



DANONE

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Morgan Stanley

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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.



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Danone Model in Motion

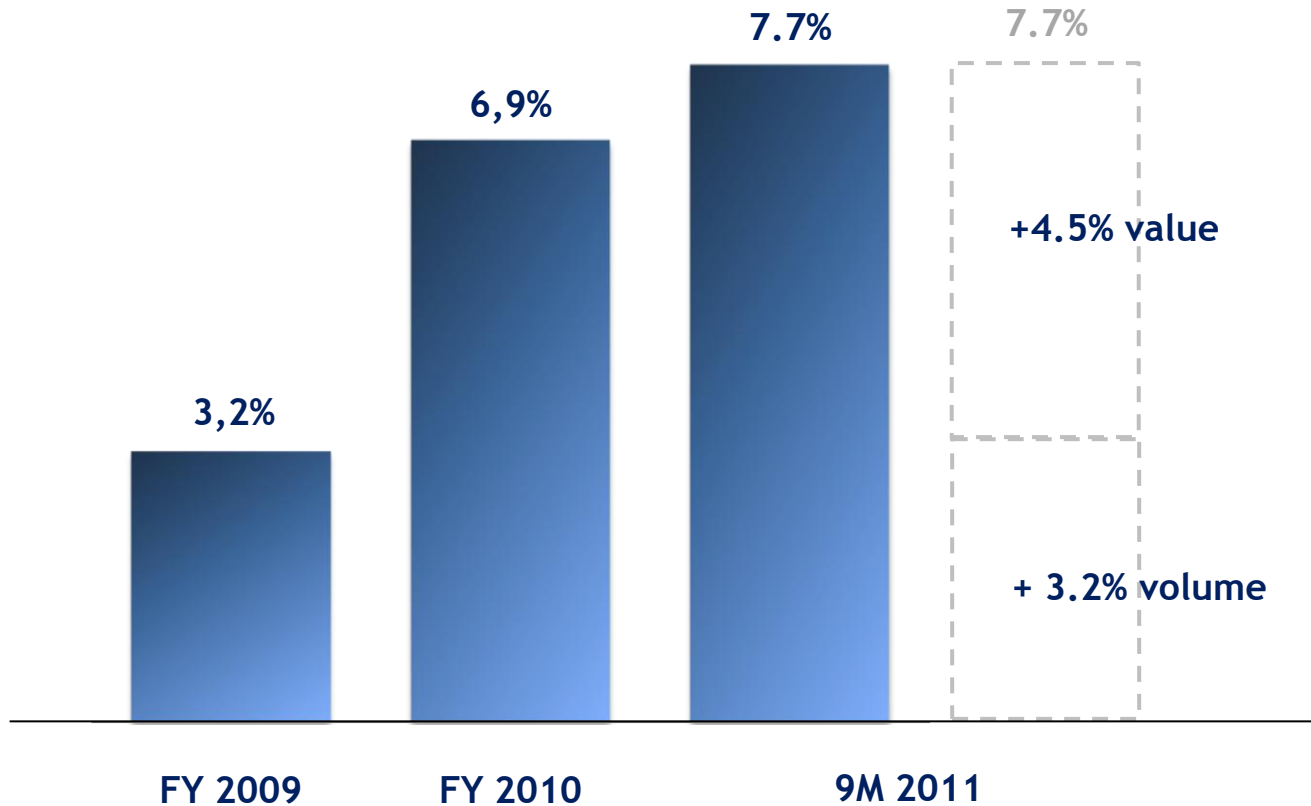
Strong year-to-date performance



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Sales up +7.7% like-for-like in the first 9 months

