



**Presentation to investors –
April 2008**

Forward looking statements



This document contains certain forward-looking statements concerning Groupe DANONE.

Although Groupe 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 sections “Risks Factors” in Groupe DANONE’s Annual Report (which is available on www.danone.com).

Groupe 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.



I. Danone's business and strategy overview

II. Numico acquisition

III. Recent trading update and outlook

IV. A conservative financial structure

The unique capacity to be inspired
by a powerful mission

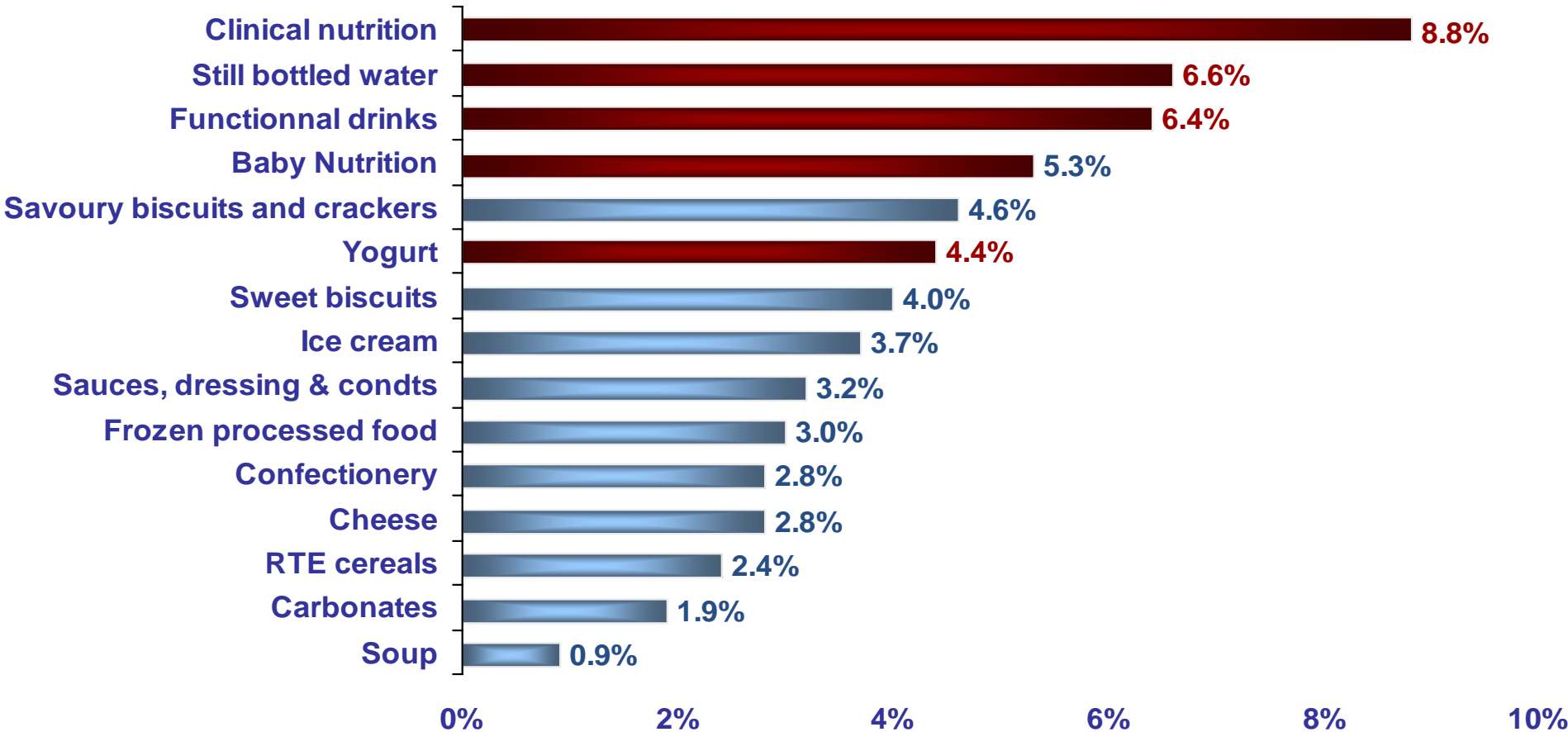


**To bring health through
food to the largest
number of people**



We play in the most attractive food segments

World Market CAGR 06-11 (volume)



