



DANONE

Franck RIBOUD

CAGE Conference

London - March 29th, 2011



**CONSUMER
ANALYST GROUP
EUROPE**



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 100% focused on 4 healthy food Categories

FRESH DAIRY PRODUCTS

Developing a well being category worldwide



WATERS

Hydratation and elimination



Bring health through food to the largest number of people

BABY NUTRITION

Supporting growing children
Every step of the way



MEDICAL NUTRITION

Nutritional support
for persons in fragile health





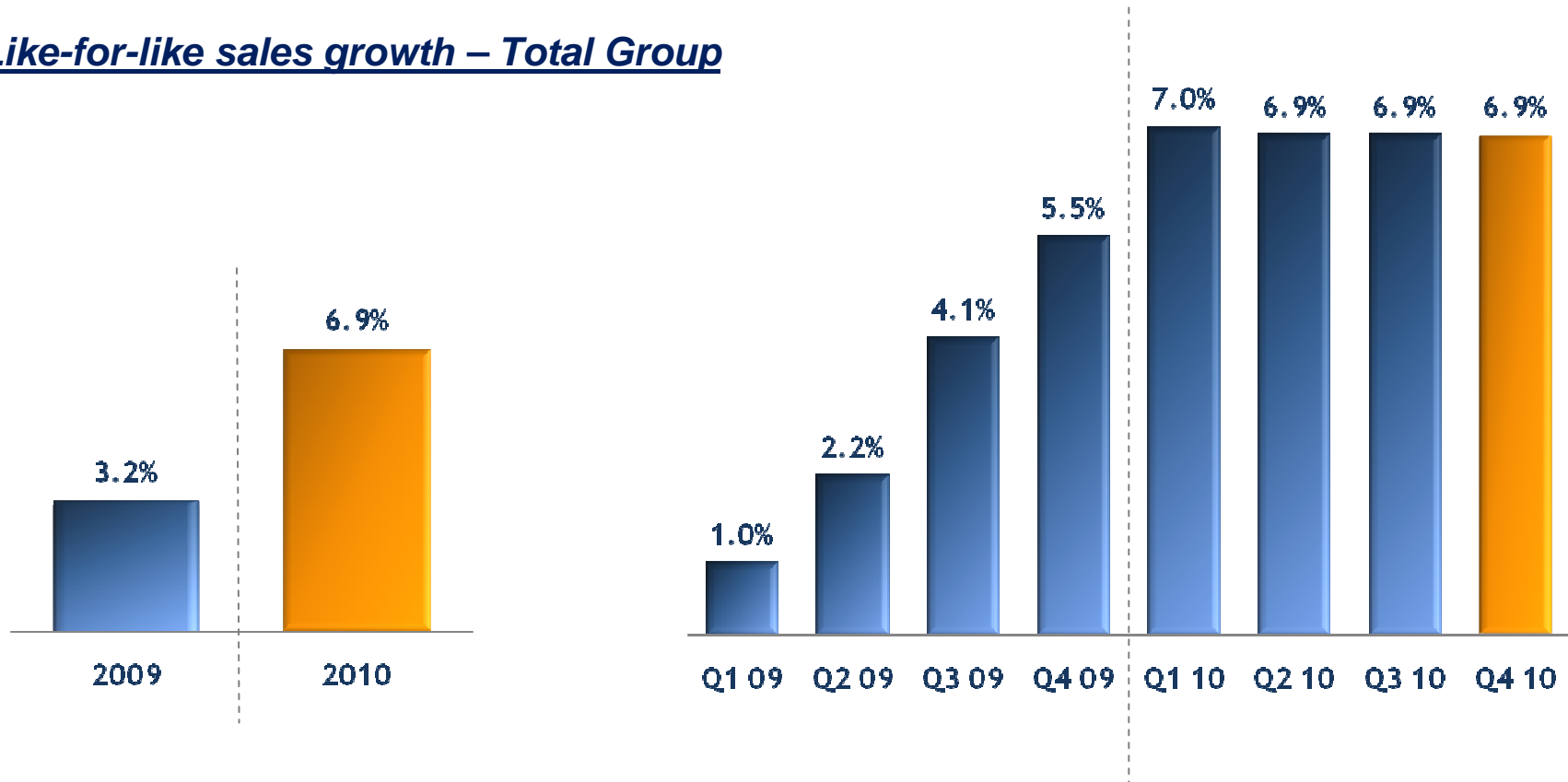
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**SUPERIOR
TOPLINE GROWTH
RESTORED**



2010 - Superior Top Line Growth Restored ... sustainable performance throughout 2010

