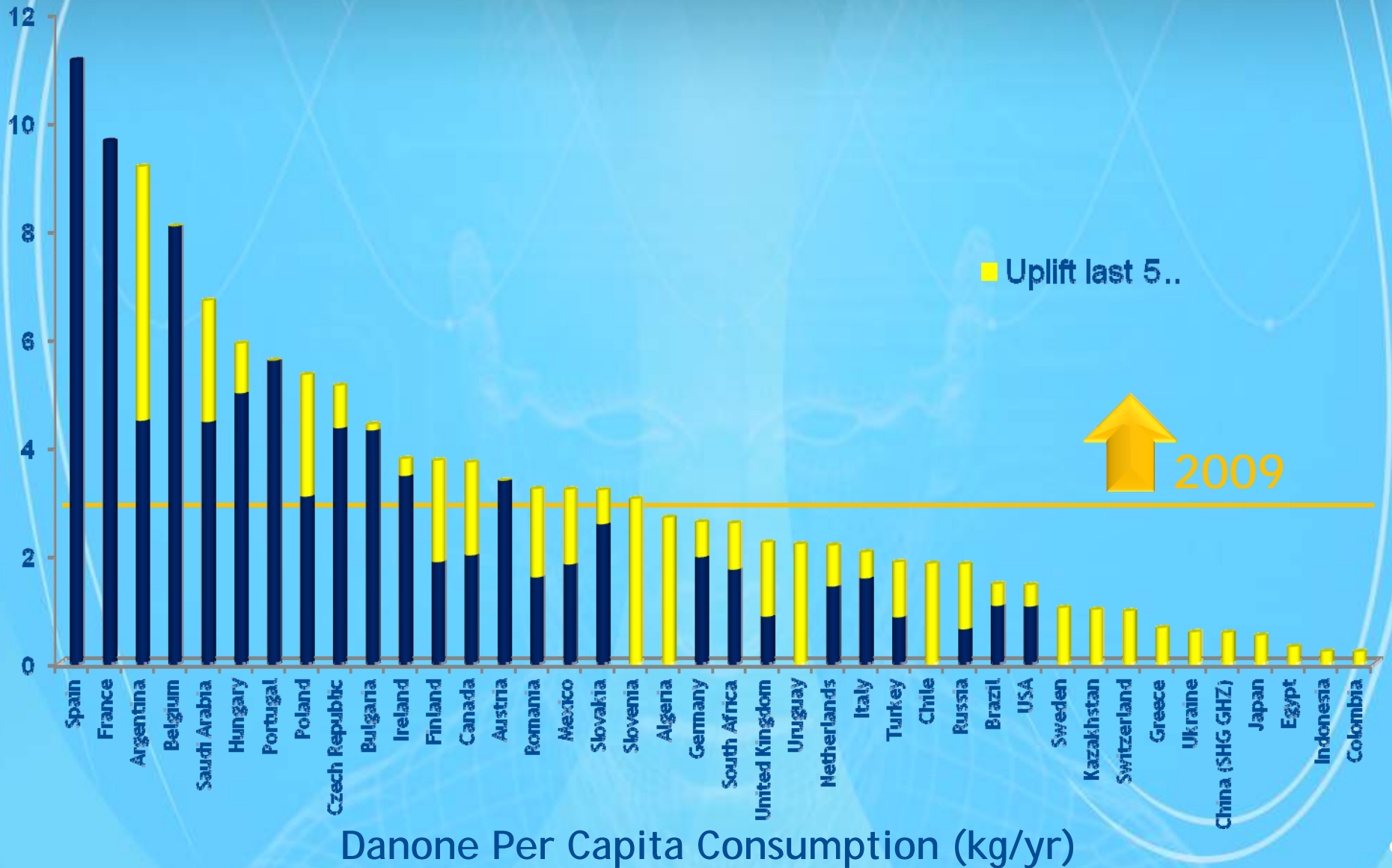
## Faster growing markets

Country	GDP PPP growth	
	2010e	2011e
China 	10.9%	8.7%
Brazil 	6.3%	4.4%
Russia 	6.2%	5.6%
Indonesia 	5.7%	5.9%
Argentina 	4.9%	3.0%
Mexico 	4.4%	2.5%

