



DANONE

Water challenges & opportunities

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2 avril 2009

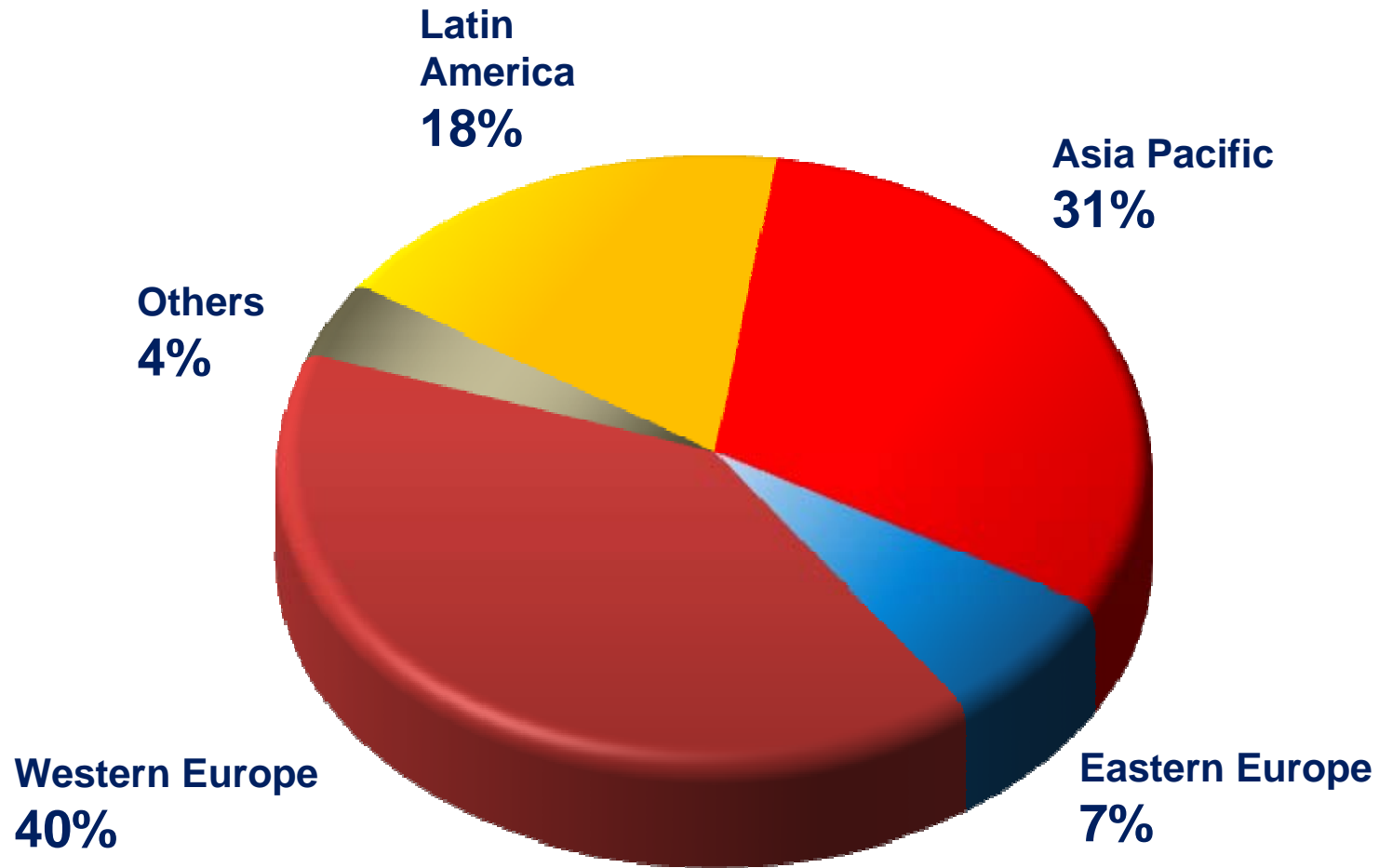


Danone Waters:

Strong strategic positions in selected geographies

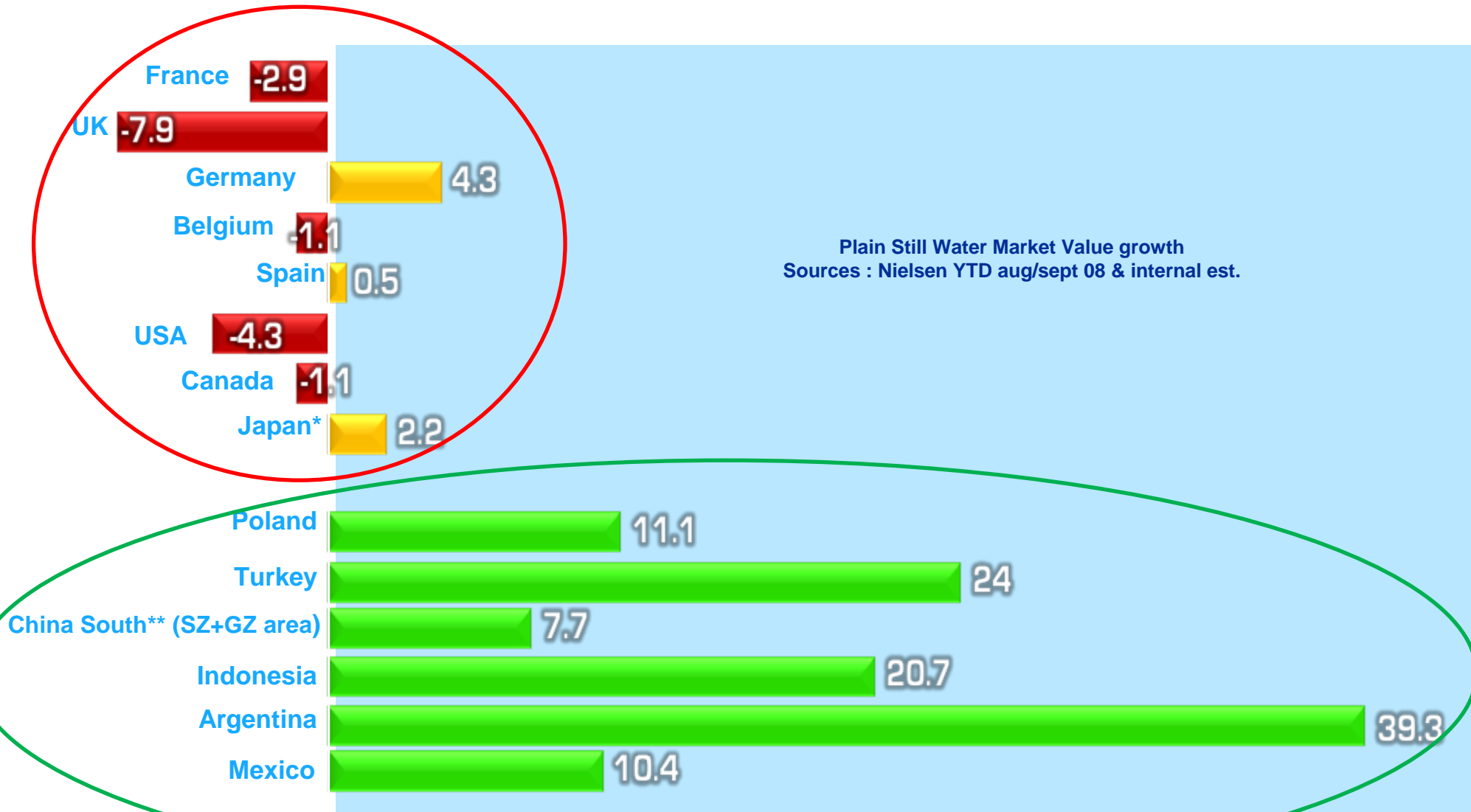


Our geographic split is well balanced*



* Based on sales Q3 2008

Two growth clusters: Industrialised Countries vs Emerging Countries



Source: Nielsen/IRI retail panel – InryoSoken for Japan

* Japan: plain still + plain sparkling + flavored water - Volume growth sept 08

** June 08

Two different environments:



Industrialised Countries

- Category vilified
- Tap water is an alternative
- Economic slowdown



Emerging Countries

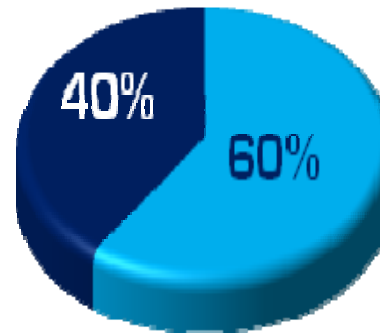
- Category = Safety / health
- Bottled water & jugs are essential
- Low per capita consumption



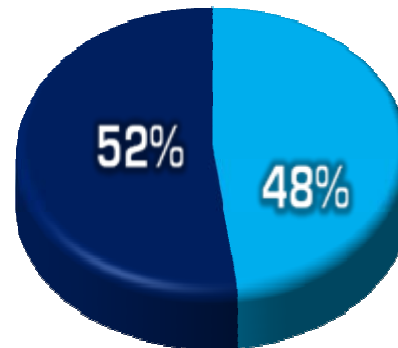
Our country mix is promising for future growth



Market



- Emerging countries
- Industrialised countries



*Source: Nielsen

A double challenge



**Return Industrialised Countries
to growth**



Accelerate in Emerging Countries



Returning industrialised countries to growth

The facts are on our side:

- Tap water is no substitute for Mineral Water
- Mineral Water is the most environmental, healthiest and economical beverage
- Our Mineral Waters are exemplary in Sustainable Development



Our conviction challenges



Water – essential to life



- 💧 The most important macro-nutrient we put into our bodies
 - Average male: 1,000 litres p.a. (15 x body weight)
 - We recycle the water in our bodies 25 times per year



- 💧 Water is the only liquid we need to hydrate

What happens if people stop buying bottled water?