Like-for-like sales growth – Total Group

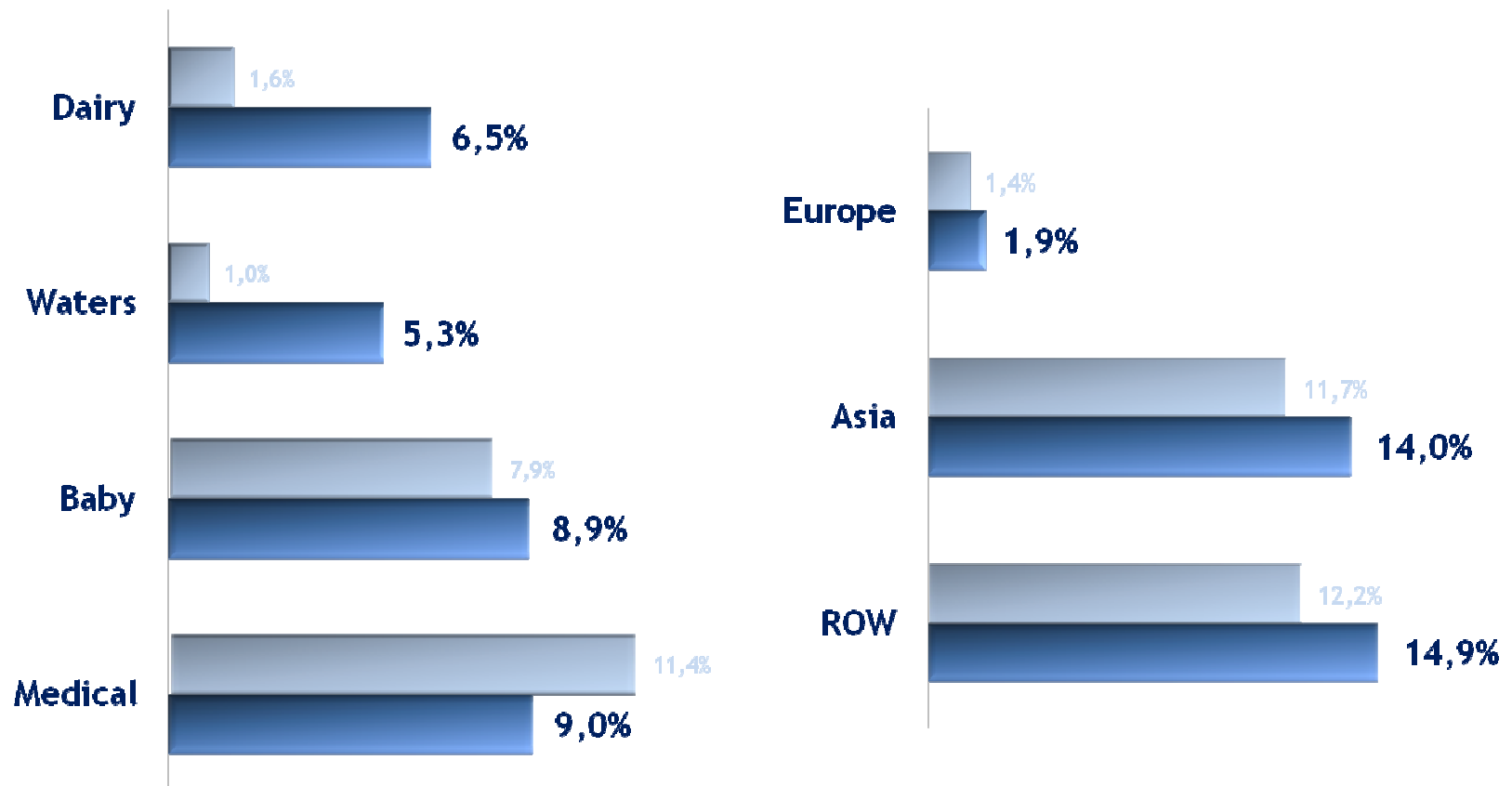


- Consistent superior organic growth, quarter after quarter



2010 - Superior Top Line Growth Restored ... all categories & all geographies

Like-for-like sales growth by division & by region





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HIGH MARGIN & CASH-FLOW IN AN INFLATIONNARY CONTEXT

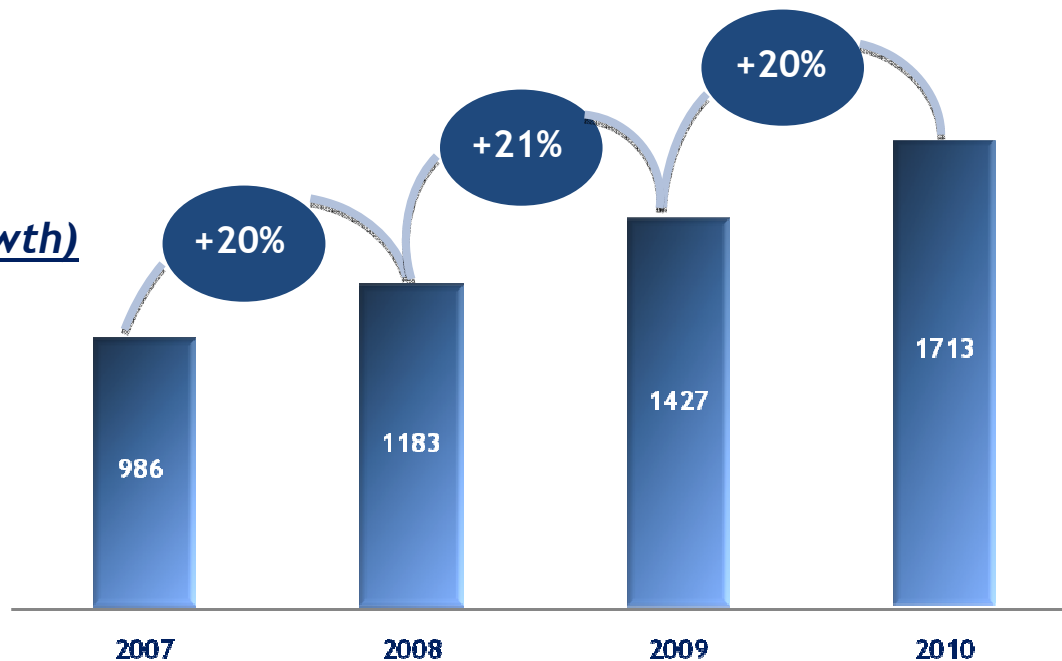


2010 - Profitable Growth and superior cash generation

Trading Operating Margin Like-for-like growth ⁽¹⁾



Free cash flow ⁽²⁾ (€ mln and % growth)