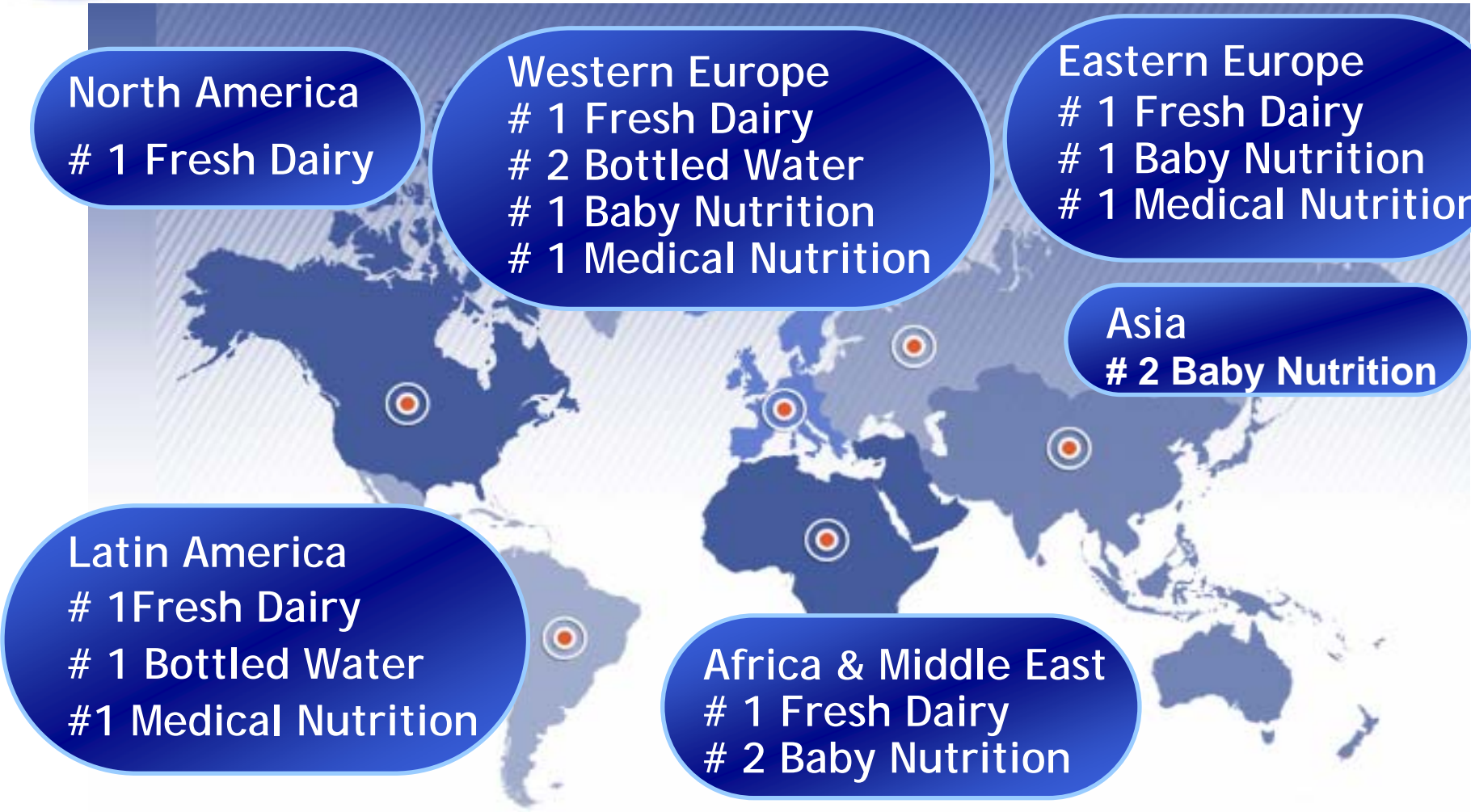


Key features of our business model

- All divisions command leadership positions
- Through well-known brands and value-adding products
- Our brands have superior pricing power
- Growth is fuelled through
 - Innovation
 - Roll-out
 - Geographic expansion
- Strong productivity gains are generated on fixed and overhead costs



We command leadership positions



Source: Euromonitor value share (Dairy 2006 values; Beverages 2007 values)

A success built on well known brands



€1900 mln



€1100 mln



€500 mln



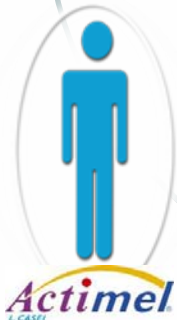
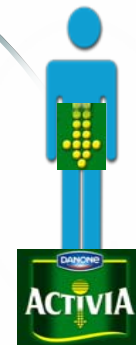
€500 mln



