



DANONE

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 **BARCLAYS
CAPITAL**

Back to School Conference

September 9-10th, 2009

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). 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.

Danone: A unique mission

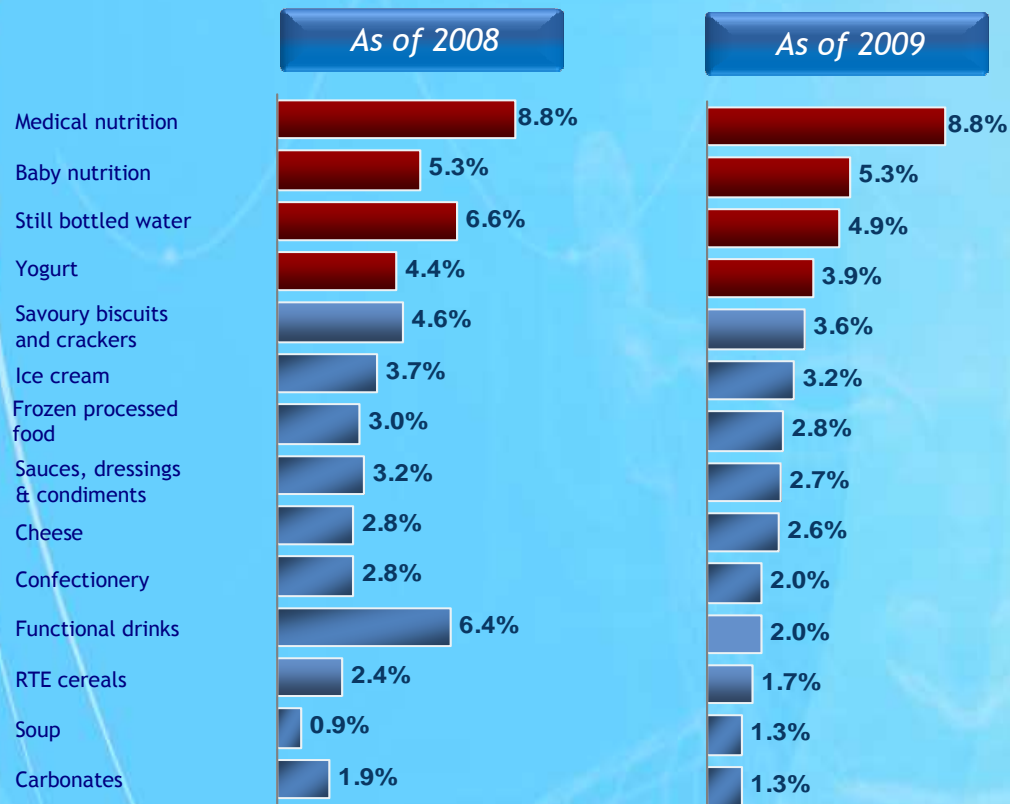


A unique health portfolio throughout all phases of life

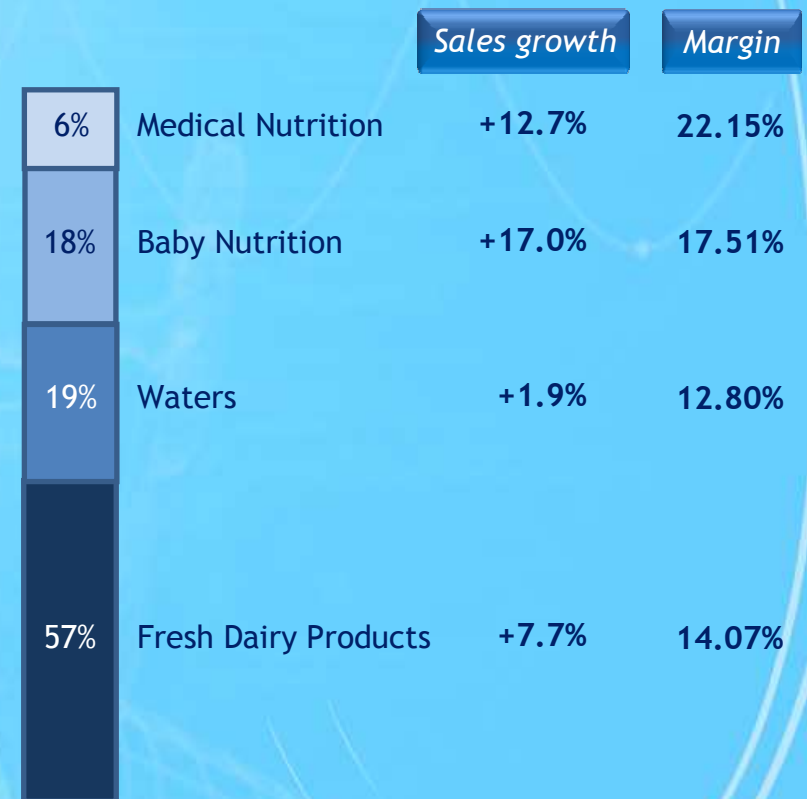


Well positioned in faster growing categories

Faster growing categories 5 - year volume CAGR



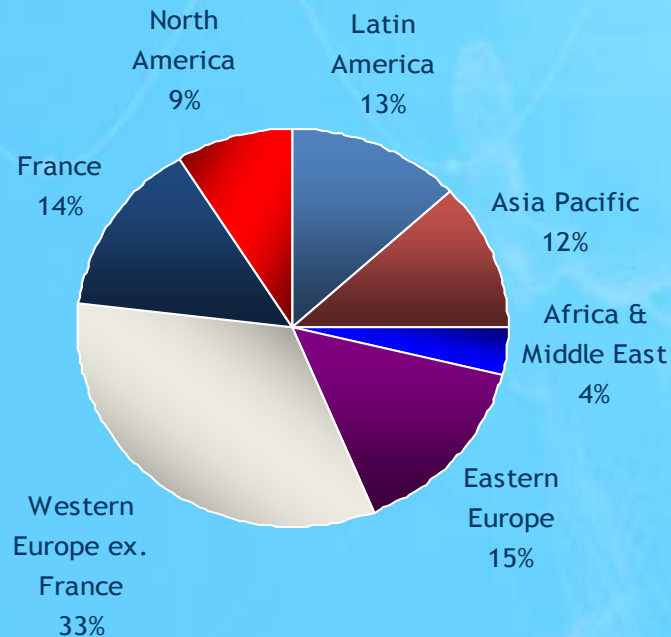
Growth focused portfolio 2008 performance



Source: Euromonitor