(1) Based on constant scope of consolidation and constant exchange rates

(2) Free cash flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees



2010 COGS : High Inflation & Record Productivities

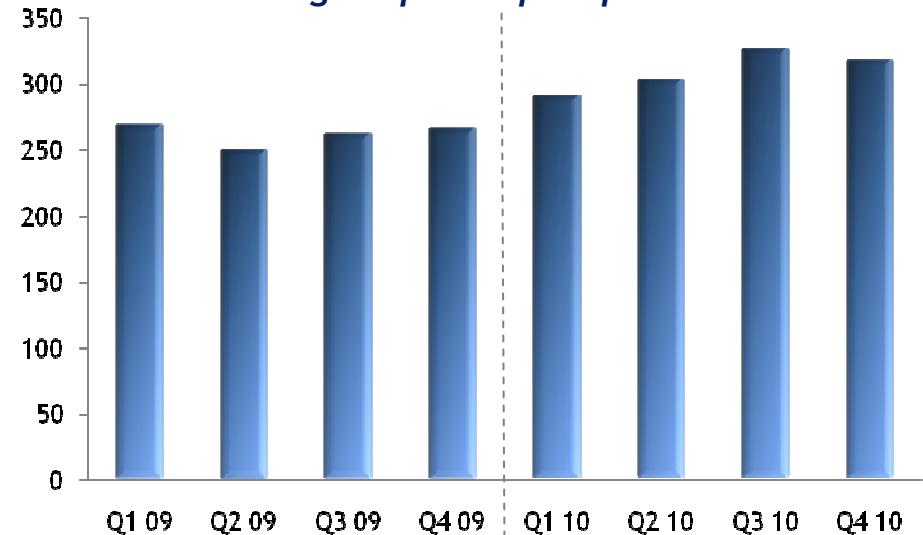
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Danone stand-alone before Unimilk

Input Cost: around 10%

Productivities: € 516 mln

Farmgate prices per quarter



- High inflation & volatility in 2010
 - Continued increase over the year: H2 tougher than H1
 - Milk has stabilized in Q4 vs Q3
- Strong productivity efforts, across the board