Like-for-like sales growth

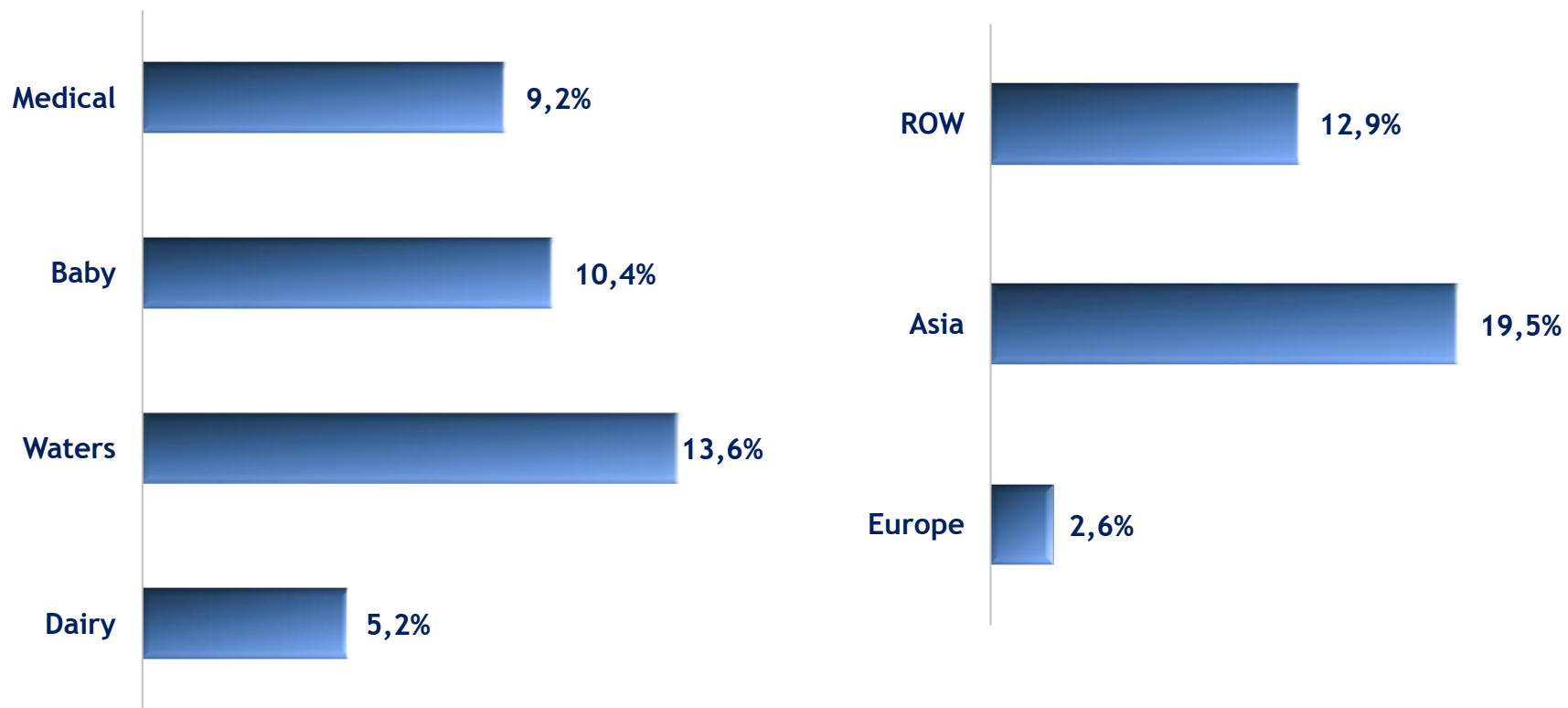




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9M 2011 - Broad based growth