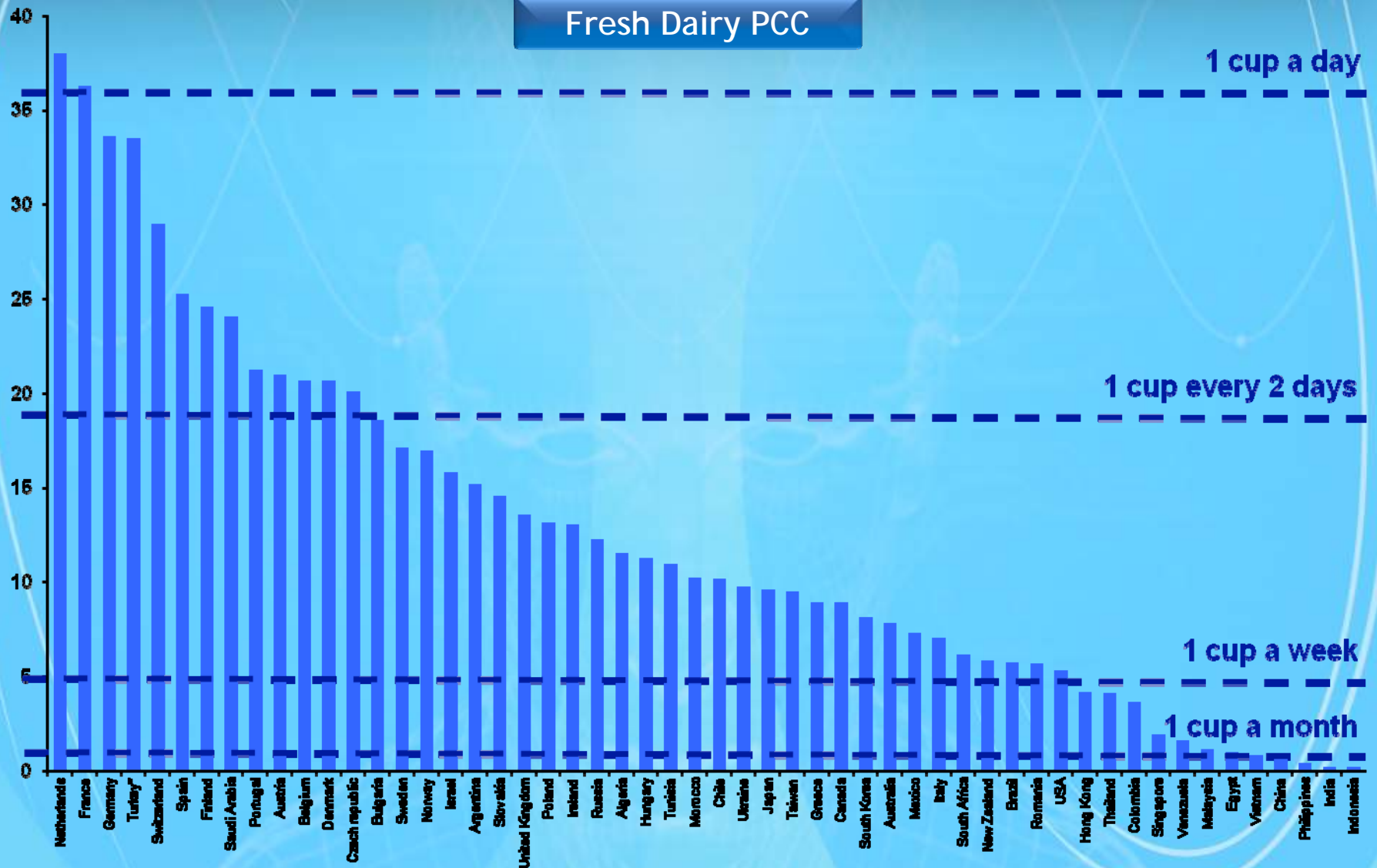
Source: EIU



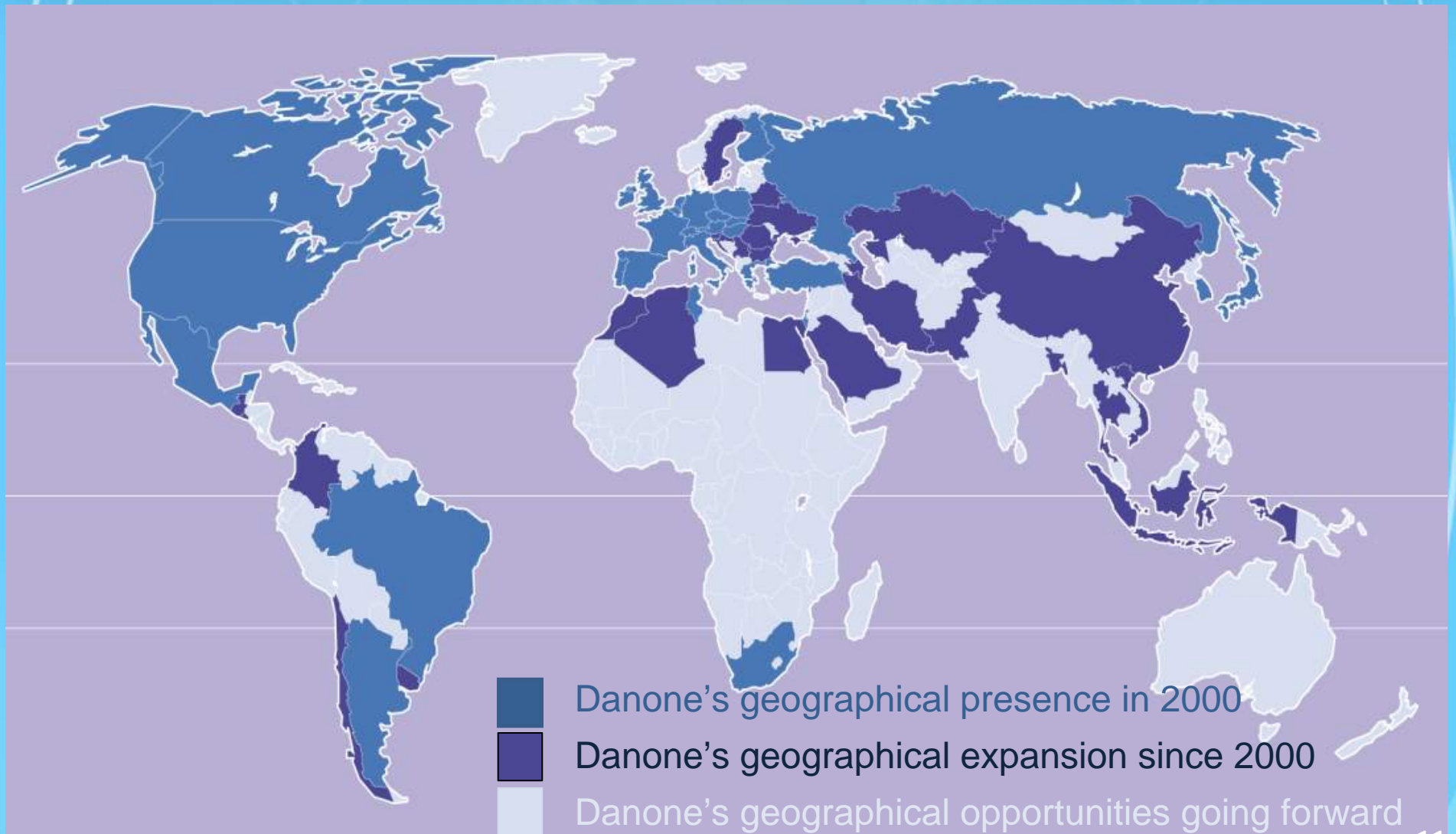
# Strong track record in developing consumption



# The growth potential