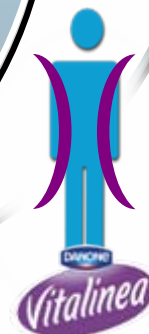
Dairy : one brand = one health benefit



The identification of active ingredients: Expertise of R&D and its partners



**Dairy R&D
community
~ 450 people
specialised
along brand
and health
benefit lines**





Growth fuel: Roll-out

2000

Yogurt Only

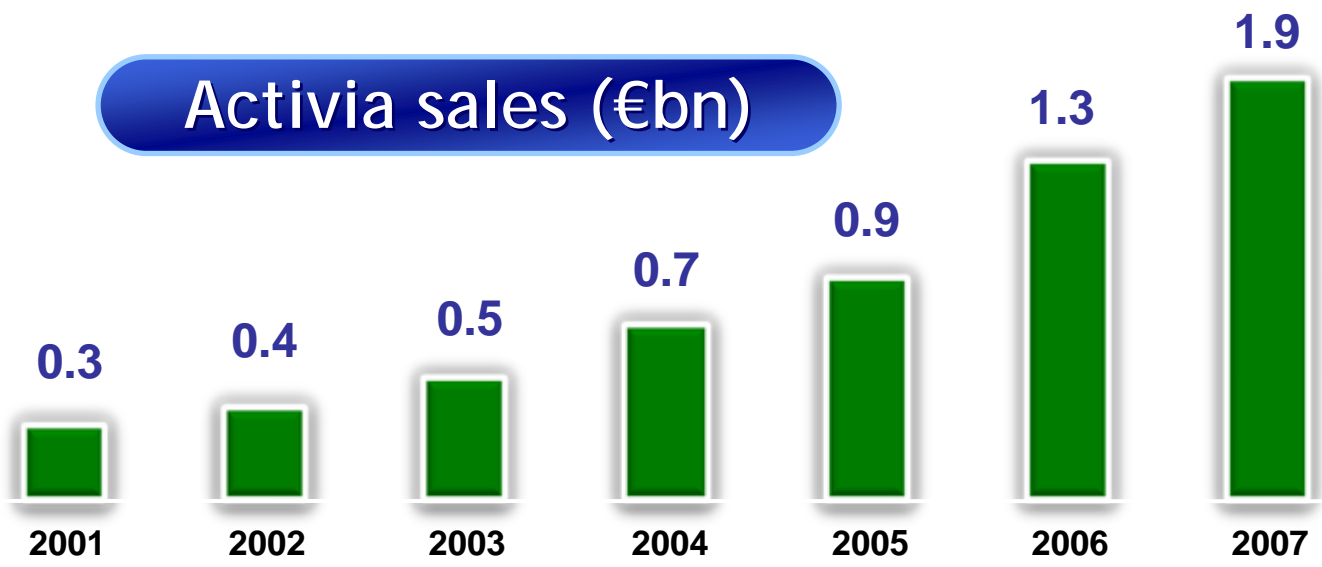


2007

Yogurt, fermented milk and other relevant supports



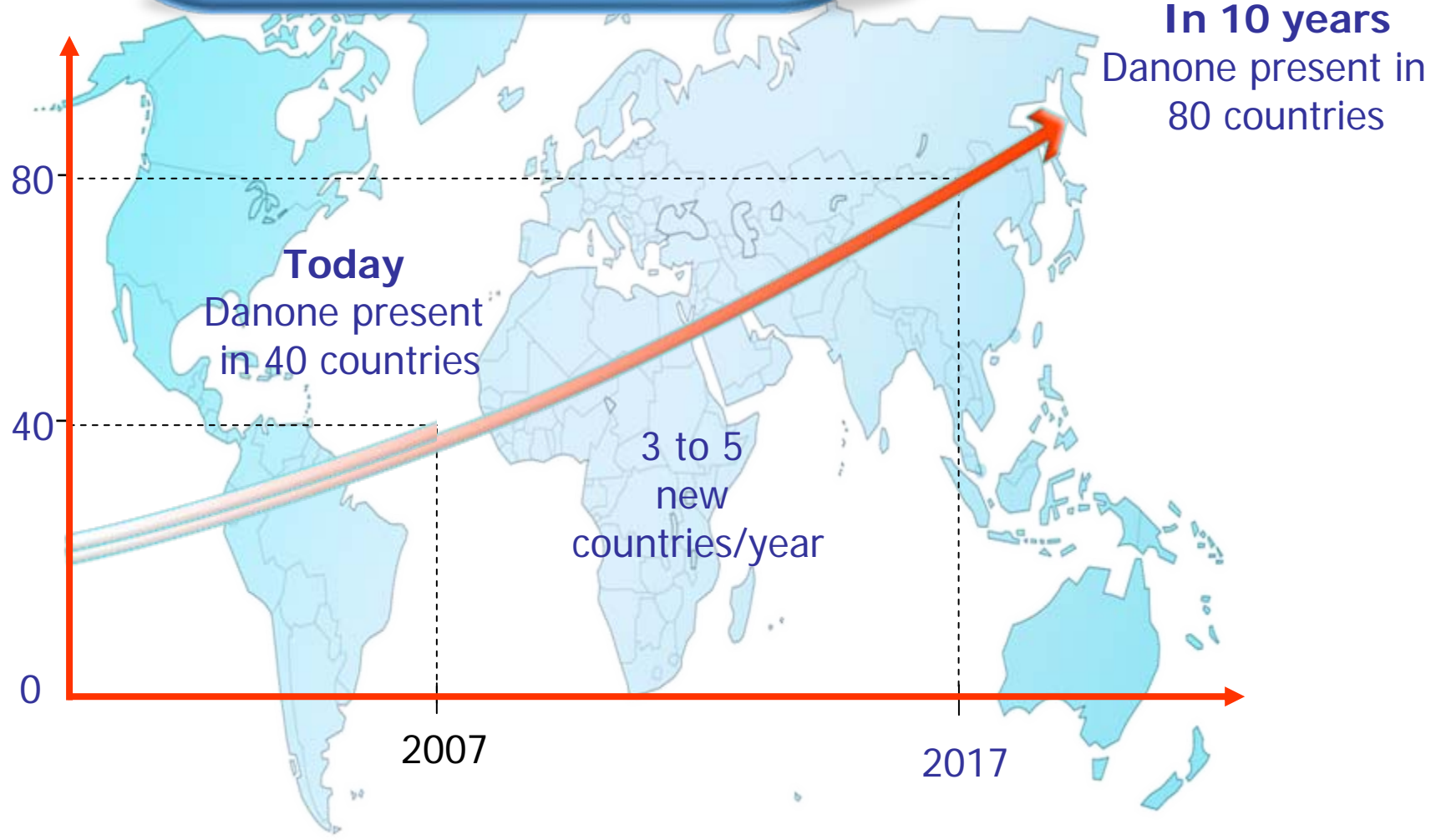
Activia sales (€bn)





Growth fuel: geographic expansion

New countries since 2006: Thailand, Colombia, Chile, Egypt, Algeria





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2007: Significant portfolio refocusing

Disposal of Biscuits to Kraft

- Outstanding price at €5.3bn or 13.7x 2006A EBITDA
- Fast execution
- Strong 2007 performance unaffected by transition process
- Closed 30/11

Friendly offer for Numico

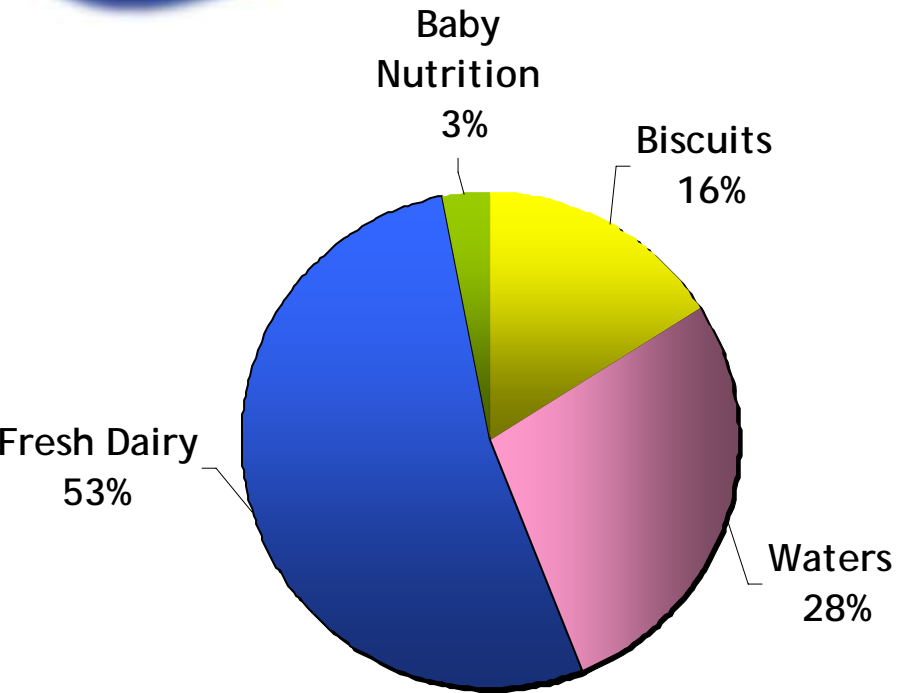
- €12.1bn acquisition
- Creation of a unique 100% “Health-through food” company
- Potential to leverage exceptional R&D and marketing skills from both sides
- Proximity of cultures
- As of today 98.9% acquired and delisted from Amsterdam stock exchange
- Squeeze out in progress