2010 A&P Optimization of Advertising and Promotional Mix

Danone stand-alone before Unimilk

2010 %A&P/sales evolution vs 2009

Advertising	stable
Promotions & others	+93bp
<hr/>	
Total A&P	+93bp

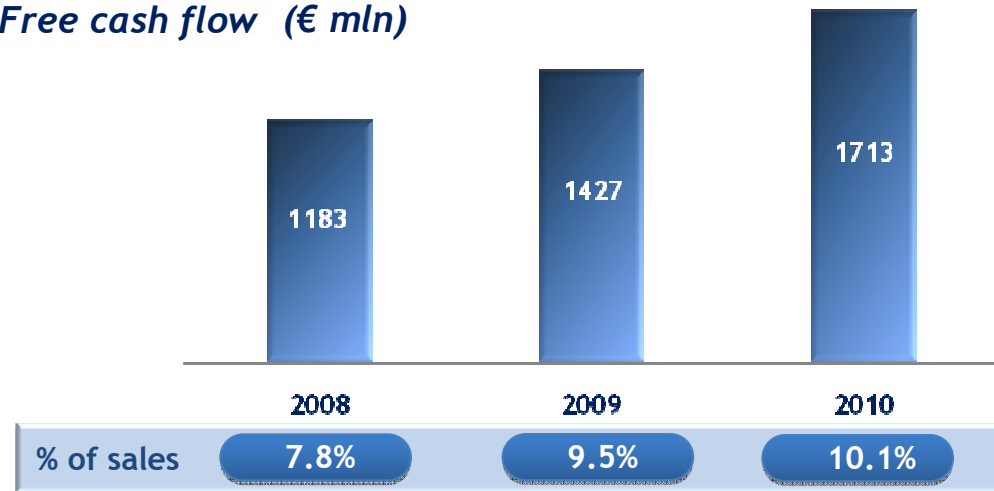


- Advertising spends +6.8%
 - TV pressure (GRP's) +10%
 - € 80 mln productivities (thanks to 2009 media pitch & optimisation of media cost drivers)
 - Digital media spends X3
- Promotion & others -11%
 - Progressive reduction of promotional intensity after peaks during resets

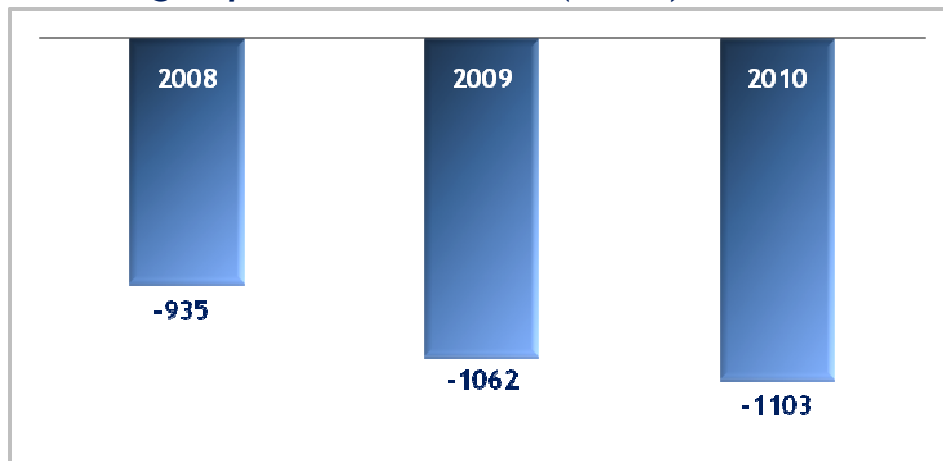


Consistent cash-flow excellence

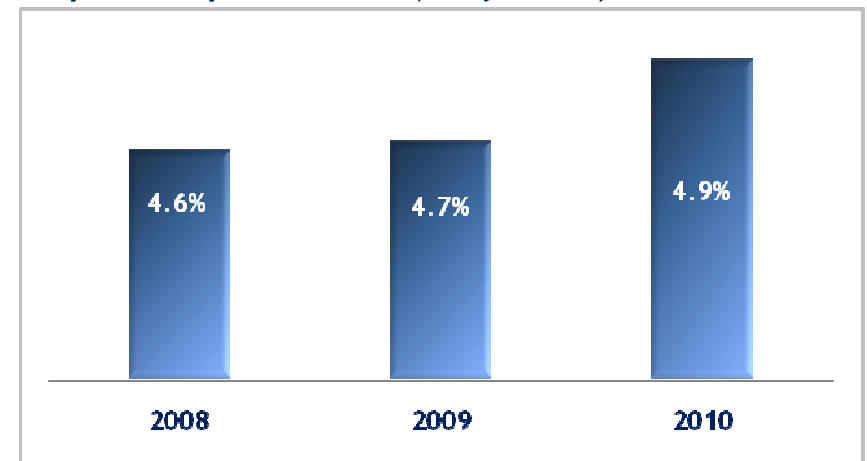
Free cash flow (€ mln)



Working Capital excluding Unimilk (€ mln)



Capital expenditures (% of sales)