remains huge



# Substantial potential to increase our worldwide footprint



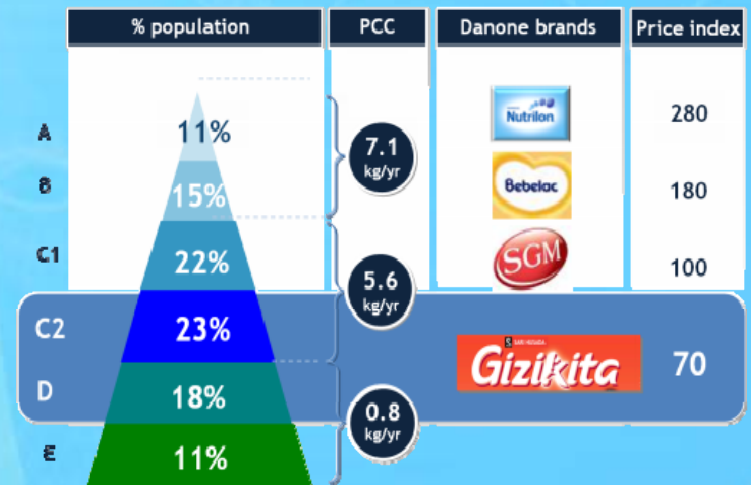
# Offer across the pyramid allows increased reach