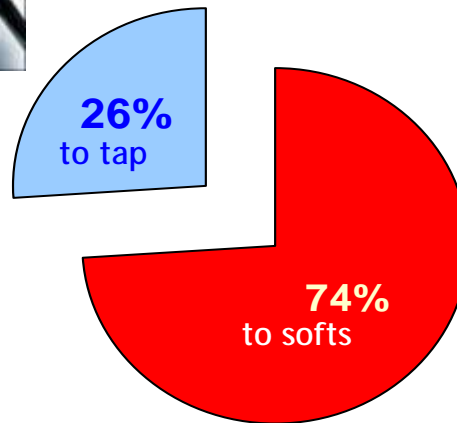
Example: UK



💧 Very often, they buy soft drinks instead....

UK

Switching...



→ Increased sugar consumption...

+43bn kCals

→ Increased risk of obesity, diabetes, dental problems

There is a rising intake of calories from beverages...



Example: Mexico

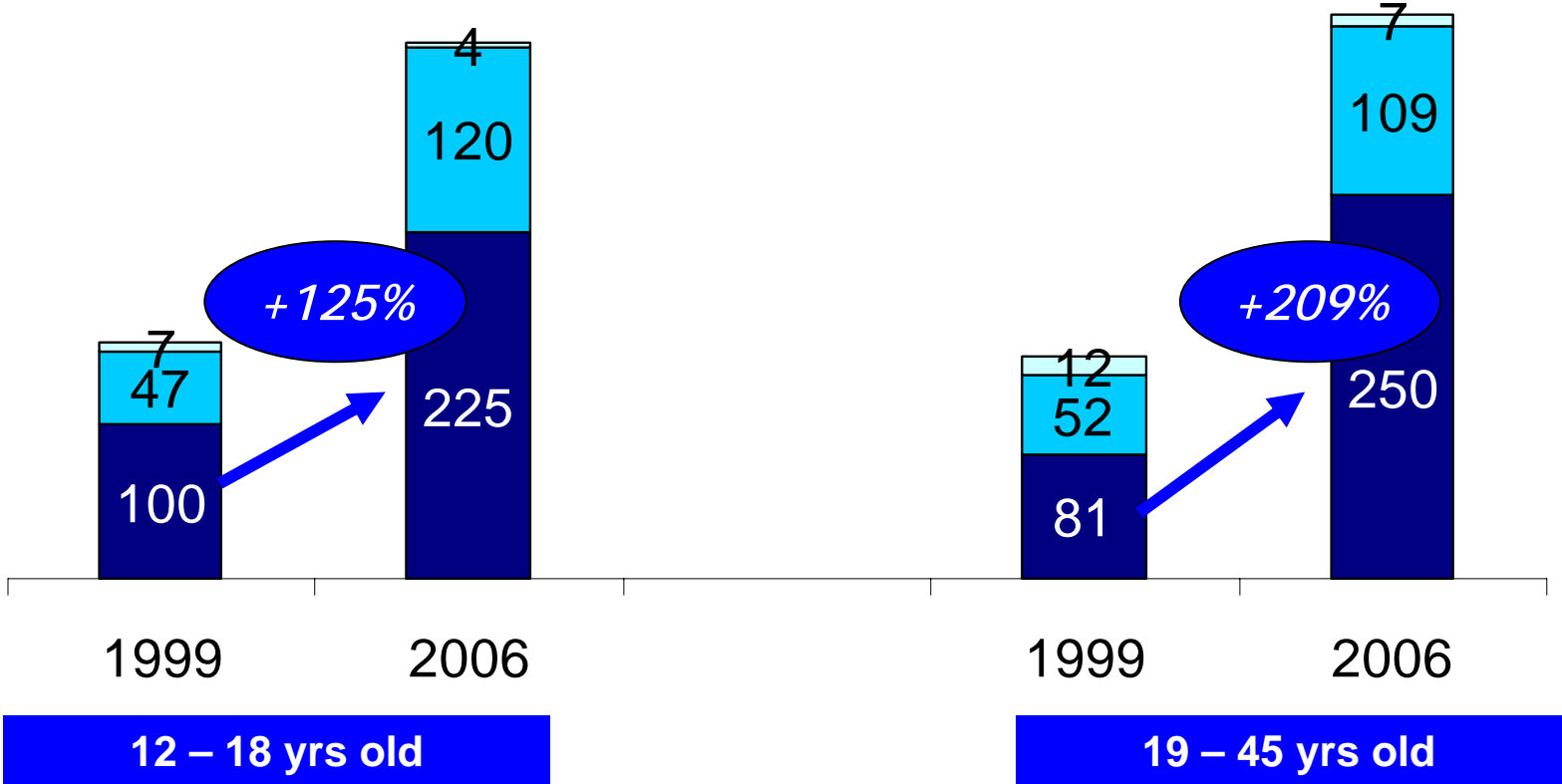
Per-capita energy consumption (kcal) from beverages in adolescent and adult women

High sugar, high cal
 High cal, low sugar
 Low cal

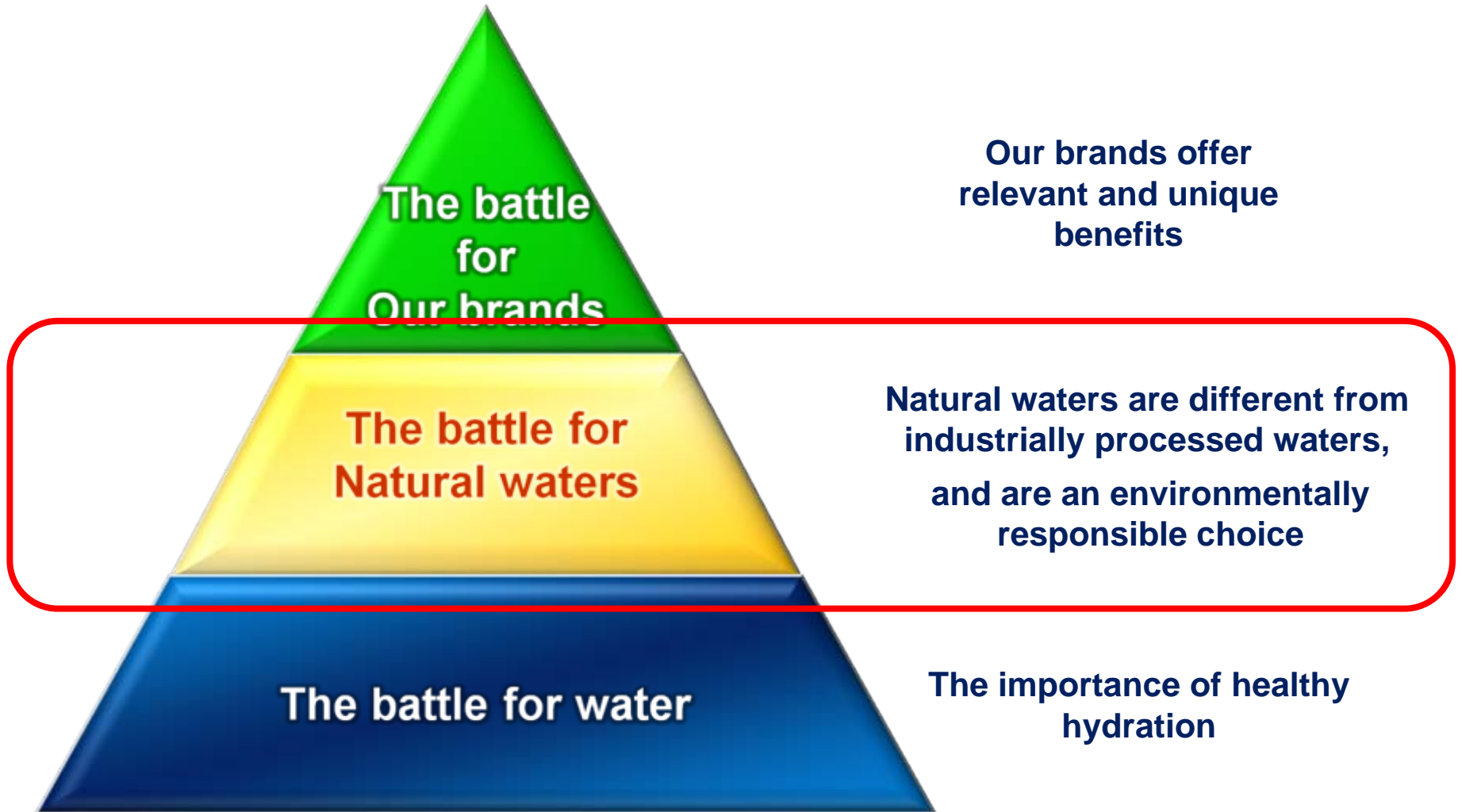
CSD, fruit juices, aguas frescas

Whole milk

Coffee, tea



Our conviction challenges



**The battle for
Our brands**

Our brands offer relevant and unique benefits

**The battle for
Natural waters**

Natural waters are different from industrially processed waters, and are an environmentally responsible choice

The battle for water

The importance of healthy hydration

All waters are not the same...