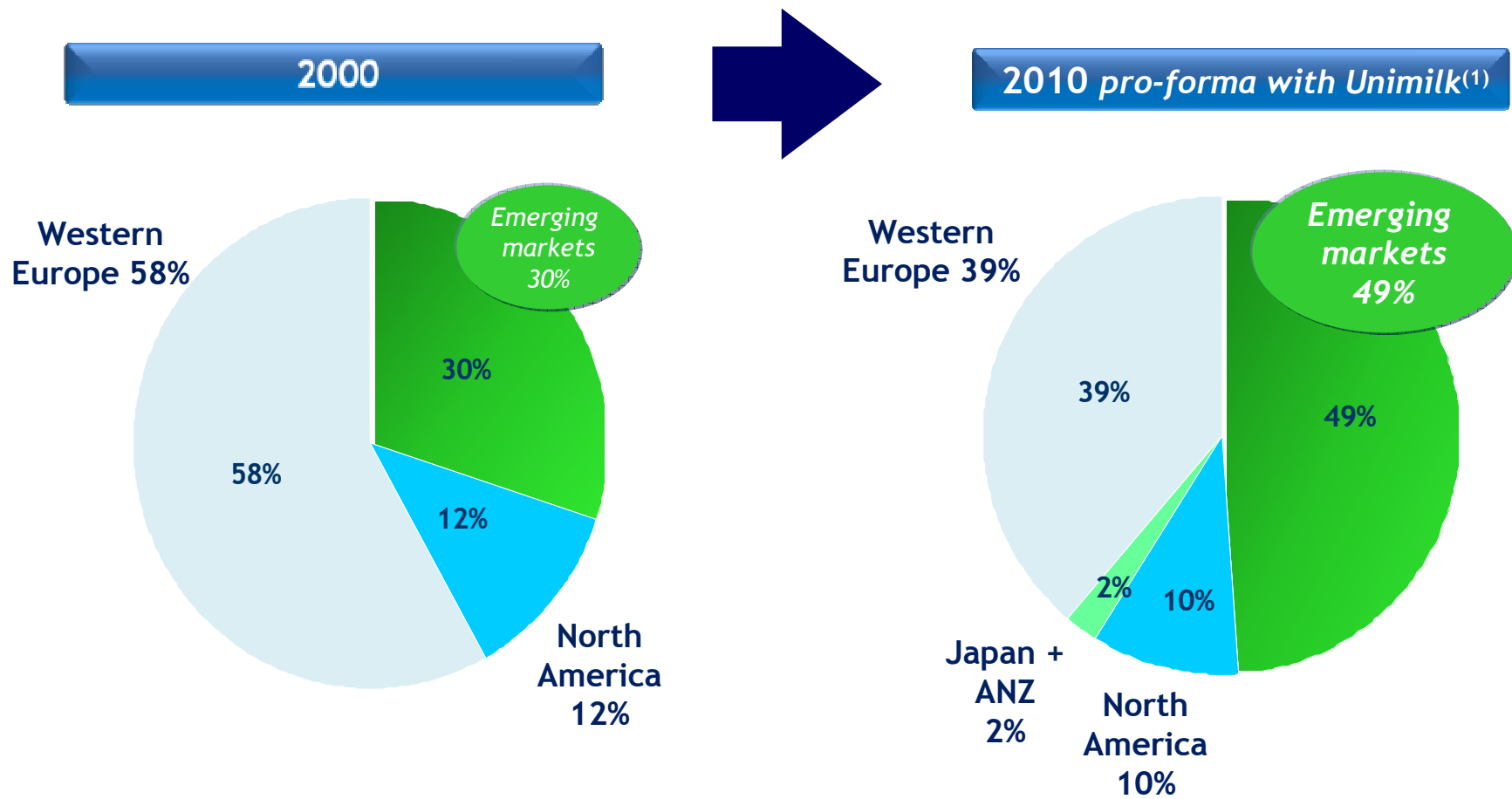
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OUTSTANDING EXPOSURE TO EMERGING MARKETS



2010 - The Shape is Changing ... already half of business in Emerging Markets

Sales breakdown by region



(1) With 12 months of Unimilk in the sales



2010 - The Shape is Changing

... Fast growing profitable Emerging Markets platforms

Top 10 countries 2000

		% total sales
1	France	24%
2	Italy	11%
3	USA	11%
4	Spain	8%
5	China	8%
6	UK	6%
7	Argentina	5%
8	Benelux	3%
9	Mexico	3%
10	Germany	3%

Top 10 countries FY 2010⁽¹⁾ (pro-forma Unimilk)

		% total sales
1	France	11%
2	Russia pro-forma	11%
3	Spain	8%
4	USA	8%
5	Mexico	5%
6	Germany	5%
7	Indonesia	5%
8	UK	5%
9	China	4%
10	Argentina	4%