## Dairy Romania

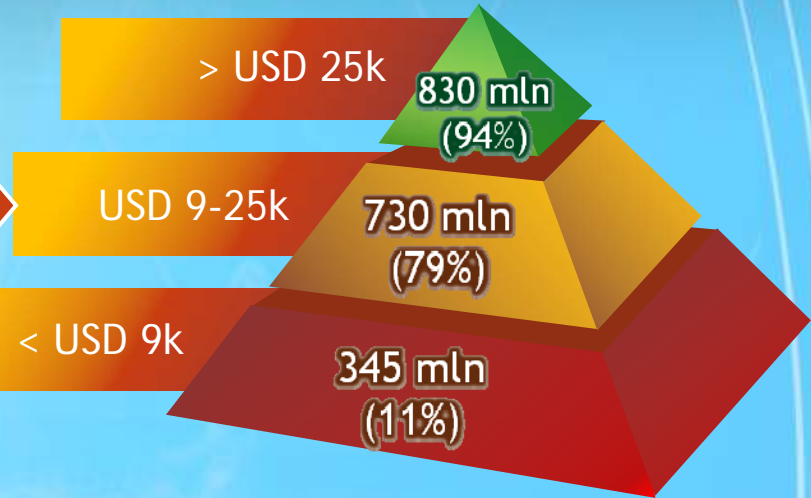


## Baby Nutrition Indonesia

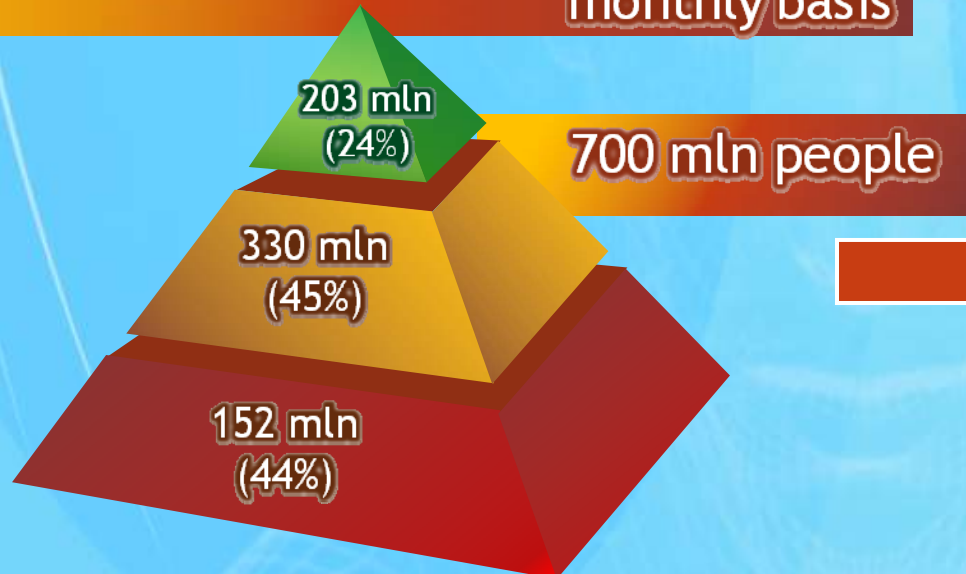


# Our ambition: 1bn Danone consumers

Our operations cover 1.9 bn consumers  
- mostly in developed countries



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



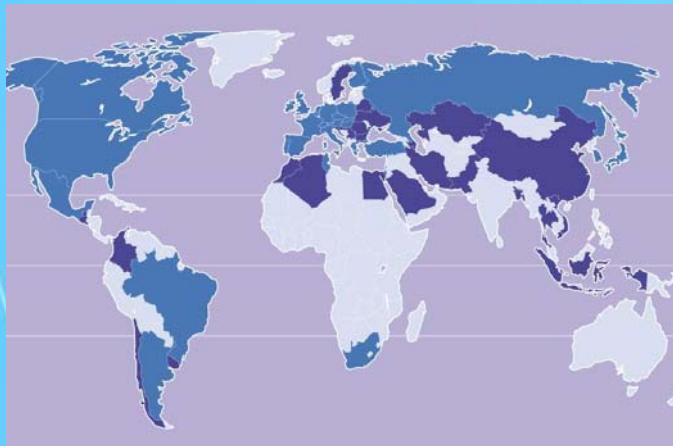
Our ambition



# Strong assets for superior growth

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Unique expertise  
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in new  
geographies