Well diversified geographical footprint exposed to the faster growing geographies

Diversified geographic portfolio (sales split 2008)



40% of sales generated in Emerging Markets

Faster growing markets

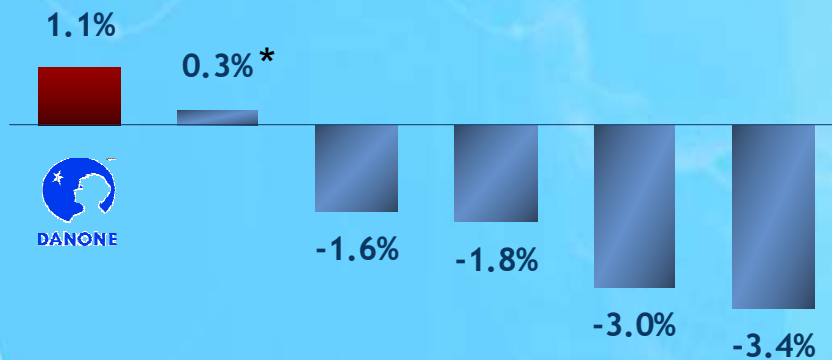
Country	GDP growth differential v. OECD ¹	
	07/08	08/09
China 	8.2 %	10.6 %
Indonesia 	5.3 %	6.5 %
Brazil 	4.3 %	2.6 %
Argentina 	6.2 %	0.6 %
Mexico 	0.6 %	(0.3)%
Russia 	4.8 %	(0.9)%

Source: Economist Intelligence Unit (EIU) as of May 28 2009 (national sources, EIU)

¹ OECD aggregate real GDP growth rate used as benchmark for 07/08 and 08/09 is 0.8% and (4.1)%, respectively