Danone is now a major baby and clinical nutrition player

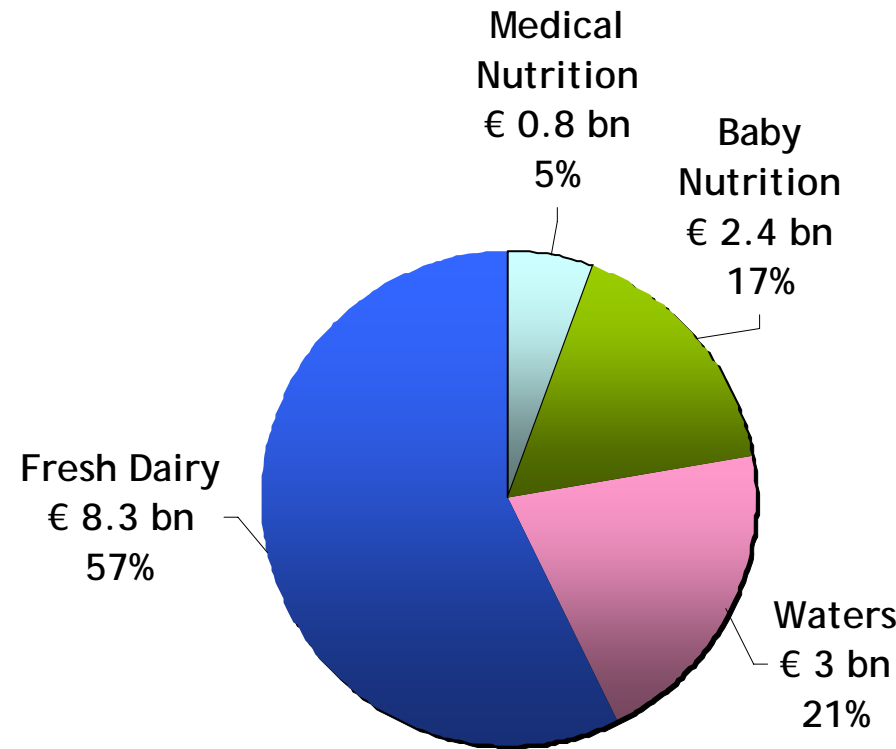


Danone + Numico: 100% health story

2006



2007 at 2008 Scope



Healthy Food

84%



100%

The creation of the #2 tie worldwide Baby Nutrition player



Numico + Blédina: Baby Nutrition positions

W. Europe

1

E. Europe

1

Asia

2 tie

Africa
Middle East

2



Numico's Baby Nutrition portfolio is highly complimentary to Danone's product lines

NUTRICIA



milupa

Mellin
Crescere oggi.

Dumex

Main countries

Netherlands
France

UK
Ireland

Germany
Eastern Europe

Italy

China
Thailand
Malaysia

Products:

Milk

(75% of sale)

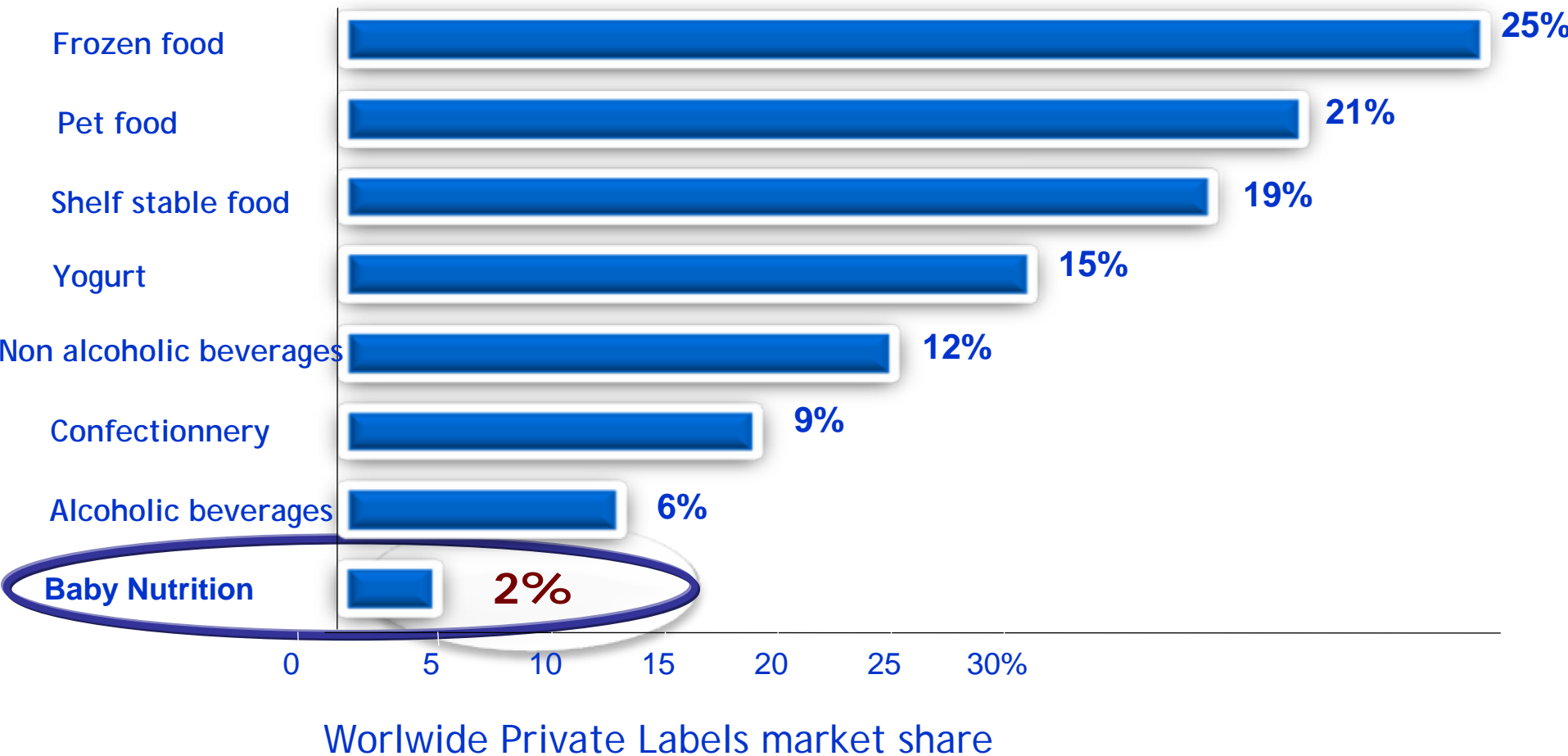
Food

(25% of sale)





The barriers to entry are high....