2

Strong brands in  
fastest growing  
categories

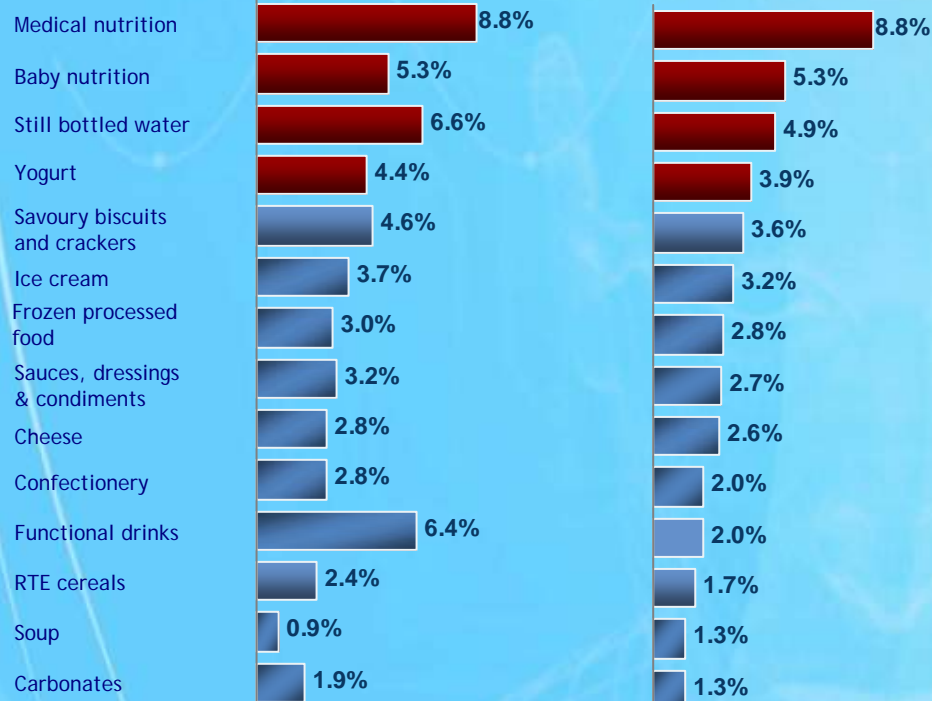


# Best positioned in fastest growing categories

## Faster growing categories 5 - year volume CAGR

As of 2008

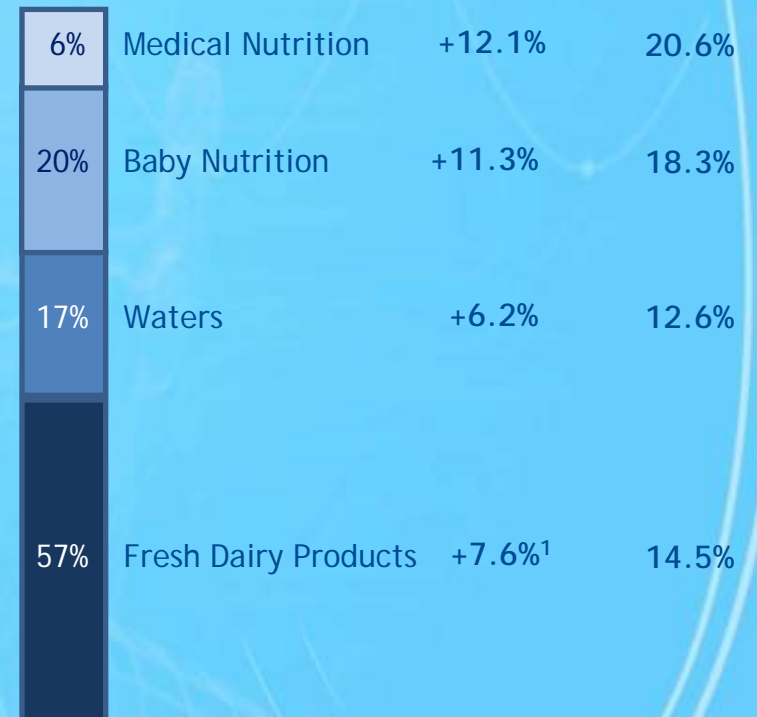
As of 2009



## Growth focused portfolio

CAGR '05-'09\*

Margin 09



Source: Euromonitor

\*Like-for-like growth  
<sup>1</sup> Excluding Blédina

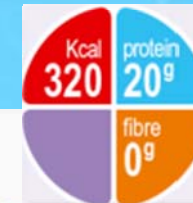
# Strong positions with well-differentiated brands