Industrially treated waters

Tap Water



Filtered tap water



Purified waters



Can come from various sources such as lakes, reservoirs, rivers that **could** have been fed by waste treatment centres

Chemically treated to make it safe to drink

Treated to make it safe to drink

Naturally sourced waters

Spring Water



From a protected natural source

No chemical treatment

Microbiologically pure

Composition varies according to source

Natural Mineral Water

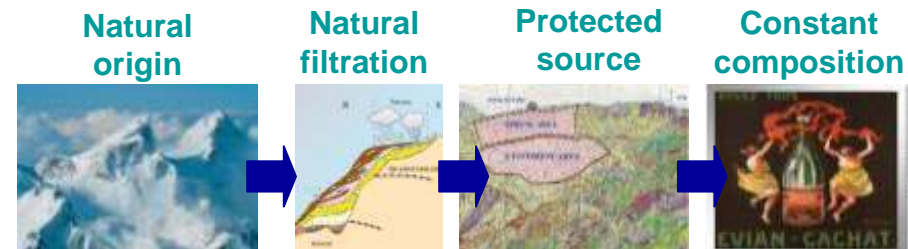
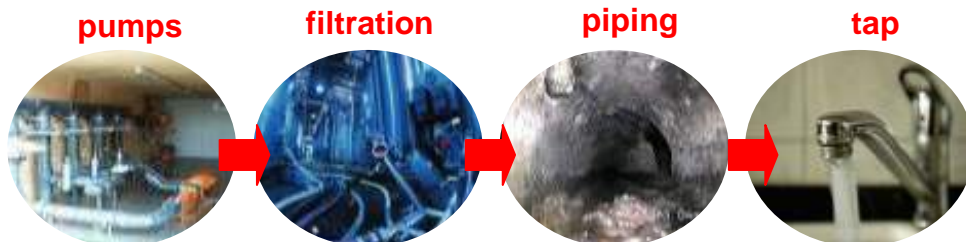


From a protected natural **underground** source

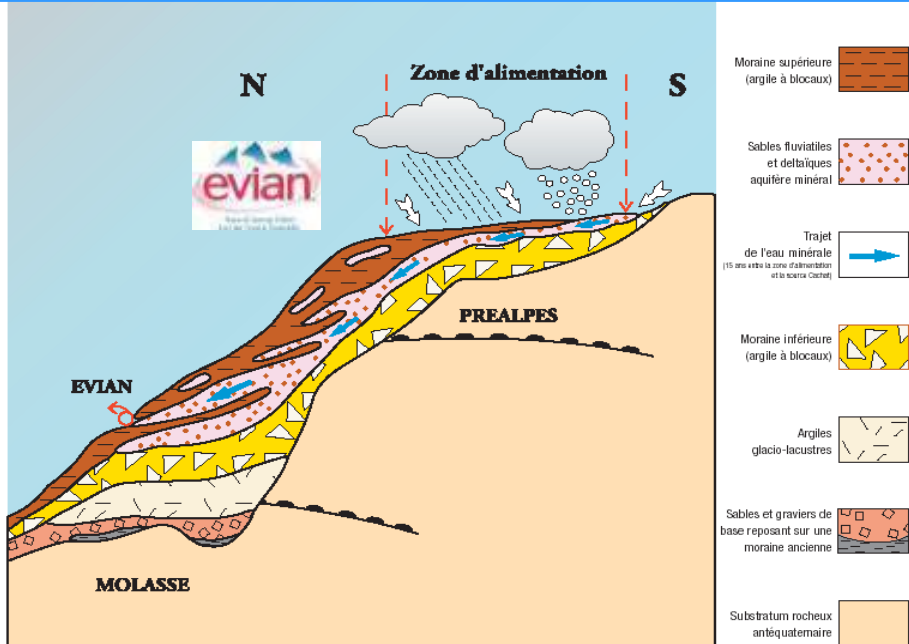
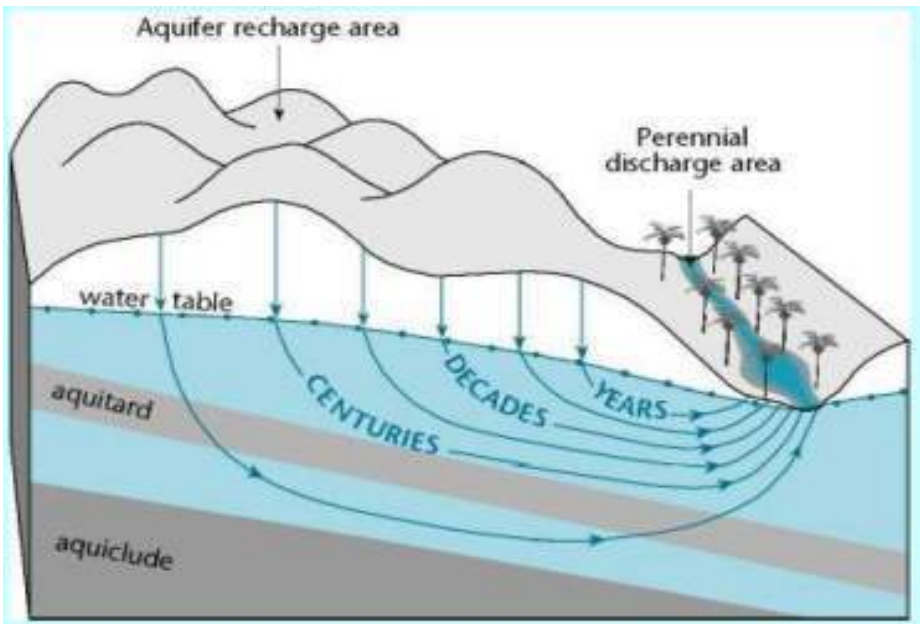
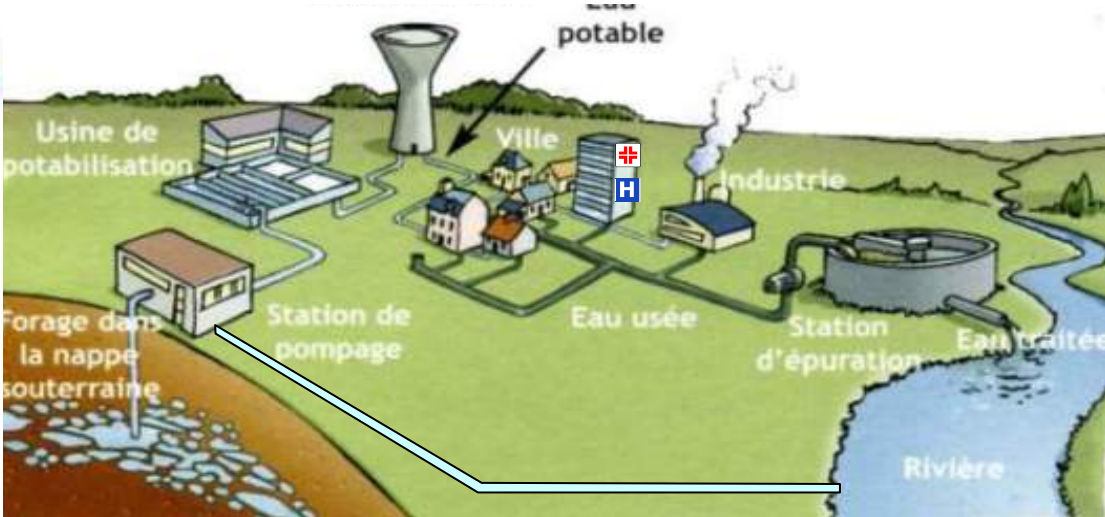
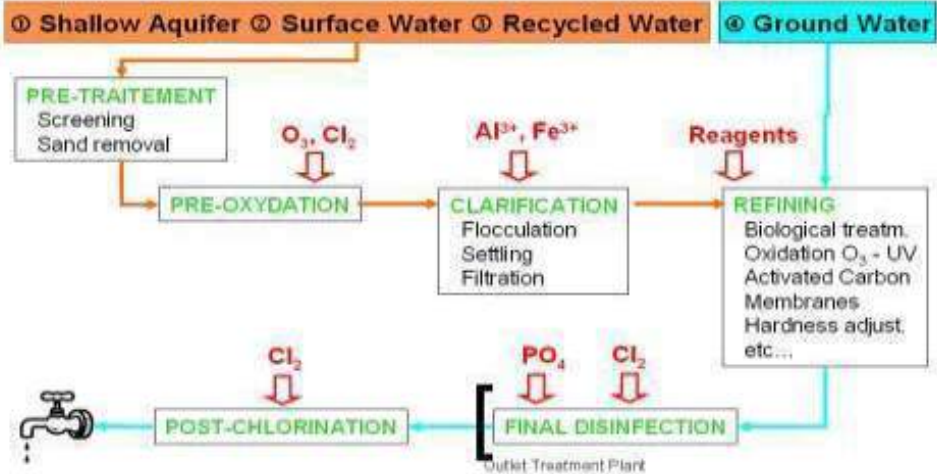
No chemical treatment

Microbiologically pure

Each has a unique and stable composition



Our Waters are 100% from "nature"



Natural Waters...