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

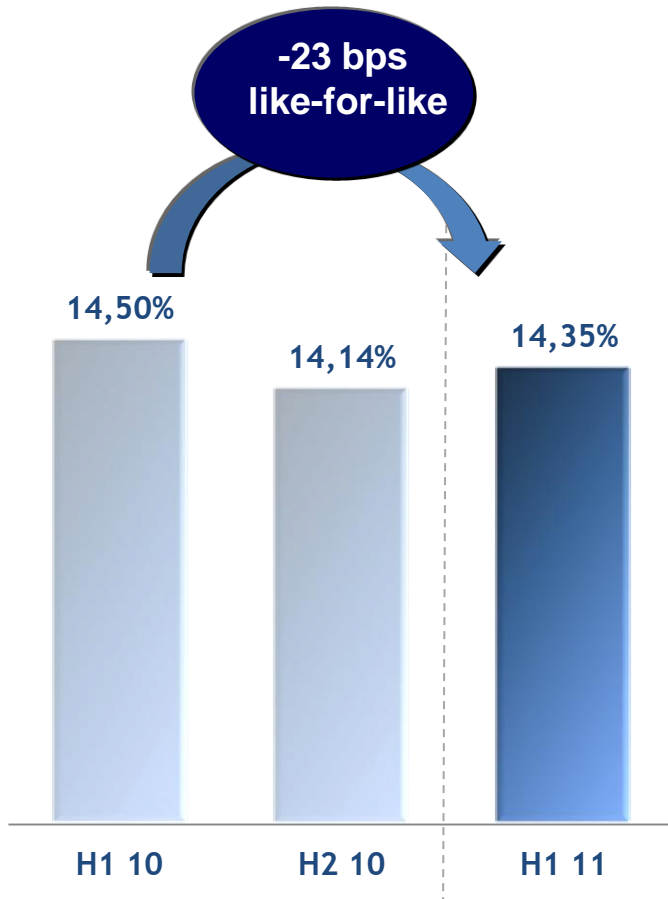




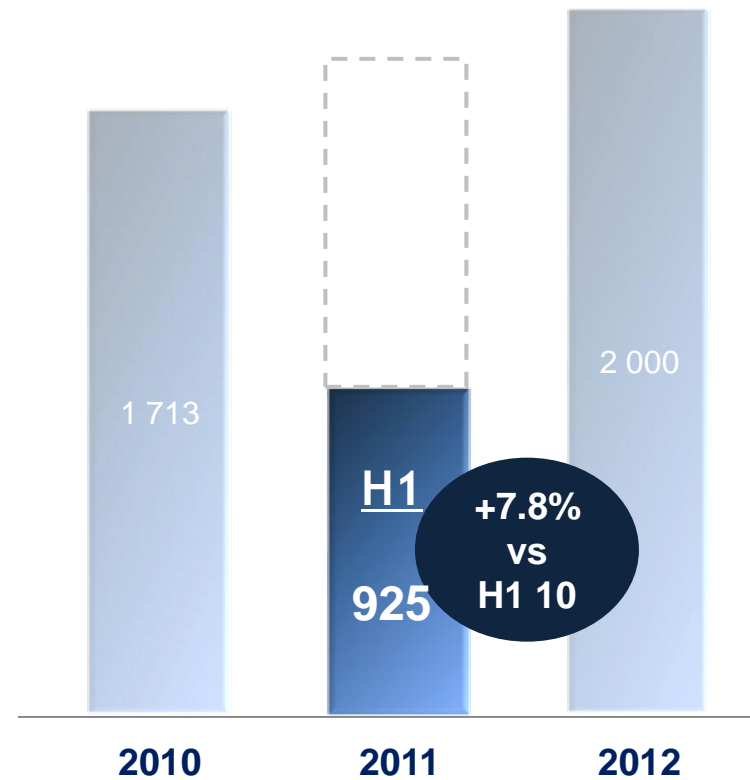
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Margin and FCF on track to full year targets

Trading operating margin



Free-Cash-Flow (1)



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



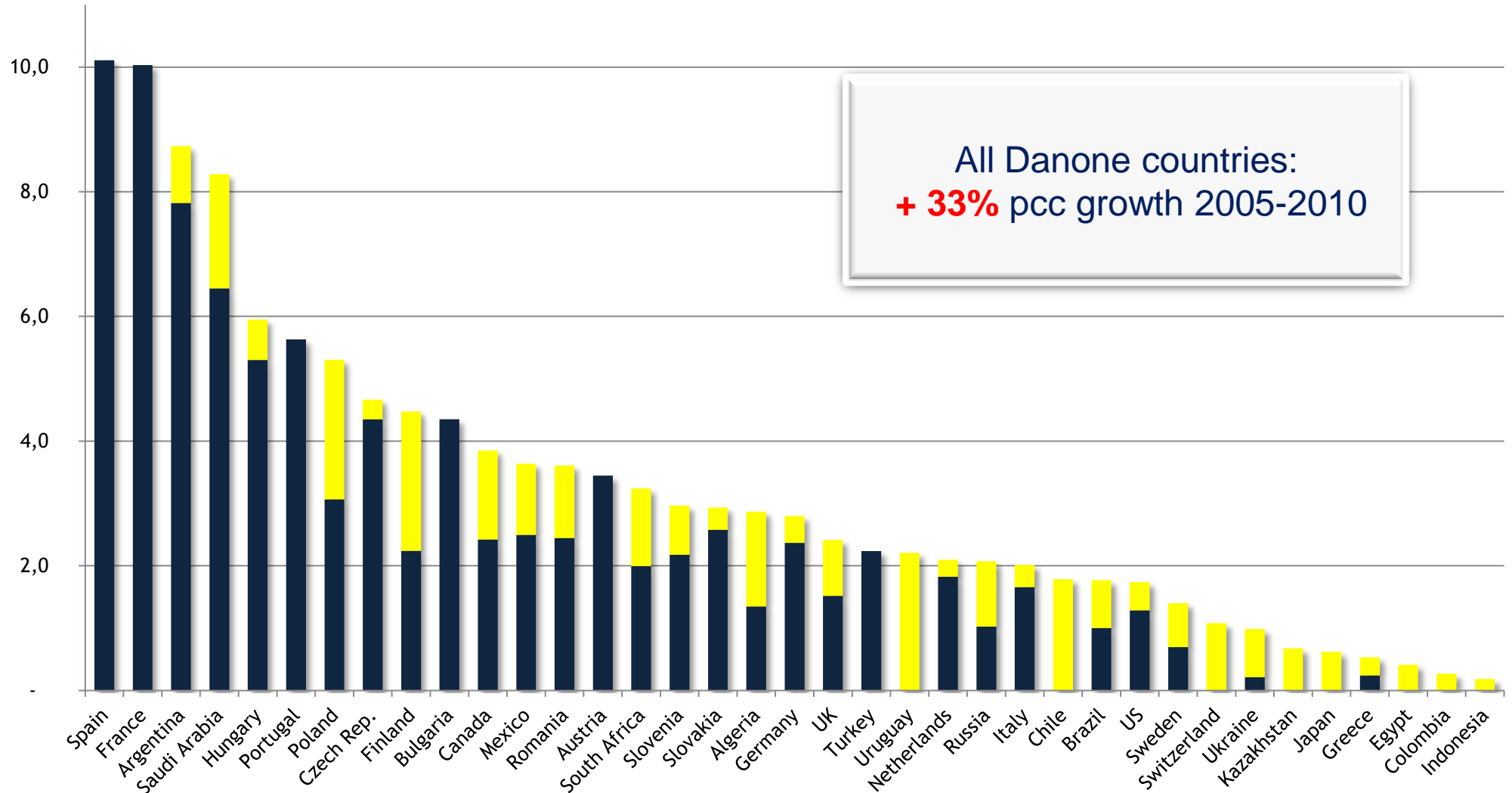
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Danone Model in Motion
Solid growth platforms