- Danacol: exclusive plant sterols



82%  
market  
share

- Fortimel: superior high protein supplement



Drive  
the  
segment  
growth

- Bebelac: unique complete care formula



> €1 bn  
sales

- Bonafont: low mineral water to help eliminate



#1 in  
Mexico  
Roll-out  
in Brazil



# DAIRY

## Close-to-consumers brands

### Emotional communication



Activia Belly dancing saga



Activia sales +52% CAGR on last 4 years

### Web & Bloggers' Communities

Japan



Activia brand +55% in volume in 2009



### Social Responsibility Equity



Activia Tummy Loving Care

On air in January 2010



Poland



Share Your Meal

2004-2009: 7 mln meals given to children in need



# Large innovation platform for stretching & roll-out

	Jan	Feb	Mar	Apr	May
			 Russia  Canada		 Brazil
		 Spain  Portugal			
				 Spain  Mexico	
	 Brazil			 Spain	 Portugal
			 USA  Portugal	 Poland	
	 Italy  Portugal				

# WATERS

## Successful category defense plans in mature markets



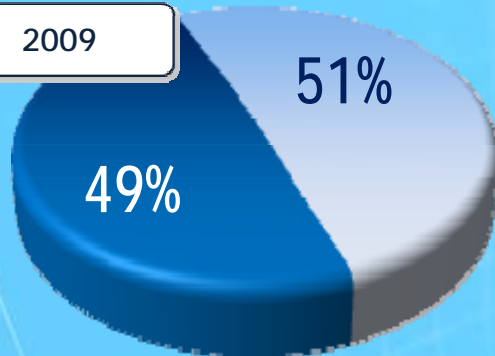
# Waters in emerging markets: growing faster and more profitable