Delivering leading volume growth in a recessionary environment

Q1 09 LFL volume growth



Selected F&B peers

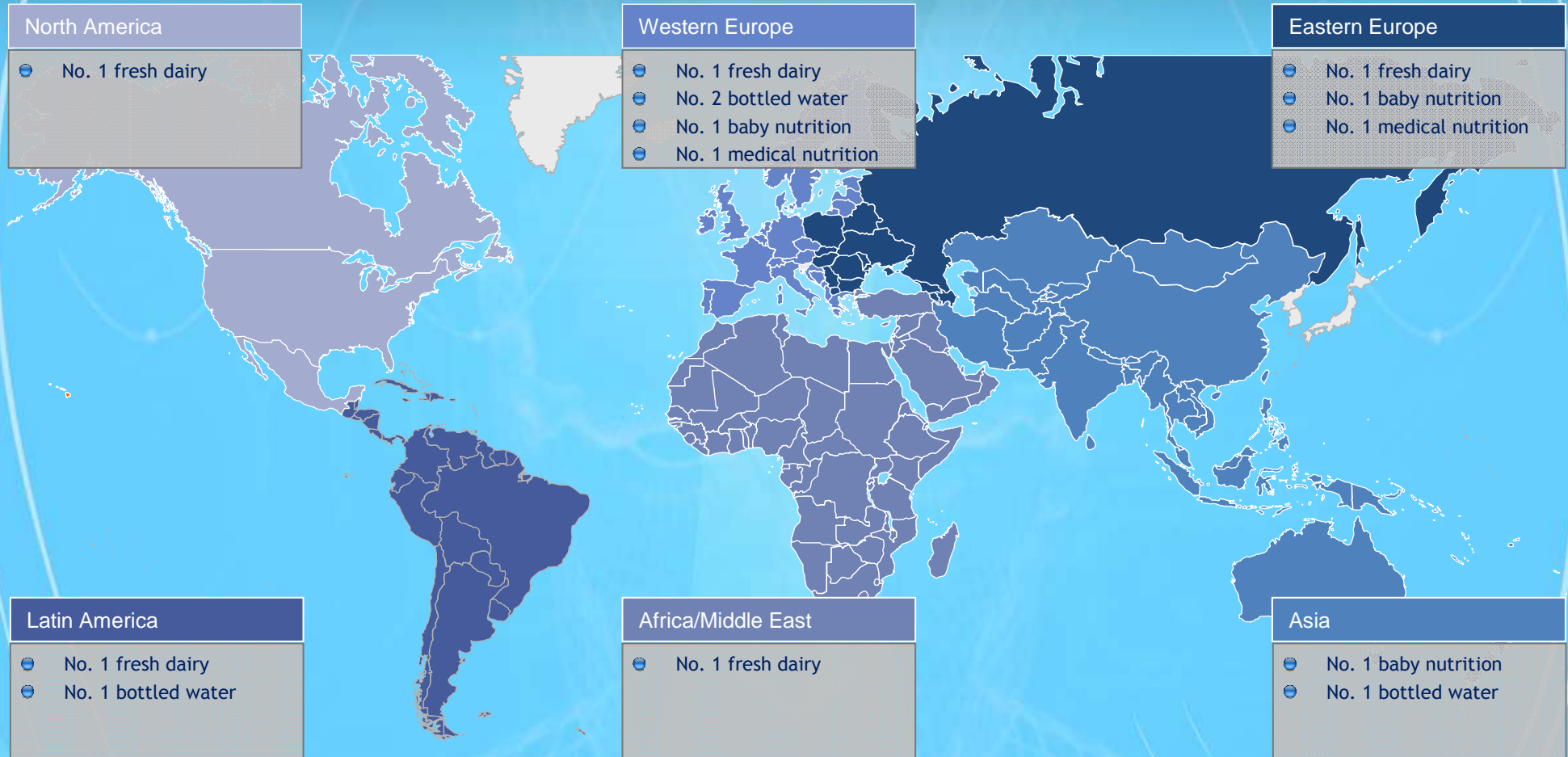
Q2 09 LFL volume growth



Selected F&B peers

*Incl mix-effect and estimated for Q2

Our mission and market positions provide a strong platform for continued above-sector growth



To bring health through food to the largest number of people

Dairy

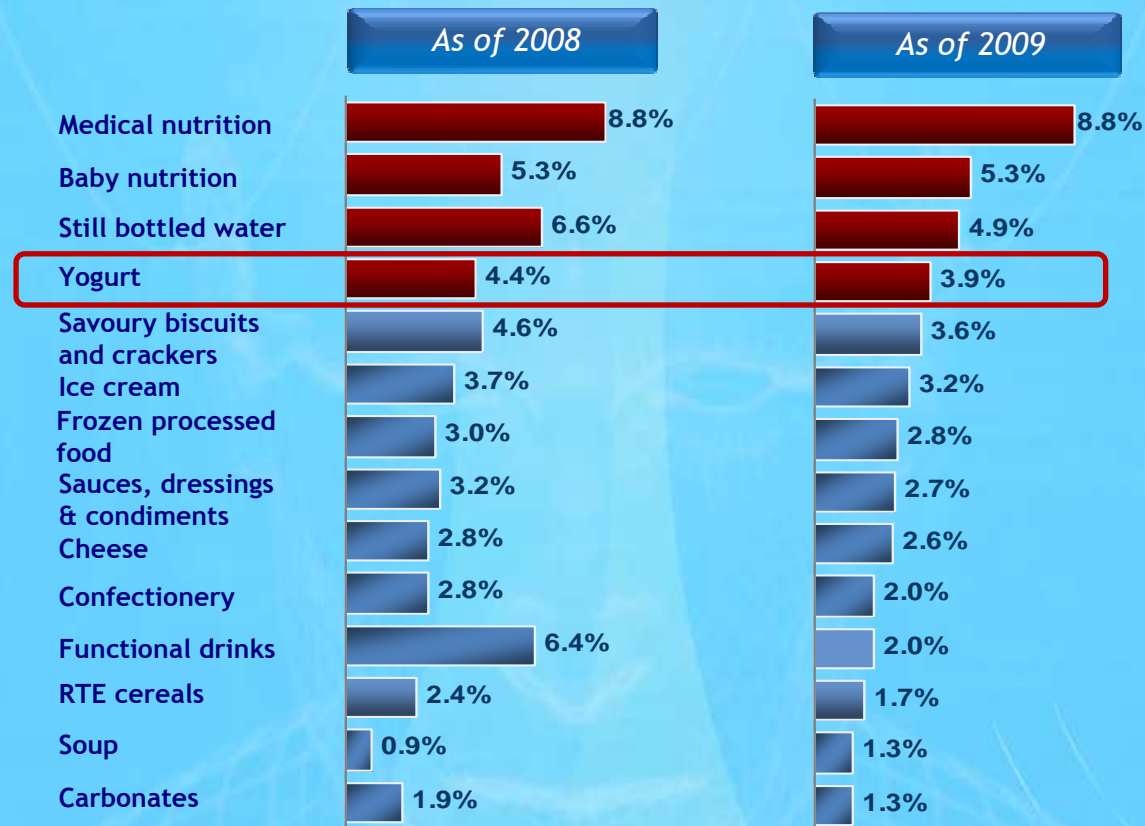
The Growth Engine of the Company

The growth drivers that will continue to drive growth

1. Health focus coupled with superior quality
2. Price Reset Program to adapt to changing consumption patterns
3. Increase penetration/PCC and expand our consumer base
4. Continue to open-up new geographies