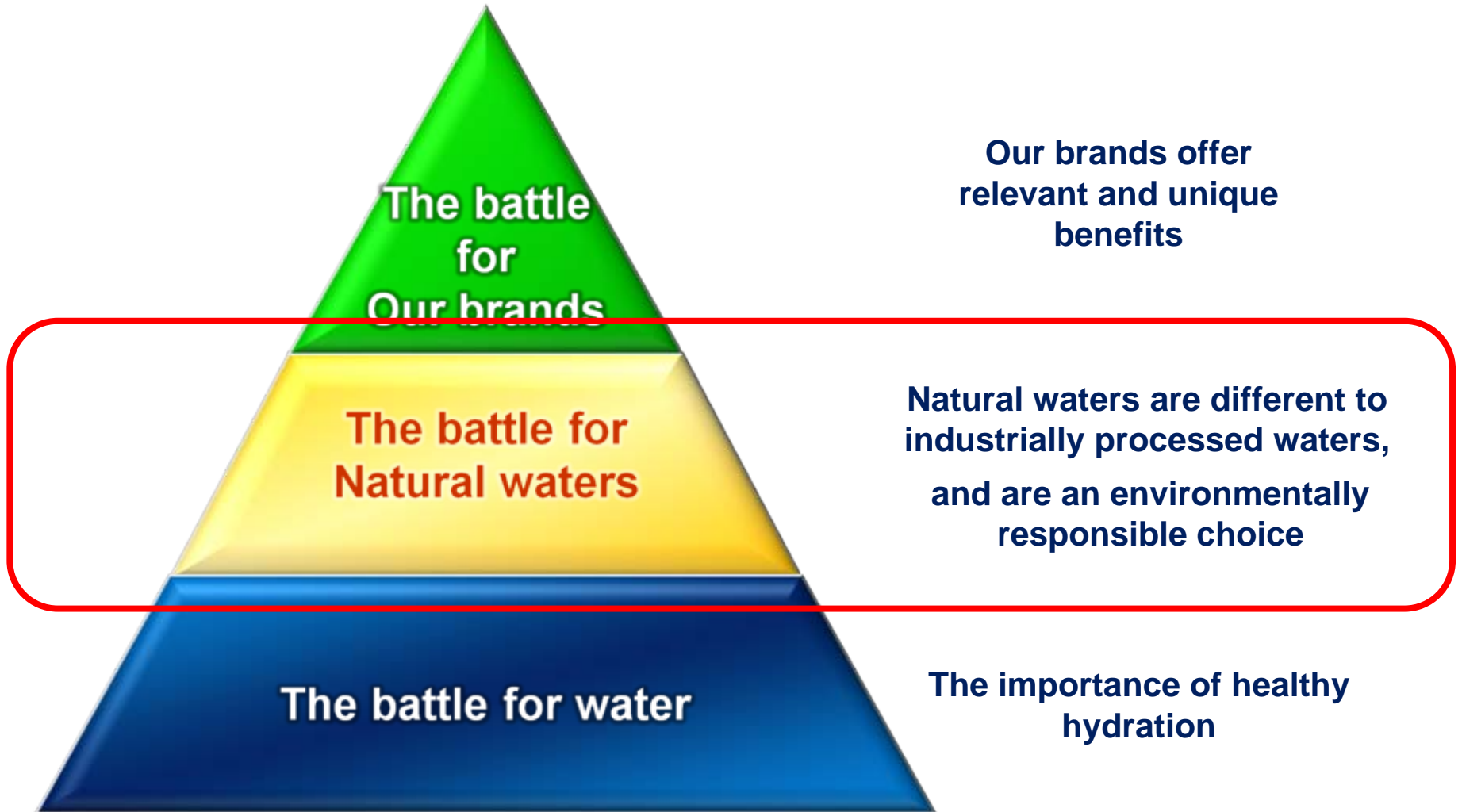
Natural waters are a very different product to processed industrial waters

“Naturally sourced” is to water what “organic” is to food

When you drink naturally sourced water you are the first to do so

Each natural mineral water has a unique and known composition that you can rely on to be the same every time you drink it

Our conviction challenges



Sustainable Development Strategic Pillars



1 Water resource management



*In protecting the long-term viability of our sources...
....we protect our business.*

2 Protect the environment



*We manage a natural resource ourselves,
so we understand and embrace
environment protection*

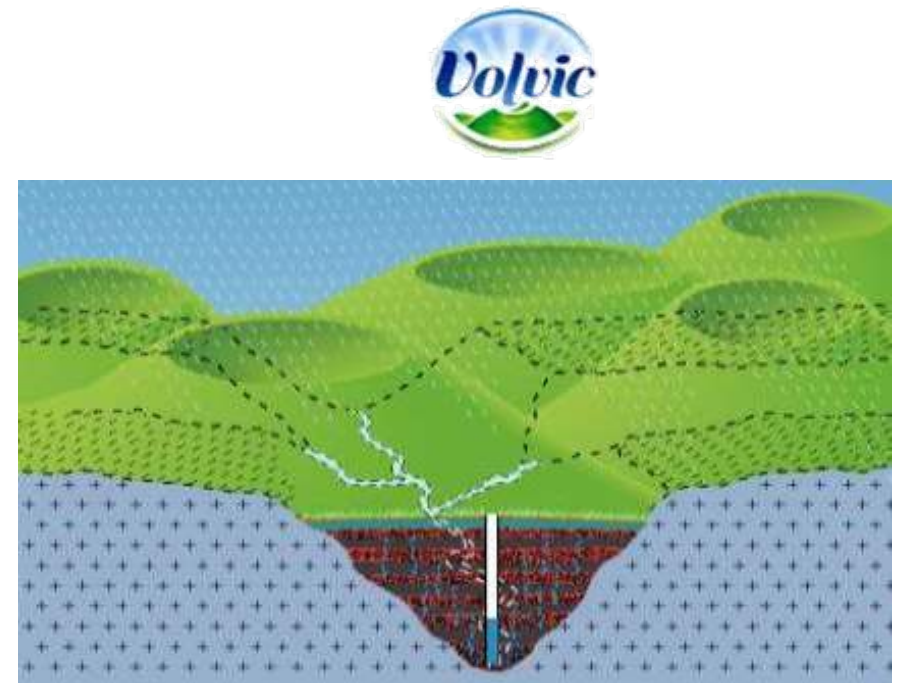
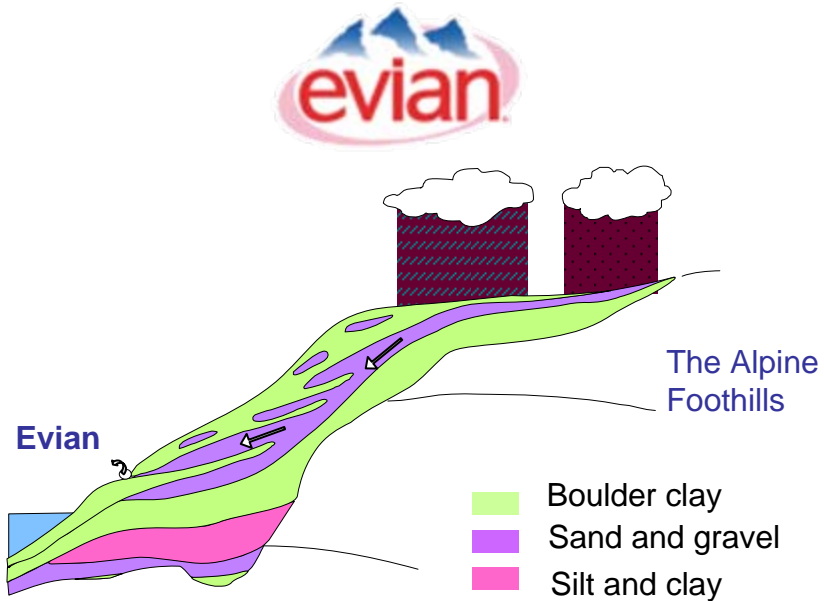
3 Societal water contribution



“ A company’s responsibility does not end at the office door or the factory gate, since its action affects the community as a whole” - A. Riboud, 1972

Our brands' heritages are built on their sources and the care we give to their protection

Underground sources protected by geological structures...




Catchment areas protected by local collaboration...