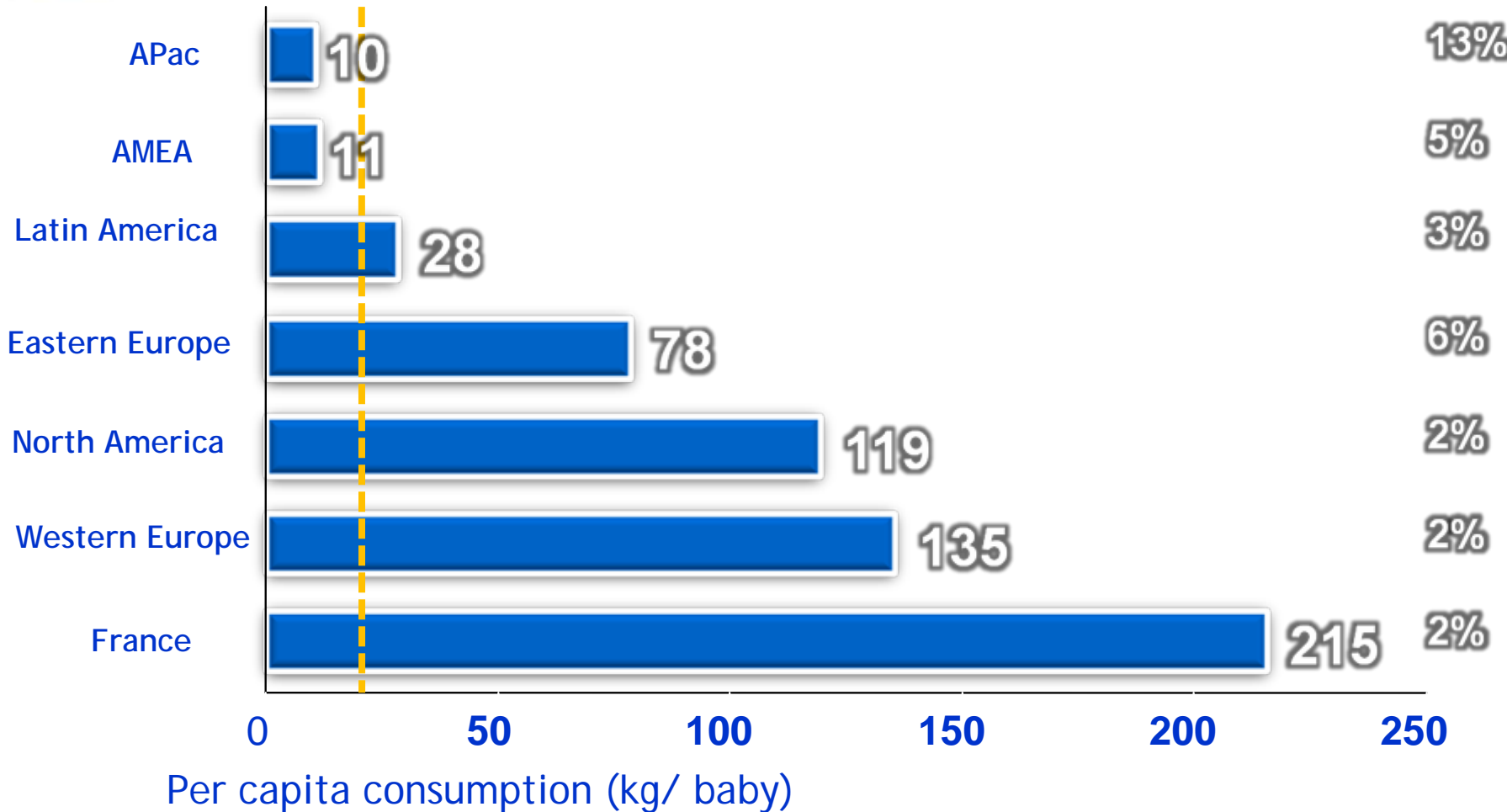




...and the category offers significant growth potential

WW average 20kg

CAGR 06-11



Medical Nutrition consists of two distinct businesses...



**Medical
Nutrition**

**Nutrition for people who
cannot eat or are sick**

**Disease
Targeted
Nutrition**

**Nutrition to alleviate disease
Symptoms or delay
the progression of a disease**

...with a number of long term growth drivers



- Ageing population
- Lifestyle diseases exploding
- Growing role of Nutrition in disease management and prevention
- Industry in its infancy and growing at a fast rate





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FY 2007 Key Figures

Net Sales	➔	€12,776M	+9,7% like-for-like +5.9% reported
Trading operating income	➔	€1,696M	+6.2%
Trading operating margin	➔	13.27 %	+ 45 bp like-for-like + 3 bp reported
Underlying net income	➔	€1,185M	Vs €1,194M FY '06
Net debt Incl. put options	➔	€11,261M	Vs €2,902M FY '06
Free Cash Flow Incl. Biscuits⁽¹⁾	➔	€1,184M	Vs €1,516M FY '06 -21.9%

¹ Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and change in working capital



FY 2007 performance at opening scope: key take-aways

- ⊗ **Top line and margin performance in the upper part of the guidance...**
- ⊗ **...despite loss of Wahaha co-packed sales, poor summer in Europe, and significant input cost headwinds**

- ⊗ **Core business growth is very healthy**
 - record growth rate in Fresh Dairy with resilient volume growth
 - strong growth in water division, recovering from poor summer
 - broad-based growth across all major geographies

- ⊗ **Continued profitable growth despite significant input cost headwinds**
 - unfavorable milk price increase fully offset by pricing