(1) With 12 months of Unimilk in the sales

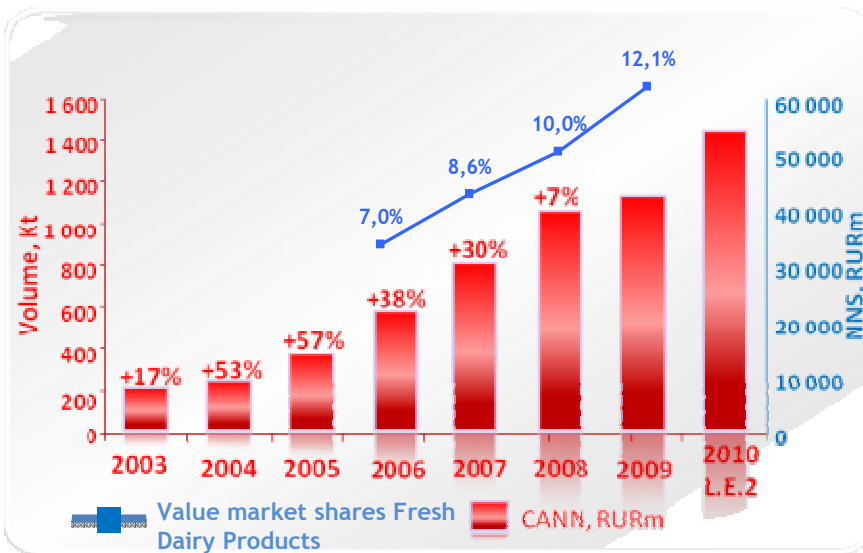


JV Danone-Unimilk : an XXL opportunity

... The right partner in the right market



Founded in 2002
 #3 position in Russian fresh dairy products market



Traditional Dairy



National well-known brands

Modern Dairy



Rapid trading up of the portfolio

Baby Food



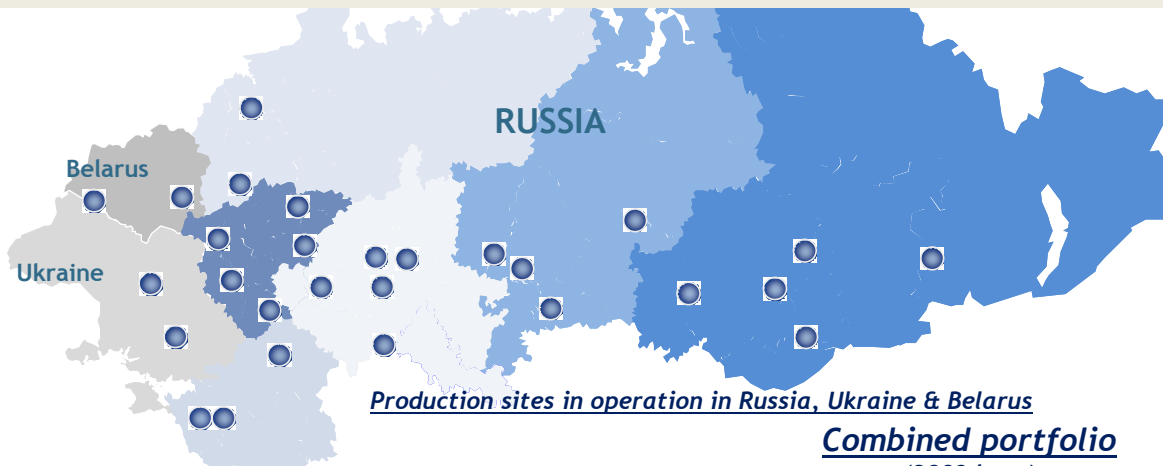


JV Danone-Unimilk : an XXL opportunity

... Story of value creation : Growth and Leverage



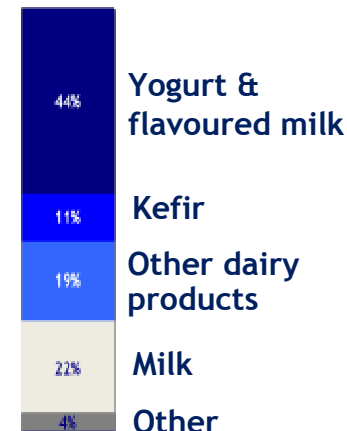
A powerful platform, covering all CIS geographies and channels



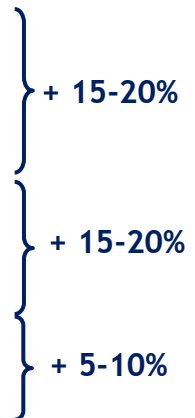
+50-100bps to Group organic growth : value & volume

Strong profitability step-up in the 3 coming years

Combined portfolio
(2009 base)