Protecting nature is at the heart of our business model

- 💧 Our business: natural sustainable waters
 - We protect our sources...to protect our business
- 💧 We value water... we use it sparingly
 - Evian: 1.7L of water to produce 1L of finished product
 - Objective: -50% less water wasted by 2011



DANONE

Groundwater Resources Protection Policy of the DANONE Group

As a leader of the bottled water market, it is the duty of the DANONE Group to ensure the sustainable management of the natural and patrimonial resources it uses. This is of the utmost importance for the development of the Group's brands and their image and can only occur through the Group's commitment to local environments.


The DANONE Group policy on groundwater resources protection is based on the following **objectives**:

- Guarantee the purity and quality of the water in order to ensure the quality of our products and the safety of our consumers
- Guarantee the permanence of water resources
- Reinforce the image of the DANONE Group and of its brands
- Exercise social responsibility at the local level
- Protect and promote the natural heritage of the sites

To this end, the divisions, subsidiaries, and production facilities of the DANONE Group pledge to **apply** this policy by implementing the following:

- Understand the hydrogeology of water resources and the natural and human environment of the sites
- Develop lasting relationships with local communities and contribute to local development
- Implement measures to protect each water resource according to local conditions
- To not exceed the natural recovery capacity of the water resources
- Dedicate the necessary means under the responsibility of a designated manager
- Periodically monitor and evaluate the results of this policy

Chairman and Chief Executive Officer
Frédéric RIBOUD



Socially Responsible Water Management

1

Water
resource
management



*In protecting the long-term
viability of our
sources...
....we protect our business.*

2

Protect the
environment



*We manage a natural resource
ourselves,
so we understand
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environment protection*

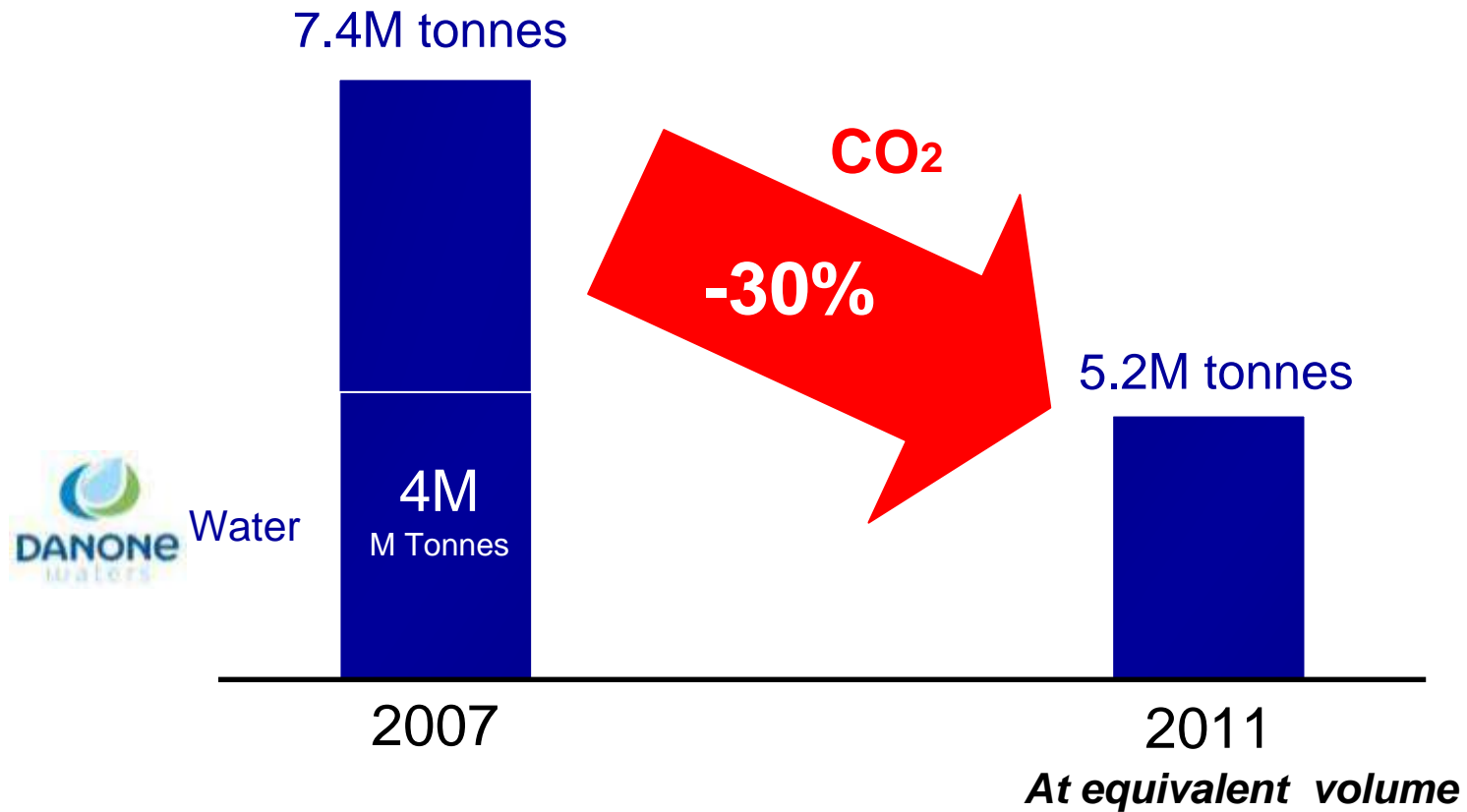
3

Societal
Water
contribution

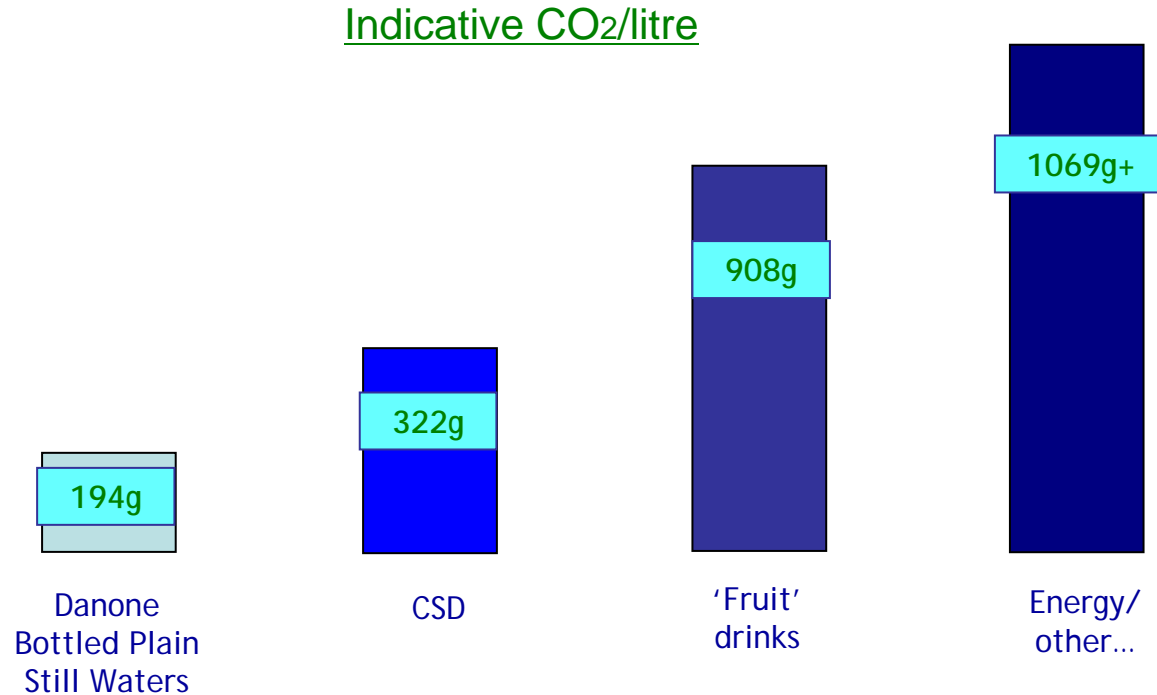


*“ A company’s responsibility
does not end at the office
door or the factory gate,
since its action affects the
community as a whole” - A.
Riboud, 1972*

Danone's Carbon Footprint Reduction Ambitions



Bottled Water: low carbon footprint vs other packaged beverages



Source: Danone CWFP/competitor estimates

- 💧 Typically, the carbon footprint of 1L of bottled water is...
 - About 0.7% of a typical person's daily carbon footprint (assume 30kg/day)
 - About the same as driving 1km in an energy-efficient car