The dairy category is expected to continue to deliver above-average growth

Faster growing categories 5 - year volume CAGR



Source: Euromonitor

We offer unparalleled health benefits coupled with superior product quality



- Unrivalled track record of offering measureable health benefits
- Through superior tasting products
- More than 50 clinical studies in 2008
- More than 1,200 employees in R&D

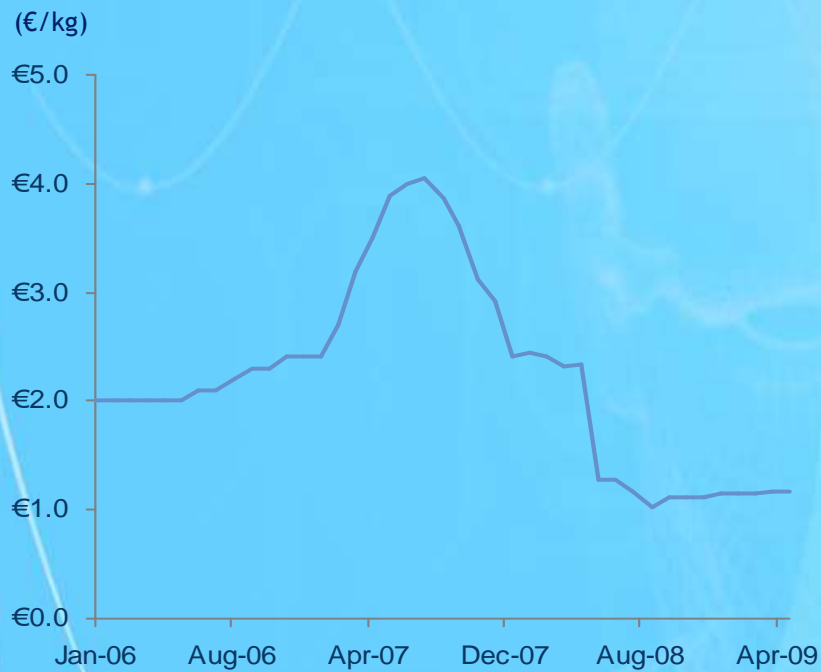


Growth Driver 2:

Price Reset Program to adapt to changing consumption patterns

Evolution of milk price drove up price/mix effect

Evolution of milk commodities and milk prices (EU SMP)



Quarterly price/mix effect on like-for-like growth

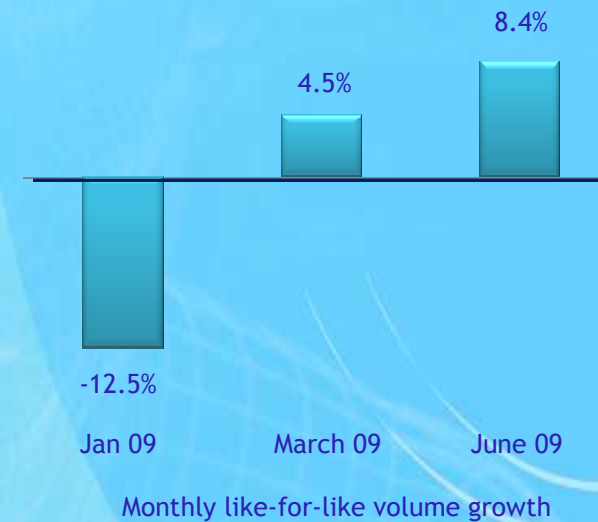
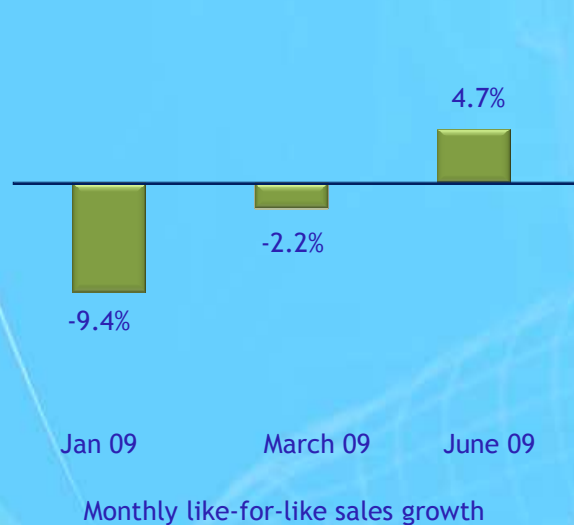


The Price Reset Program entails the full 360° degree marketing circle



The Price Reset Program – UNITED STATES

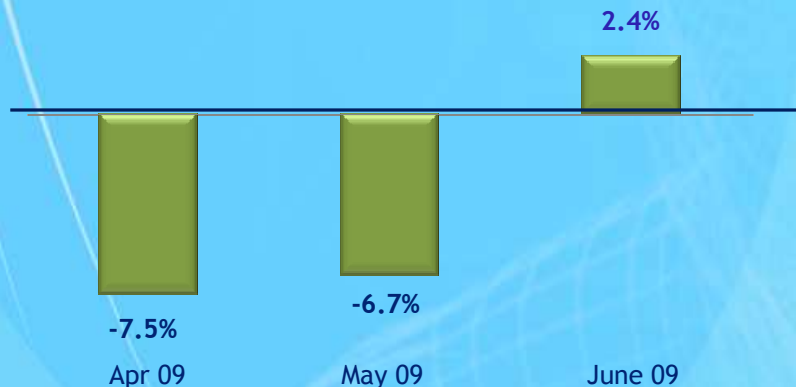
- Various product launches/extensions in “Health” & Core
- Focused promotion strategy limited to 3 price points & increased discount levels
- Switched focus to couponing instead of sampling
- Full Q1 advertising support + implementation of new 60 sec TV spots (DanActive)
- Celebrity testimonials