- ⊗ **Attractive financing obtained for Numico's acquisition**

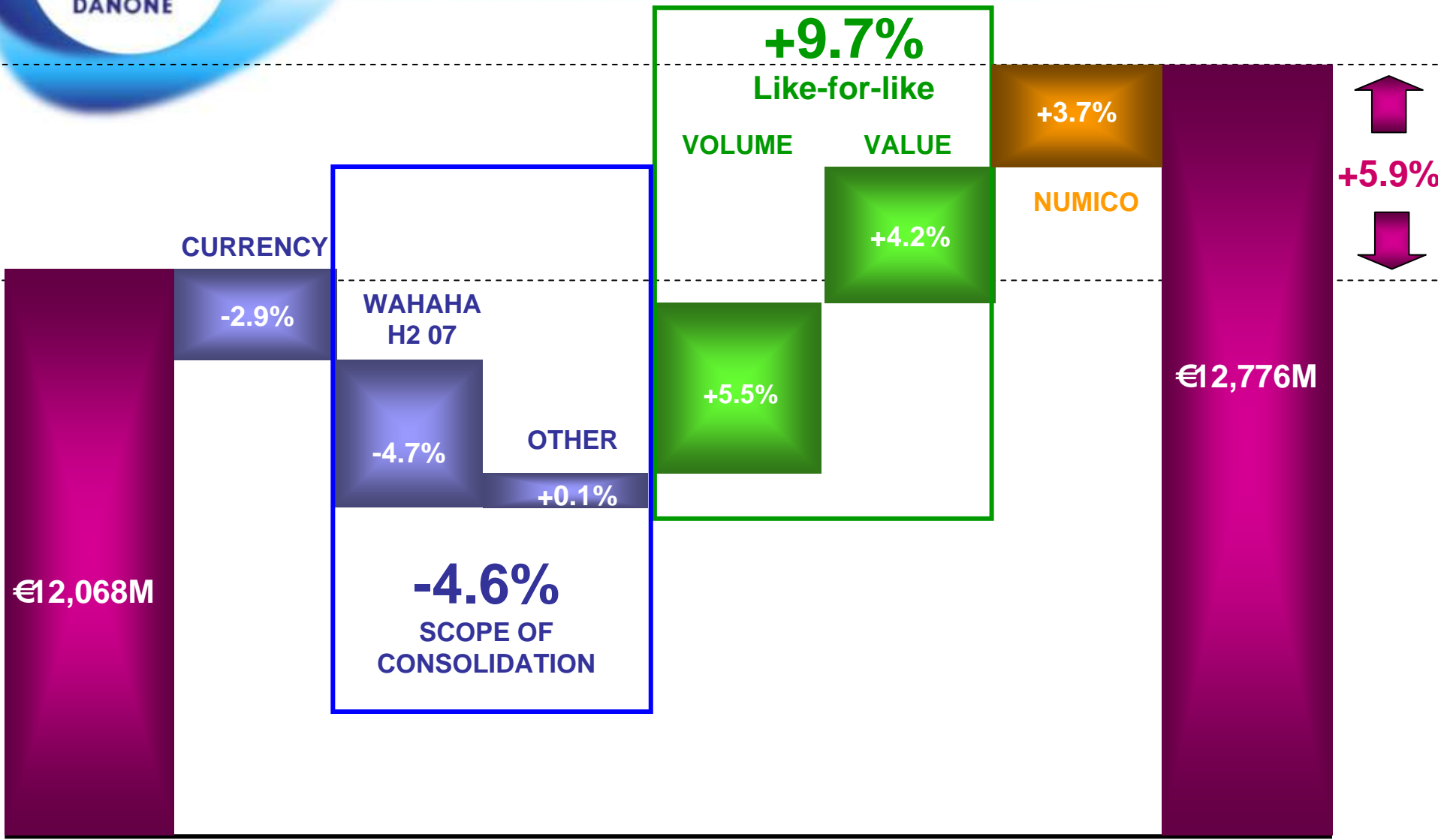
Raw materials and pricing update



- **Milk is the main input affected by recent cost increases**
- **Impact of approx. €390m in 2008**
- **Entire amount offset by pricing, productivities and operating leverage**
- **Price increases taken throughout the year in all major geographies**



Analysis of FY 2007 published Sales



FY 2006
IFRS, excl. biscuits

FY 2007

New Danone targets reflect the New Danone



Medium Term Target

Target 2008

Sales growth*

+8% to +10%

+8% to +10%

Trading Op.Profit*
(EBIT) growth

Faster than
sales growth

Faster than
sales growth

EBIT margin

Improving

>+30bp

¹ On a like-for-like basis



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Key numbers

(€mIn)	2004	2005	2006	2007 ⁽¹⁾	2007PF ⁽²⁾
Net Sales	12,273	13,024	14,073	12,776	15,044
EBITDA	2,040	2,184	2,365	2,116	2,656
<i>%margin</i>	16.6%	16.8%	16.8%	16.6%	17.7%
EBIT	1,559	1,706	1,874	1,696	2,162
<i>%margin</i>	12.7%	13.1%	13.3%	13.3%	14.4%
Net Income	638	1,671	1,560	4,338	1,317 ⁽⁵⁾
Free Cash Flow ⁽³⁾	1,204	1,303	1,516	1,184	1,181
Capex	(520)	(607)	(692)	(725)	(824)
Net Debt	4,538	3,572	2,902	11,261	11,261
o/w put options	2,440	2,626	2,504	2,700	2,700
Cash & cash equivalents ⁽⁴⁾	2,666	2,989	3,219	1,041	1,041

⁽¹⁾ 2007 reported excluding biscuit division except free cash flow (cash retained by Danone)

⁽²⁾ Audited pro-forma disposal of biscuits and full year consolidation of Numico

⁽³⁾ Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and change in working capital include marketable securities