Thru Pack focus we have improved conception and decreased weight per L

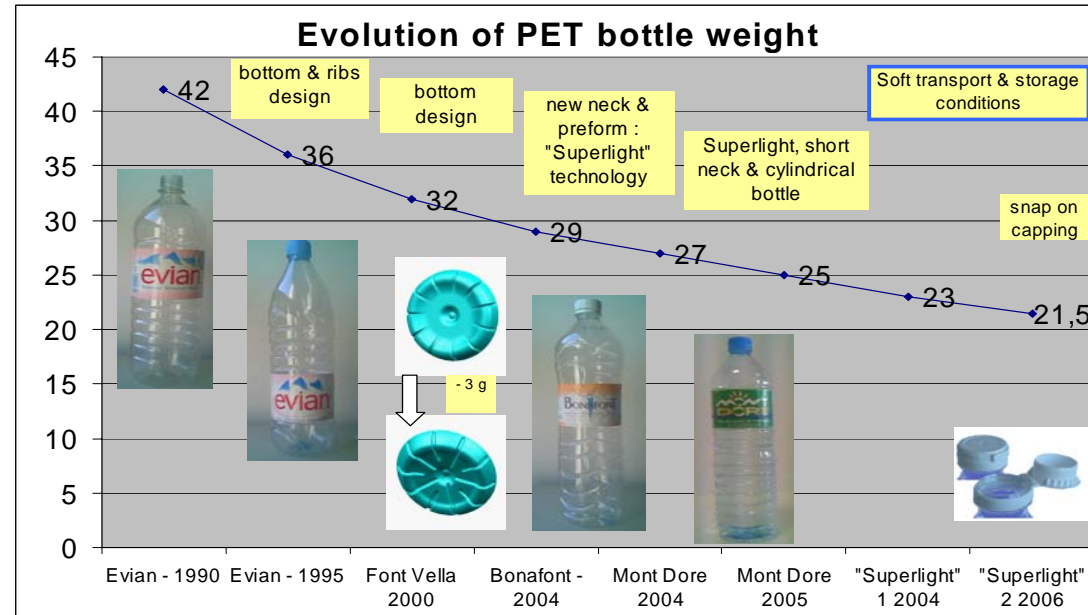
- **Classical step by step light weighting**

Already 35% decrease in 15 years

Still -5 to -15% weight to challenge

- **Bottles pressurization with nitrogen**

To go further in lightweighting and avoiding quality standard decrease

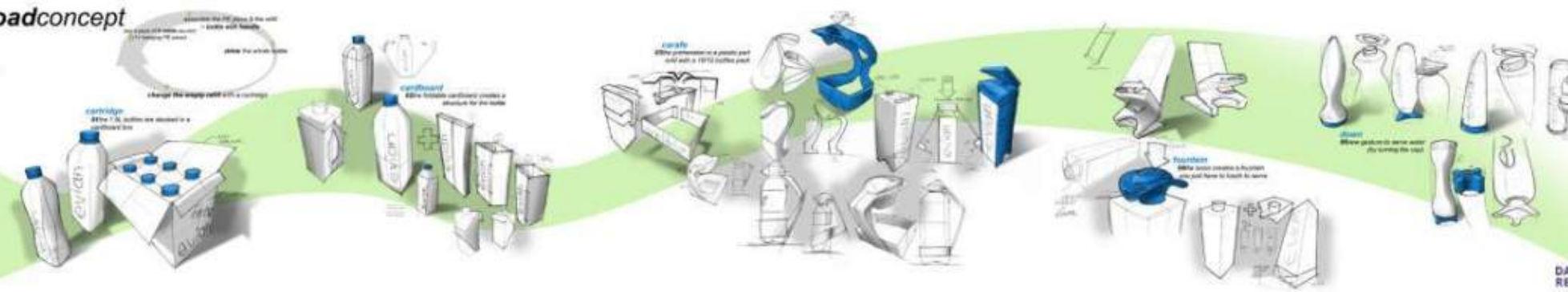


- **Breakthrough eco-design = Create new generation eco-pack perceived by consumers as better for use**

02 Reloadconcept

PET recycling
re-use caps
re-energizes

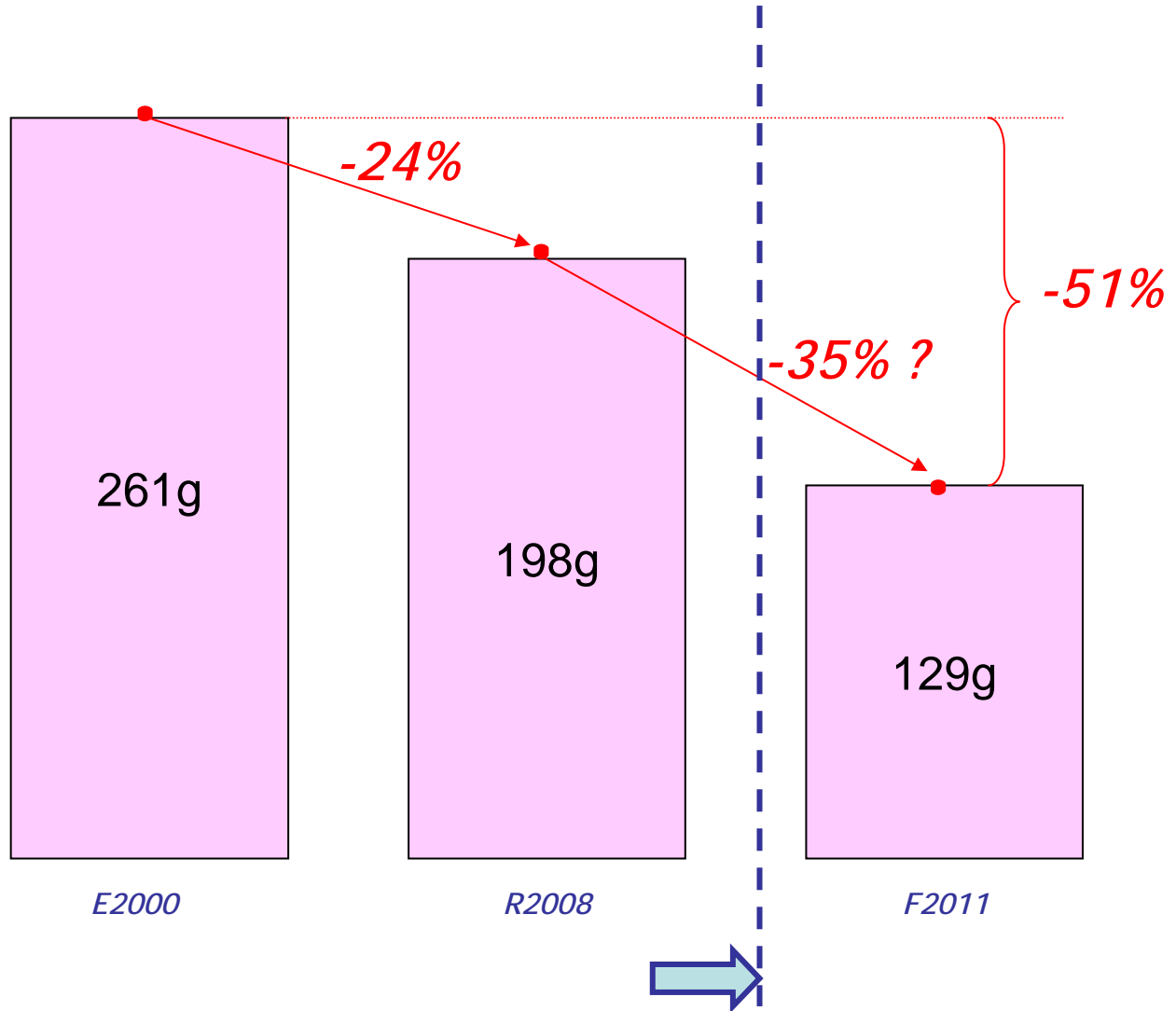
gpack
recharge recharge



DAN RES

And it works : e.g. Evian Carbon Reduction - Achievements-to-date and Ambition


CO2/litre



We expect to have more than halved our carbon footprint by 2011

Reduce our logistics footprint



50g CO₂ / T.Km



20-30g CO₂ / T.Km



3-10g CO₂ / T.Km



1,5 g CO₂ / T.Km
(nuclear energy)

+ 10% rail for Evian & Volvic

- 2 g/L

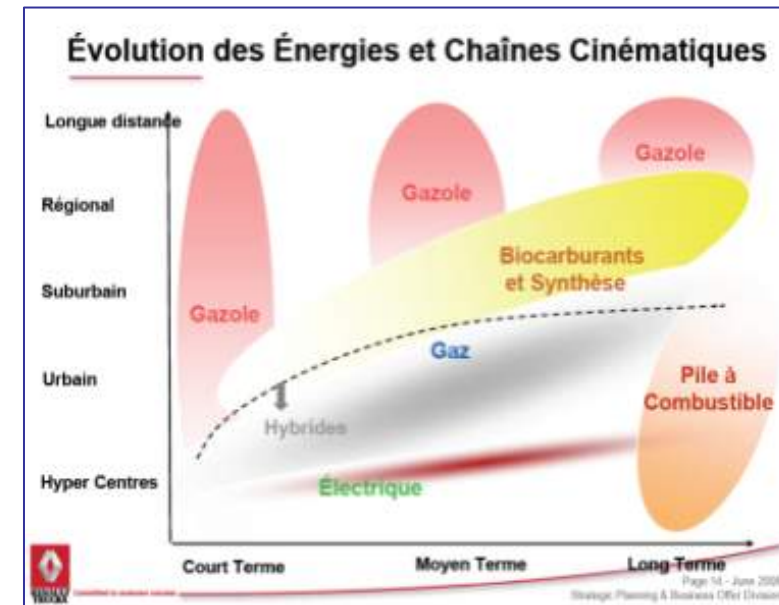
“Green Truck” project : reduce Road CFP by 10%



- ❑ Aerodynamic : -10% gazole consumption
- ❑ Pneumatic : -7% gazole consumption
- ❑ Fuel : No to first generation bio fuel
Yes to Gaz or second generation bio fuel (bio methane, ...)