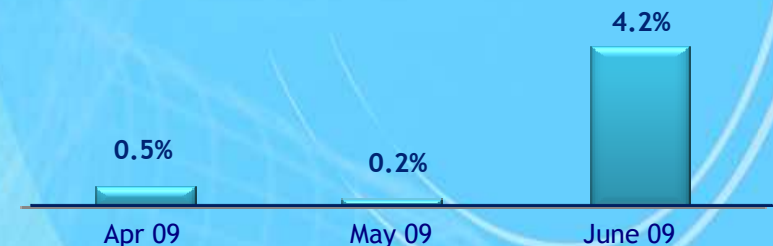
France /Danette – Successfully adapting the product and marketing mix

The Danette example

- Price positioning vs PLs over the last 9 months → index from 135 to 124
- “La Danette des Français” campaign
 - big buzz success, €1.6 mln videos viewed on the web
 - +40% volumes vs the '08 campaign
- Dedicated 6-pack offer for hard discount



Monthly like-for-like sales growth



Monthly like-for-like volume growth

The Price Reset Program – MEXICO

Before

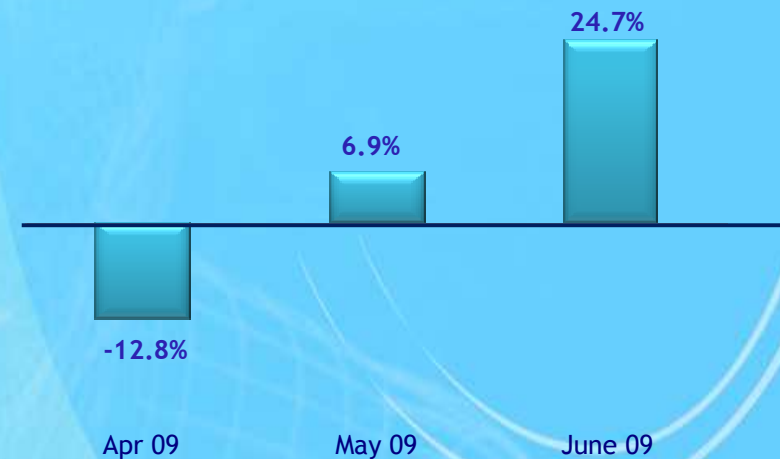
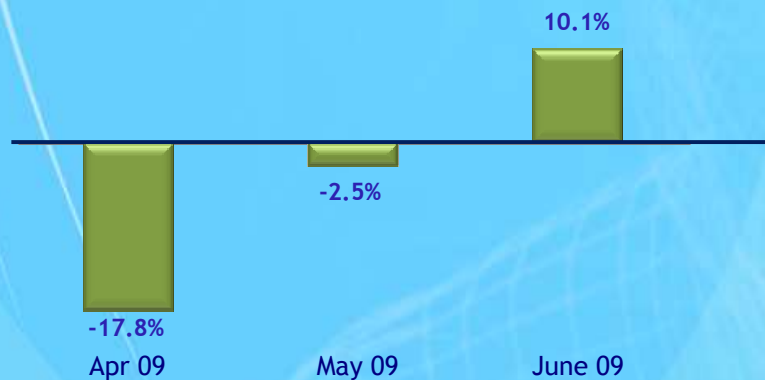


- Brand: NutriPLUS by Danone
- Added-value nutrition
- Premium pricing: +16% vs competition
- Yellow color code

After



- Brand: DANONE 90 years
- Yoghurt expertise
- Affordable price: -15% vs. competition
- Blue color code