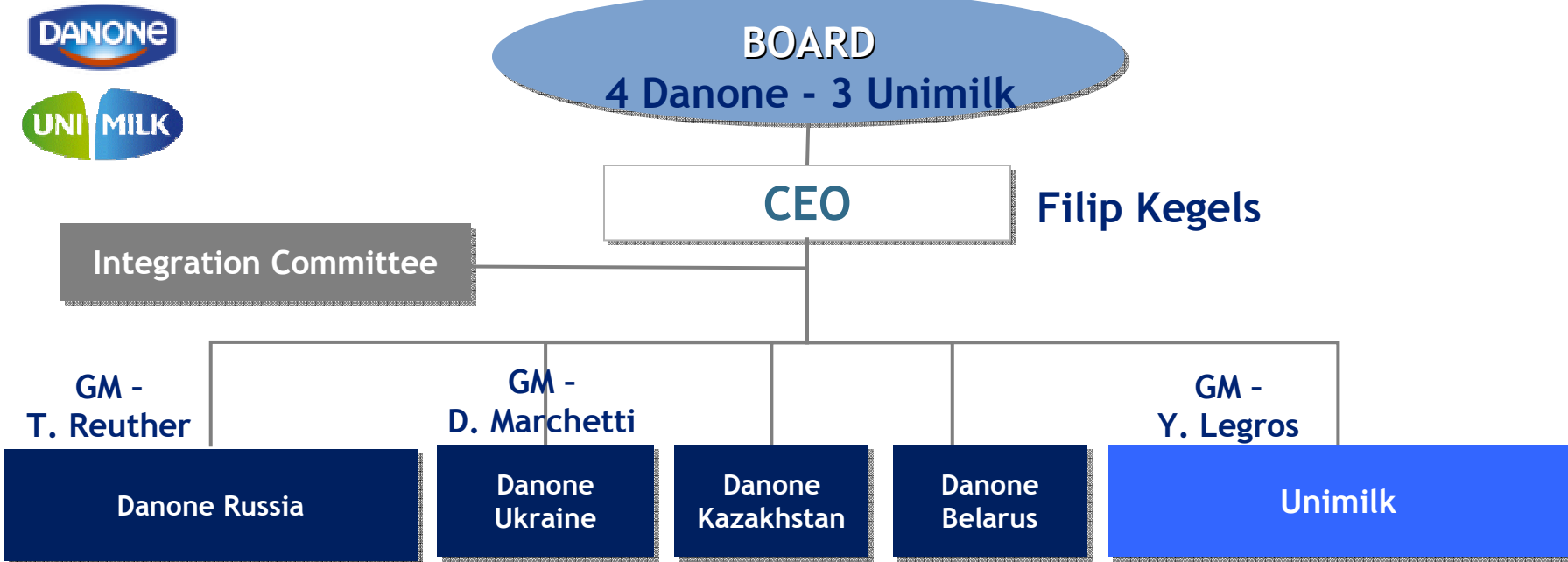
Combined sales growth
(CAGR2010-2014)





Unimilk integration Management in place - Clear Roadmap for 2011

Danone proforma (12 months Unimilk)



INTEGRATION PLAN 2011 - 6 PRIORITY WORKSTREAMS

1. Siberia as a pilot region for combination of the 2 businesses
2. Launch of Activia and Danone core production in Siberia
3. Joint purchasing
4. Coordinated Key Accounts strategy
5. ERP project
6. Reporting and controlling processes unification



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DEVELOPING COMMITTED “DANONERS”



2010 - the most valuable asset : our employees !



The Danone employees' engagement rate is **87%**,

Our employees are trained to leadership from the top management to the factory employees,

91% of Danone employees are proud to work for Danone (+6pts vs High Performing Companies norm)

89% of Danone employees would recommend Danone as a good place to work (+4pts vs High Performing Companies norm / +9pts vs FMCG norm).



Towers Watson- Danone employees survey 2010



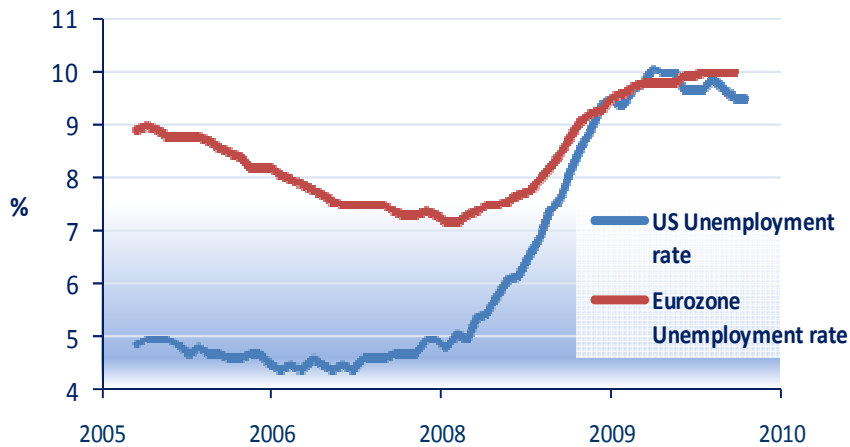
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**PREPARED FOR
2011 AND ONWARDS**