Opportunities

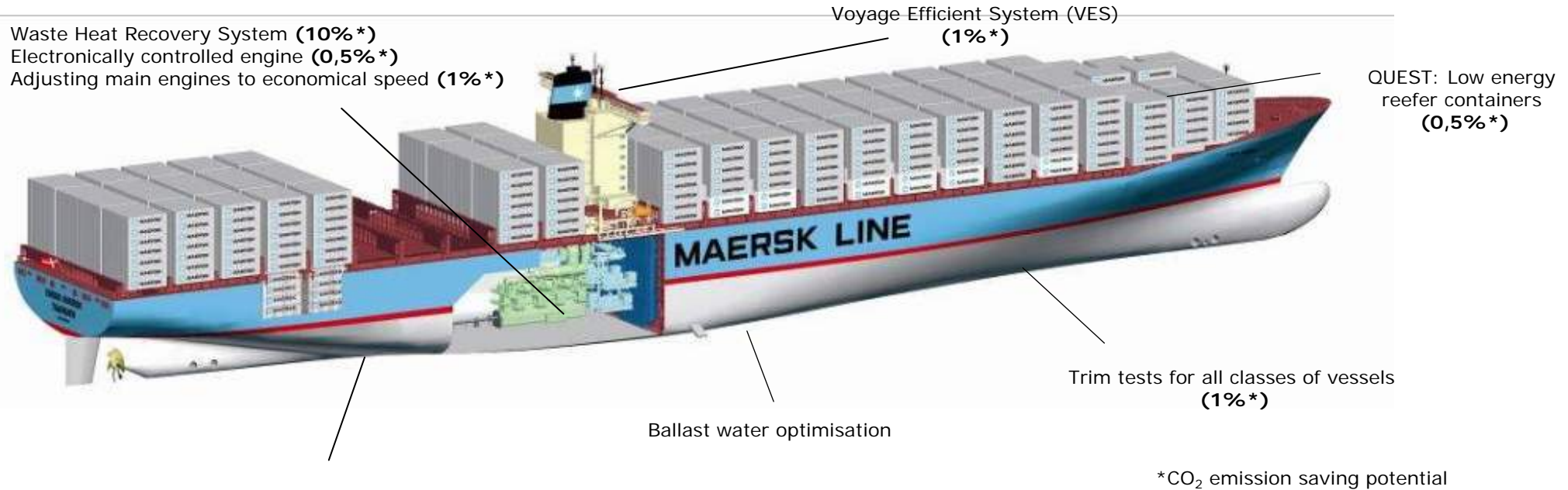
additives	bio gas



“Blue Sea” Project : reduce seafreight CFP by 20%

1 knot reduction = 10% less bunker

How a +10,000 TEUs vessel generate only 7g CO₂ /T.km?

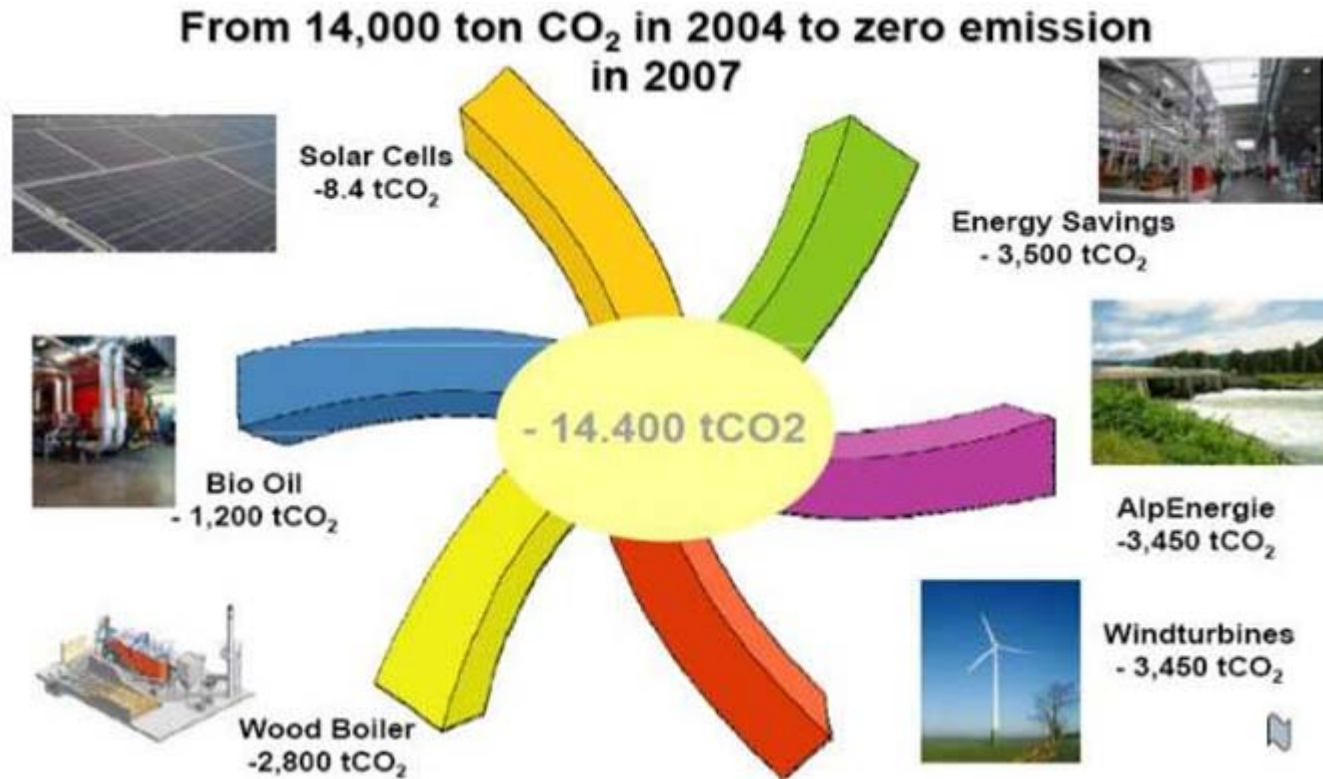


Canopée Project : carbon neutral plant is possible

Learnings from Volvo visit

Energy consumption reduction action plans : réduction by 10% 04-06 when the production raised up to 20%.

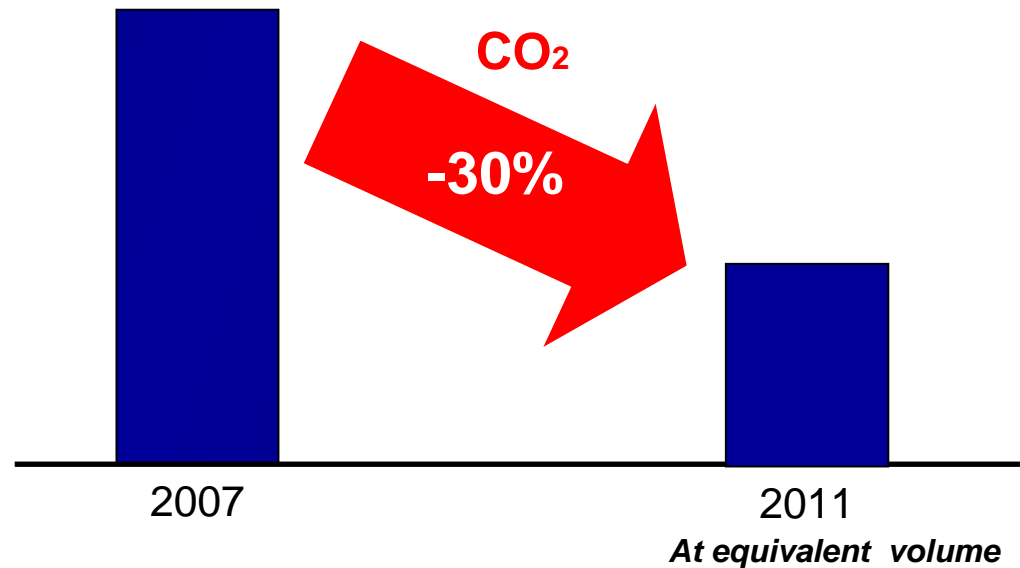
- 4 alternative energy sources : Solar, Wind, Biomass (wood & bio-fuel), Hydraulic.



Canopée Project : EDF, GDF, Cegelec, Vinci, Dalkia

Our NATURE ambition

First...REDUCE



And then...CARBON COMPENSATE to become CARBON NEUTRAL ...