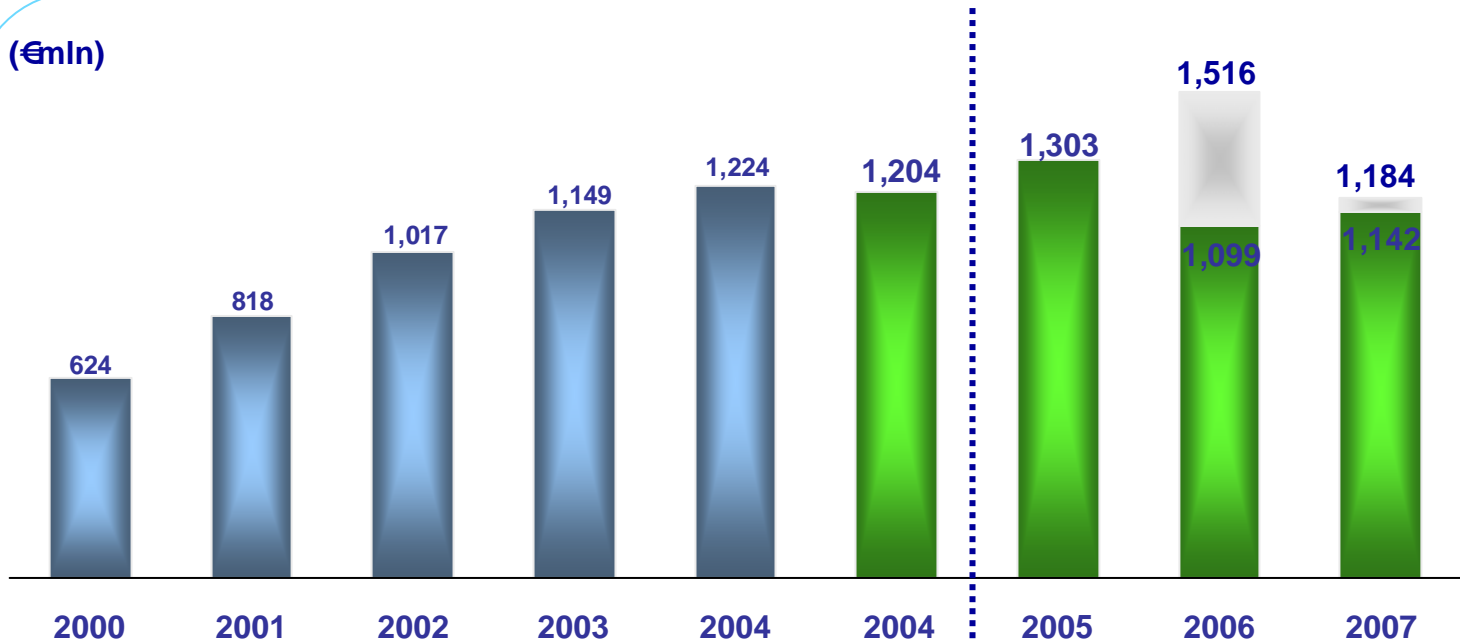
⁽⁴⁾ Include marketable securities

⁽⁵⁾ Current net income

In the last 7 years free cash flow has nearly doubled



(€mIn)



% of sales



(1) Excluding biscuits and Numico's financing cost



Free cash flow from operations

(€mln)

FY 2006

FY 2007

VAR

Free Cash Flow from Operations

1,516

1,184

(332)

of which Wahaha

126

(57)

(183)

of which Exceptional financial proceeds
(2006) and costs (Numico, 2007)

100

(100)

(200)

of which Biscuits

191

199

8

Free Cash Flow from Operations
(at comparable scope)