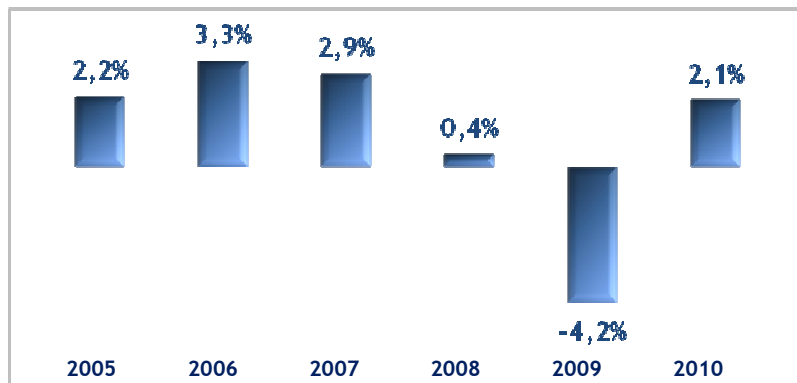


2011 Environment expected to remain challenging

Unemployment in Western economies

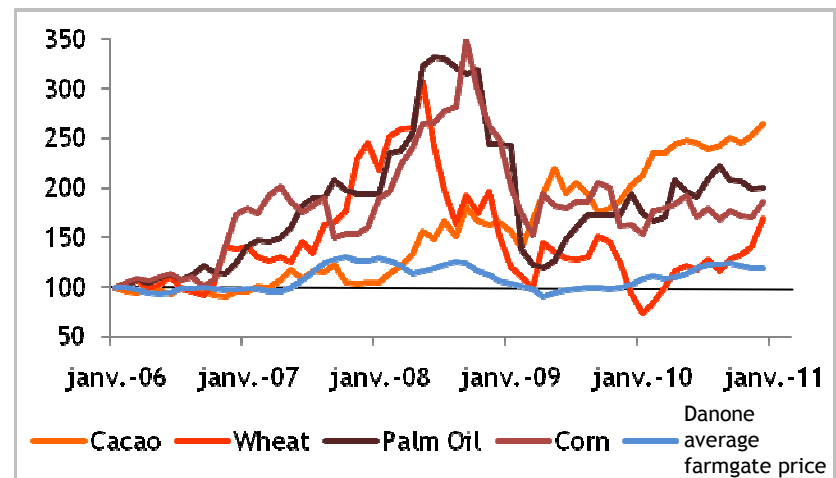
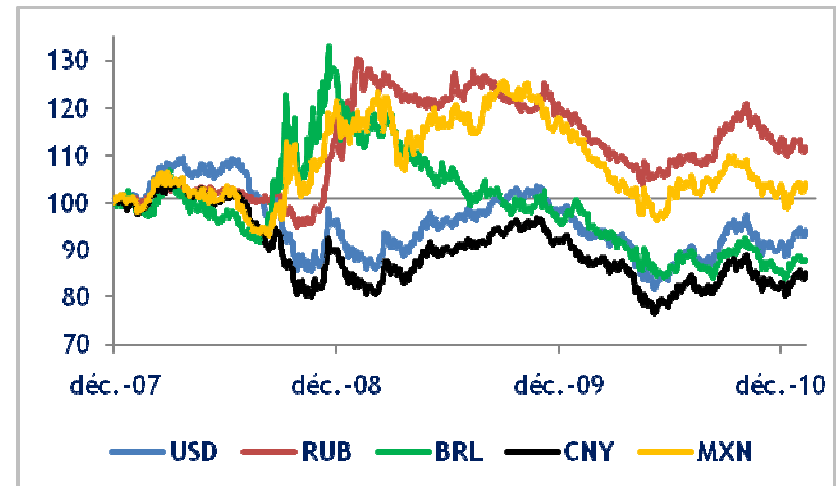


GDP growth in Western Europe



Source : Euromonitor

Persistent Volatility of currencies & commodities





Danone ideally equipped to take on challenges

OUR STRUCTURE

- We have the right categories
- We have the right geographies
- Unimilk a unique opportunity
- Most of our activities are localized : “natural” hedging
 - ✓ local supplies, local production, local consumers



Danone ideally equipped to take on challenges

OUR MANAGEMENT

- Strong Brands & capacity to innovate
- Our products are competitive
- Productivity hunting is part of our DNA
- Strong commitment and achievements towards sustainability
- Finally, strong culture of entrepreneurs, committed with the results



Key priorities 2011

... Leverage the Danone Business Model

1

SUSTAIN GROWTH IN KEY EMERGING PLATFORMS

- JV Danone-Unimilk
- MICRUB's : US, Russia, China, Indonesia, Brazil, Mexico
- Driving Group topline & profit growth

2

STRENGTHEN OUR MODEL

- Re-invent the connection to consumers
- Innovate towards more consumers and more frequency
 - all consumers, all usages, all price points
- Sustain credibility towards health care professionals

3

SUSTAIN VERY HIGH CASH & PRODUCTIVITIES

- Keep expanding productivities
- Cash-flow cycle improvement
- Monitor financial structure



2011 - Our targets

	Objectives 2011
Sales growth ⁽¹⁾	6-8%
Free cash flow ⁽²⁾	On track for € 2 bn in 2012
Trading operating margin	around +20 bps ⁽¹⁾

(1) Like-for-like : Based on constant scope of consolidation (including 12 months Unimilk) and constant exchange rates

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