Sales

2005

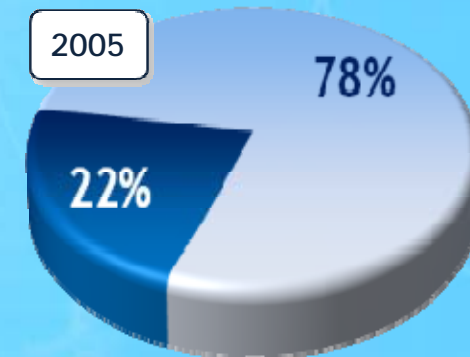


2009

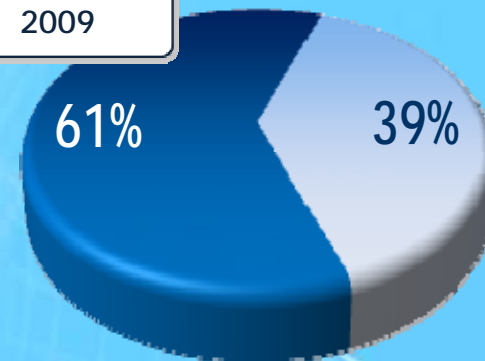


EBIT

2005



2009



# BABY NUTRITION

## Continuing to gain share in an attractive market

Global baby food market



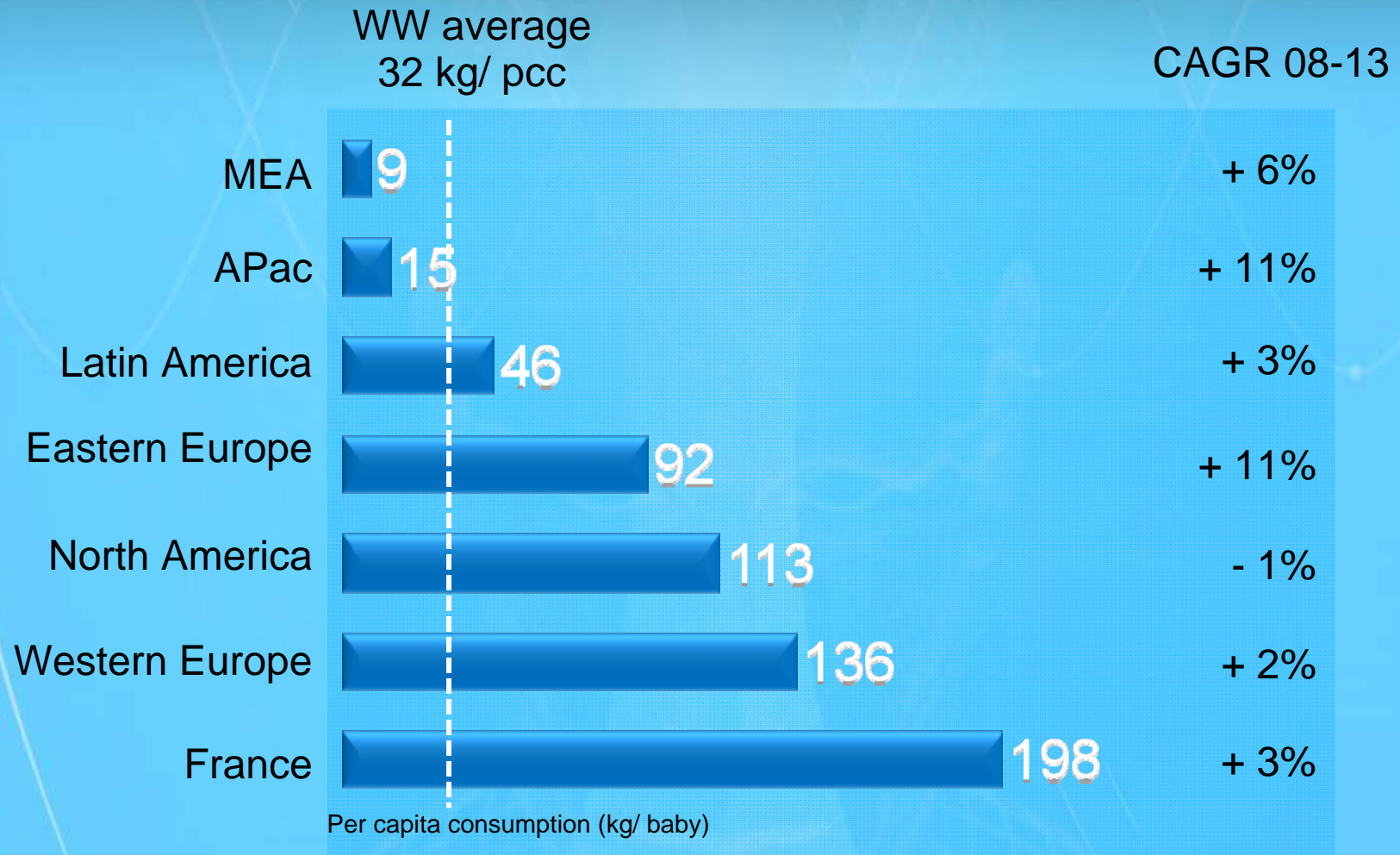
Market share performance

(Danone universe, 12.4B€, MAT)



Source: Global market, Euromonitor, Constant Forex 2009, constant prices  
Danone Universe, Nielsen MAT

# PCC opportunity remains huge across major markets



Source: Euromonitor for regional pcc and growth data; Nielsen data for France pcc

# Strong growth in core categories

## Growth 2009



Paediatric Nutrition  
+29%



Allergy Relief  
+16%



Oral Nutrition  
+13%



Tube Nutrition  
8%



Metabolics  
5%

## Very low penetration on core target

- Issue:

- 10% of over 65 year olds malnourished
- 50% of patients over 60 years old in hospitals
- 60% of nursing home patients



- Patient potential:



Less than 10%  
penetration

35% of  
our business





# Our organization : a unique and key asset

- Adaptability
- Multiplicity
- Reactivity



+ synapses  
=  
+ intelligence  
+ synergies  
+ knowledge  
+ success



# Outlook

	Objectives 2010	Medium-term objectives
Sales growth <sup>1</sup>	At least +5%	At least +5%
Free cash flow	At least +10%	€ 2 bn by 2012
EBIT margin <sup>1</sup>	Stable margin	

<sup>1</sup> Based on constant scope of consolidation and constant exchange rates