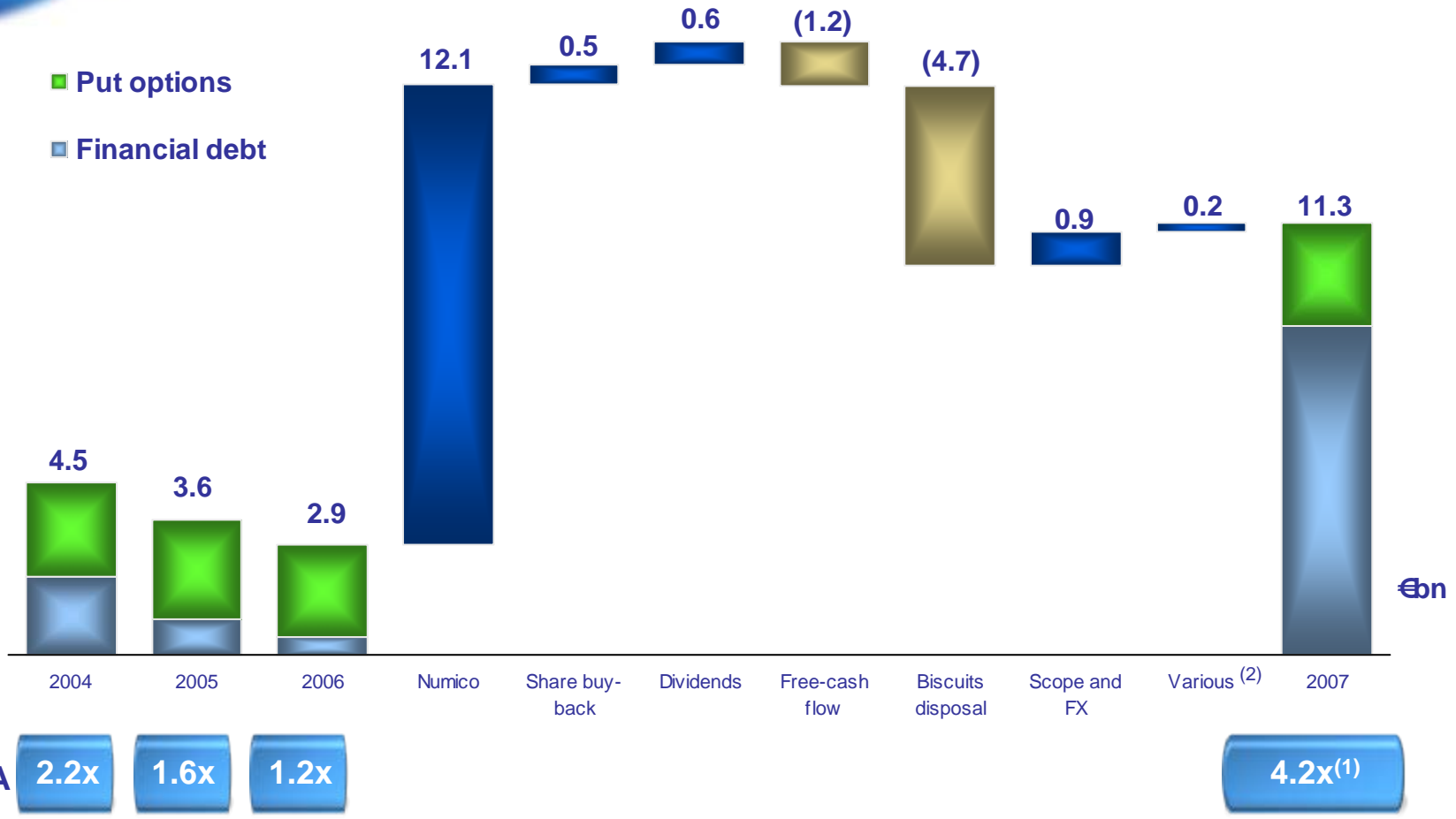
1,099

1,142

43



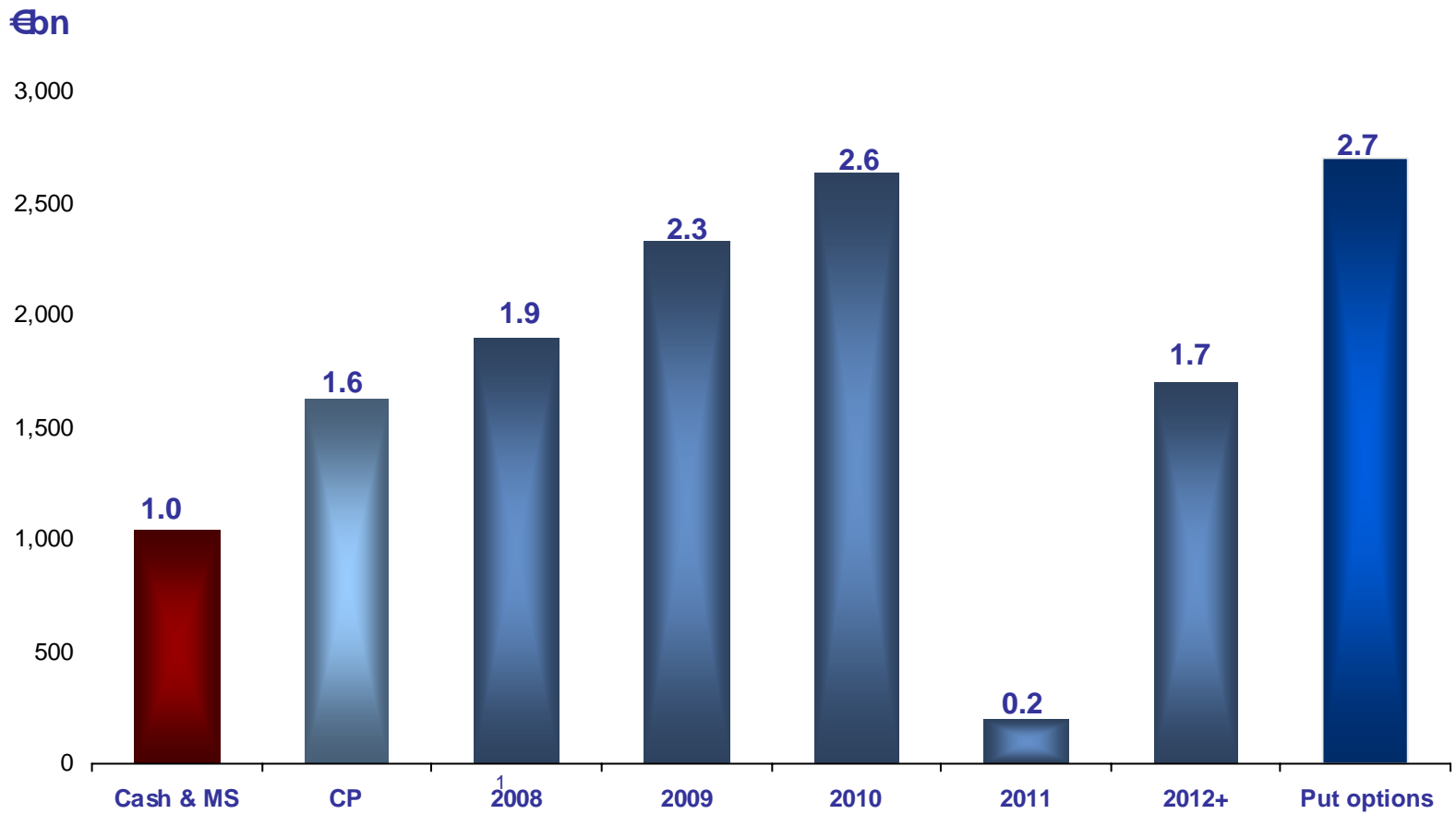
Net debt evolution



(1) Audited pro-forma disposal of biscuits and full year consolidation of Numico

(2) Including other investments, capital increase and other cash-flow impacts

Debt maturity profile





Numico's acquisition financing

- Total purchase price paid at 12/31/07 €12.1bn
- The acquisition of Numico was financed via use of cash at hand for €2bn and an 18-month €11bn bridge facility (January 2009)
- Danone has already refinanced a large portion of the acquisition:
 - The Biscuit disposal for €5.1bn of which an amount of €4.7bn ⁽¹⁾ completed in '07 and the remainder is expected to be received in H1 '08
 - A €4bn syndicated loan successfully closed in December 2007 - €2.3bn of 3-year and €1.7bn of 5-year
 - Diverse potential sources of funding in 2008 to refinance the remaining requirements and the €750M March 2008 bond redemption

With the biscuit disposal and the syndicated loan facility we have refinanced more than 85% of the acquisition

⁽¹⁾ €4.5bn from Kraft and €0.2bn from minority shareholders



Key credit ratios

	2005	2006	2007PF ¹
Net Debt / EBITDA (incl. put options)	1.6x	1.2x	4.2x
Net Debt / EBITDA (excl. put options)	0.4x	0.2x	3.2x
Gearing (incl. put options)	79%	52%	124%

¹ Audited pro-forma

- Put options are mainly related to minority interests in Spain, can be exercised at any time with a long term maturity. They are not bearing any interest
- Rated A- stable by S&P and A3 stable by Moody's following the acquisition of Numico and the disposal of the Biscuit division
- Share buy-back program has been put on hold following the acquisition
- Danone's objective is to be in the single-A category



Danone's Financial policy

- **Maintain an appropriate amount of liquidity**
- **At end of 2007:**
 - **€3.9bn of undrawn facility with no covenants to support its CP program and any potential exercise of the put options described before**
 - **€1bn of cash and marketable securities**
- **Danone has access to various funding sources including:**
 - **CP market (where it maintained access throughout the crisis)**
 - **the public bond markets**
 - **EMTN private placements**
- **Danone is hedging its identified operating foreign exchange risk**



Conclusion

- **Clear strategy: health through food**
- **Pricing power and branding**
- **Strong growth (geography, roll-out, innovation...)**
- **Integration of Numico delivering as per plan**
- **Strong cash flow generation**
- **Conservative financial structure with A3/A- ratings**



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