We have applied our water expertise to support major social initiatives for many years



- Supporting wetlands protection in partnership with Ramsar since 1998...
- Water protection institutes:
 - Thailand
 - Jagadishpur
 - Argentina



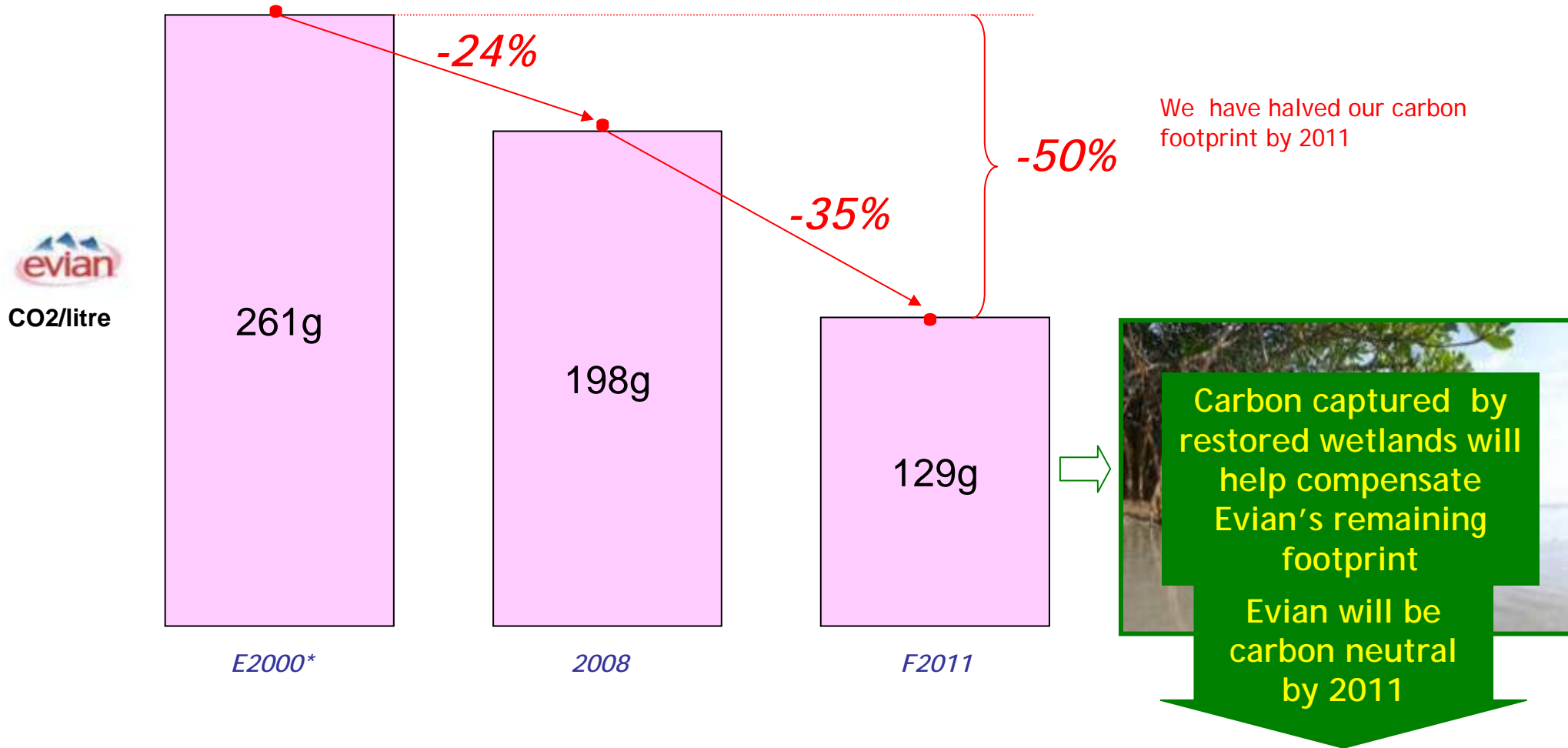
- Raising funds to dig and maintain wells where water access is limited throughout the world since 2005



Achieved so far:
clean safe water for
200,000 people



With Evian, we link our environmental objectives to a strong societal project



* Calculation based on historic estimates of constituent variables

Danone/Evian-Ramsar-IUCN: A combination of expertise and resources



Governance

- 💧 Creation of “Danone fund for nature” to...
 - Administer funds
 - Select projects, oversee implementation, certification
 - Strategic direction of partnership

Mangroves: a key topic...

- ...for the planet
 - Carbon absorption



- ...for local communities
 - Food & raw materials
 - Water protection (from salination)



- 25% of mangroves have disappeared over the last 20 years
 - Carbon is no longer absorbed
 - Local communities lose vital resources



Accelerate in Emerging Countries



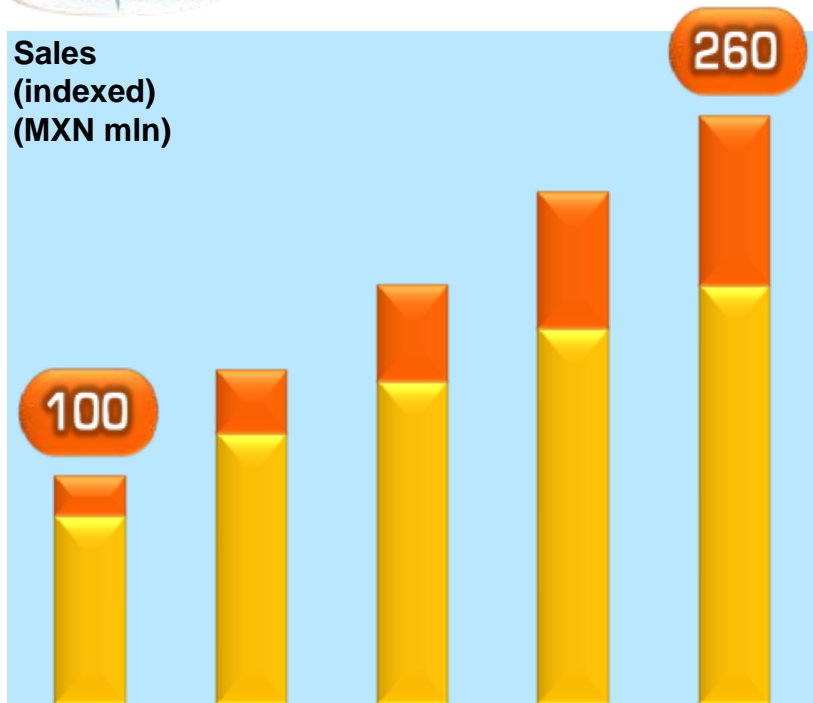
Japan N°1

The model delivers impressive results

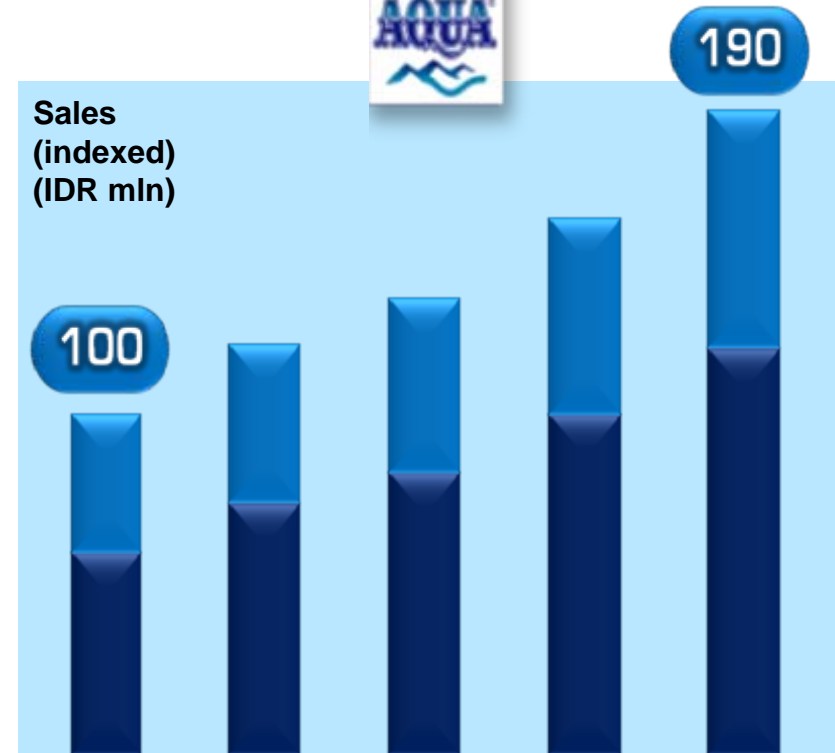
Uninterrupted high growth



Sales
(indexed)
(MXN mln)



Sales
(indexed)
(IDR mln)



2004

2005

2006

2007

2008

BFT PET

BFT HOD

2004

2005

2006

2007

2008

Aqua PET

Aqua HOD

Local communities

The AQUA Community

AQUA employees

AQUA consumers

Organic farming



Reforestation



Waste management



Water, Health & Sanitation



Education



Local economic development