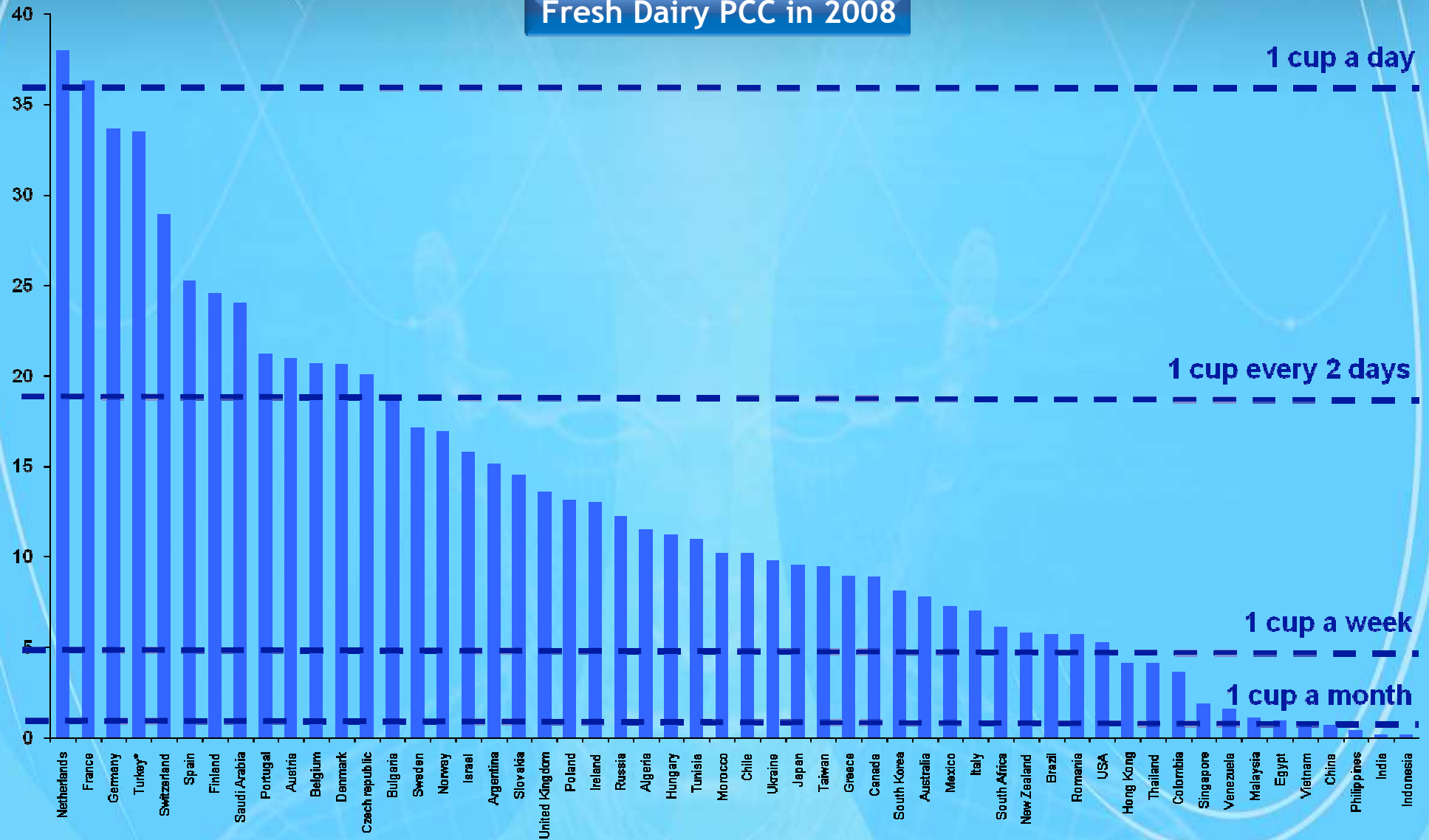


Growth Driver 3:

**Increase penetration/PCC and
expand our consumer base**

The growth potential remains huge

Fresh Dairy PCC in 2008



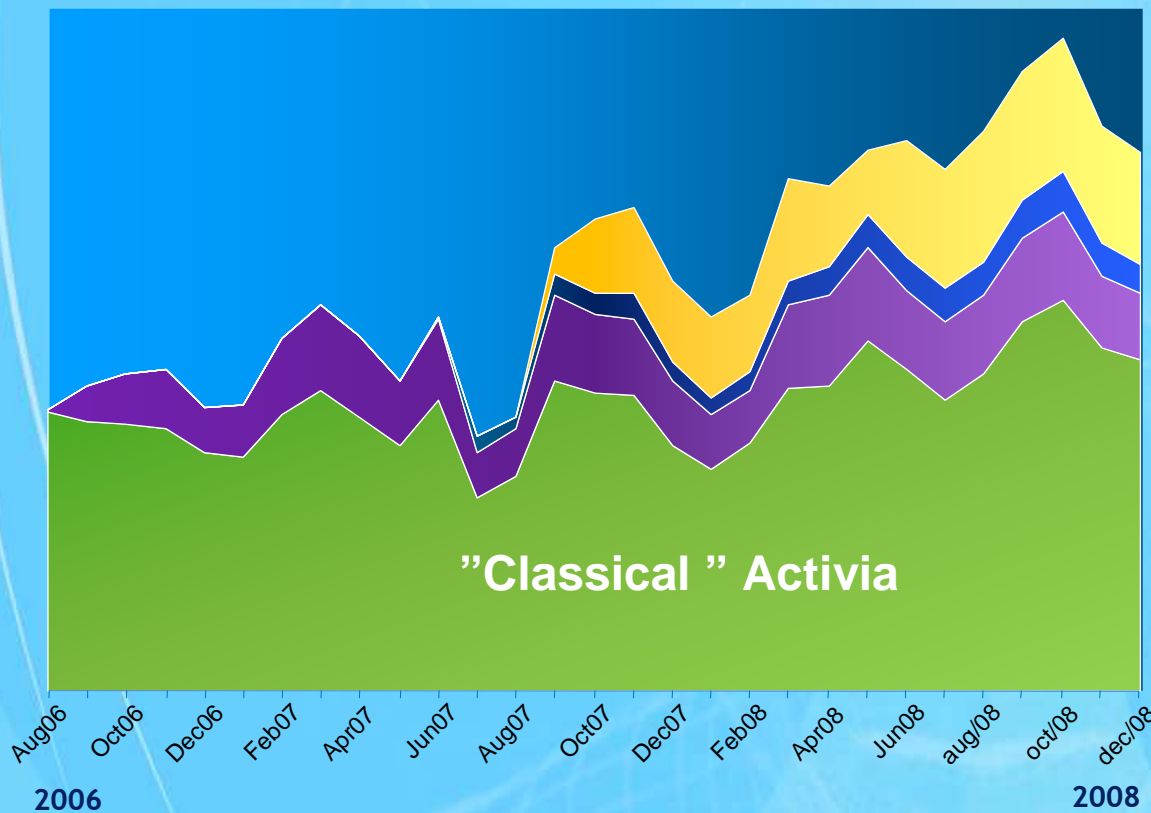
4 key strategies to expand our consumer base

- Affordability: one brand across different price points
- Expand fresh dairy products' penetration through lower price points
- New product forms under existing brands
- Develop operations in new geographies



Activia for the C/D/E classes in Brazil

Volume evolution



The affordable range is 25% less expensive than the classic range





Laboratories



  **>1000 tons/month**
Price index 71
vs classical yoghurt

  **>2500 tons/month**
Price index 61
vs classical yoghurt

 **Launch of affordable/accessible products**

Growth Driver 4:

Continue to open-up new geographies

We typically enter into 3-4 markets every year

2007

Egypt
Thailand
Chile



2008

Indonesia
Columbia
South Africa



2009

China
South Korea
...



New countries generate around €20mIn sales
after first years of launch

New geographies continue to provide high-growth potential



Egypt

Population:	74 mln people and dairy PCC ¹ of 1 kg
Launch:	Market entry 2005, Activia launched in May-08
Sales growth:	+77% in 2008
Market Share:	+7.7 pts to 28% in 2008



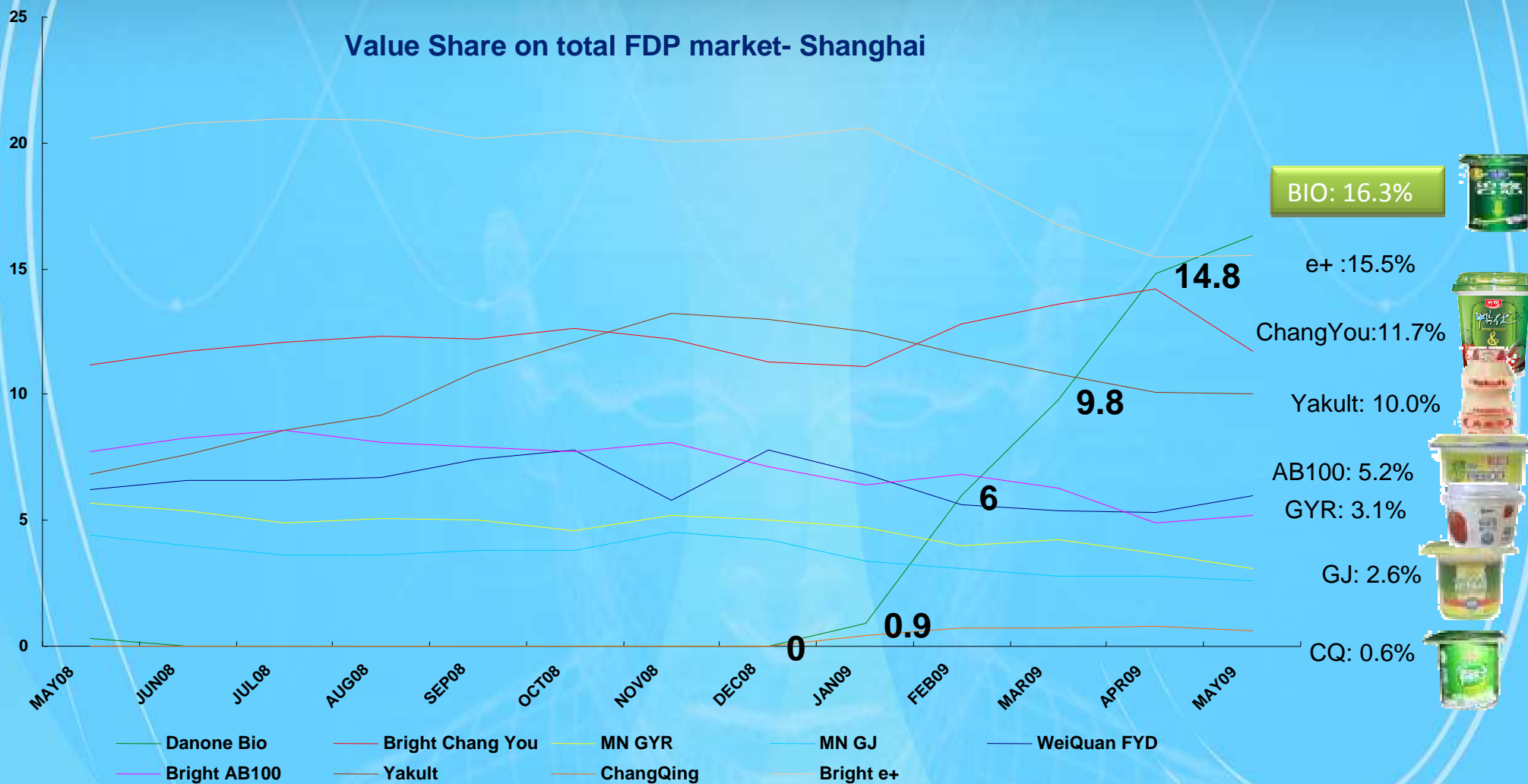
Chile

Population:	17 mln people and dairy PCC ¹ of 10 kg
Launch:	Market entry Jun-07, Activia launched in Sep-07
Sales growth:	+27% in 2008
Market Share:	+4.3 pts to 19% in 2008

Break-even level generally reached within approx. 3 years



China: Bio has become the leader in Shanghai within 5 months after launch



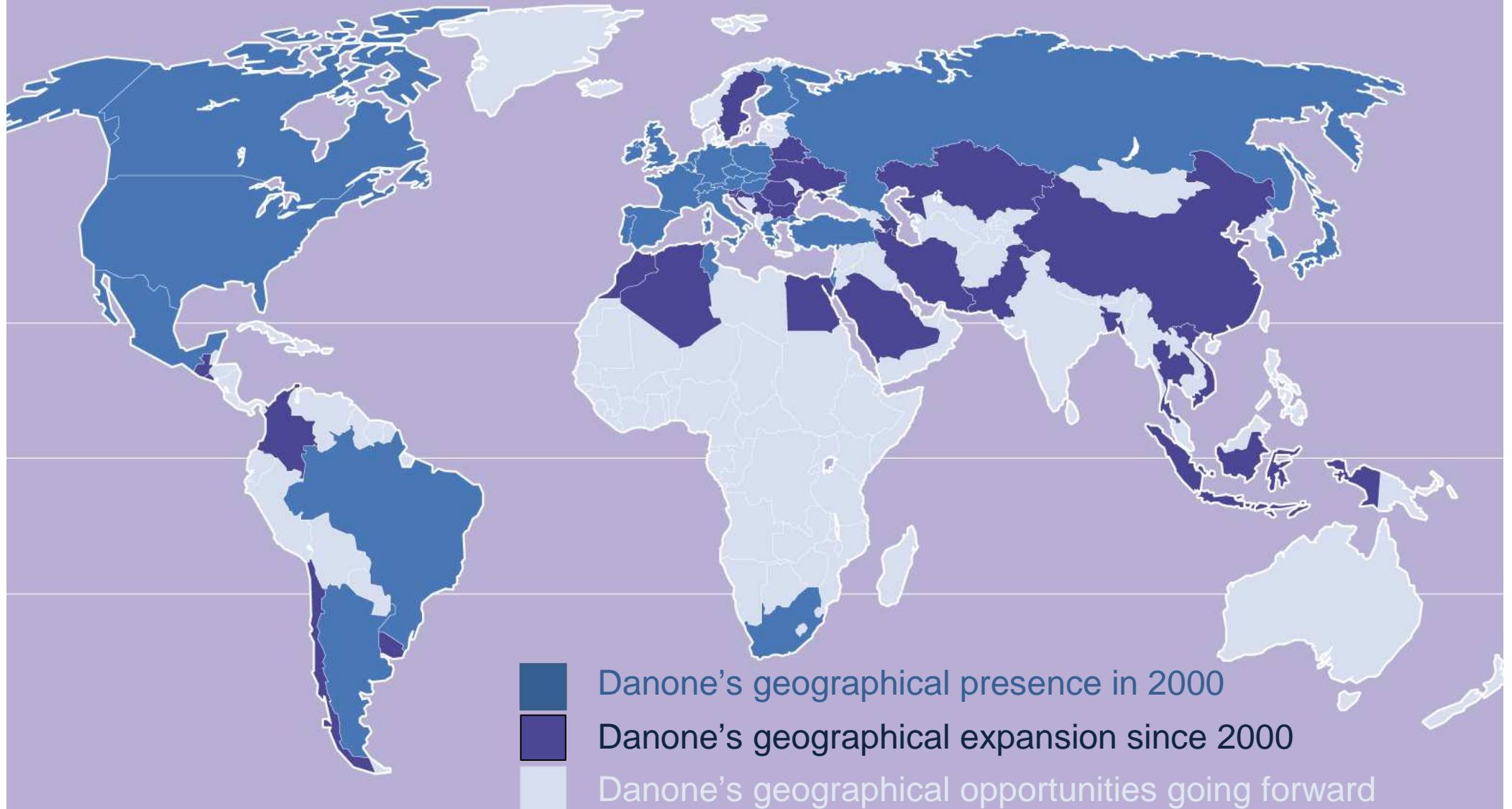


We just entered S-Korea through the launch of Activia in the first week of September

- S-Korean dairy market is highly functional and segmented
- PCC of only 8 kg
- Drinkable and spoonable Activia launched
- Through organised trade, 13k stores, selling with LG, the #1 FMCG company in S-Korea
- Factory built 250km south of Seoul and R&D center at Korea University Campus



The “World” continues to offer substantial potential to increase our worldwide footprint





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