FRESH DAIRY PRODUCTS - Growing our categories and brands

Danone Per Capita Consumption (kg/yr) & 2005-2010 increases





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FRESH DAIRY - Continuous outstanding growth in Latam



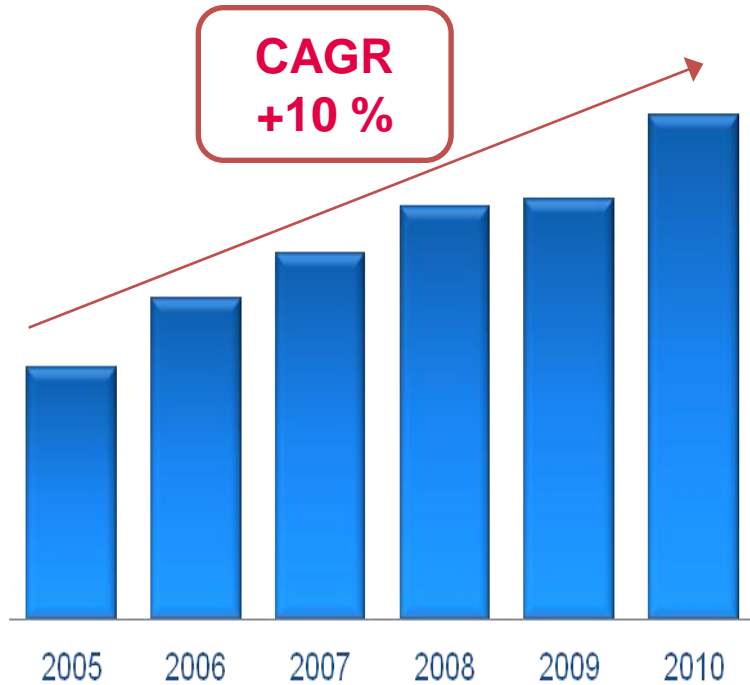


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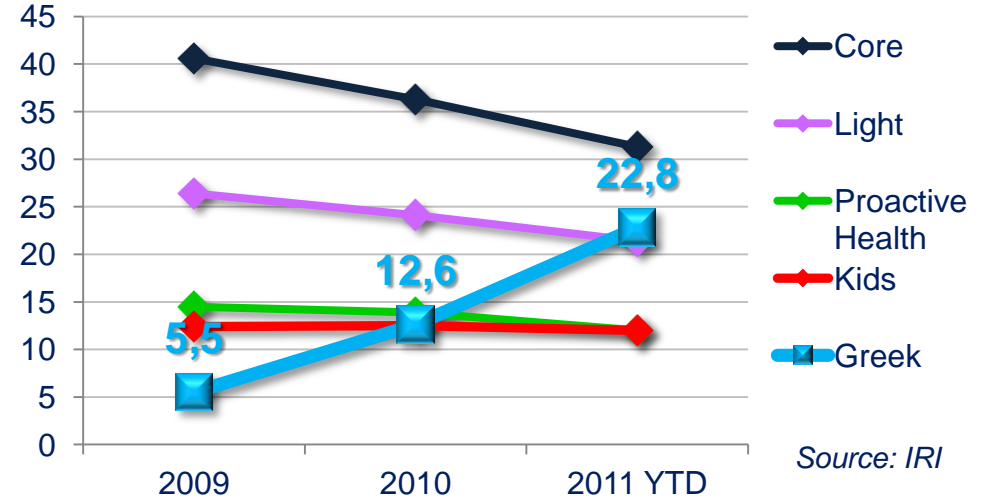
FRESH DAIRY US : adjusting the model

Sales - Danone Fresh Dairy Products*

*Includes Danone US [Ex-Frusion & LaCreme] & Stonyfield



Market Share by Segment



Source: IRI

Danone Oikos preferred to competitor

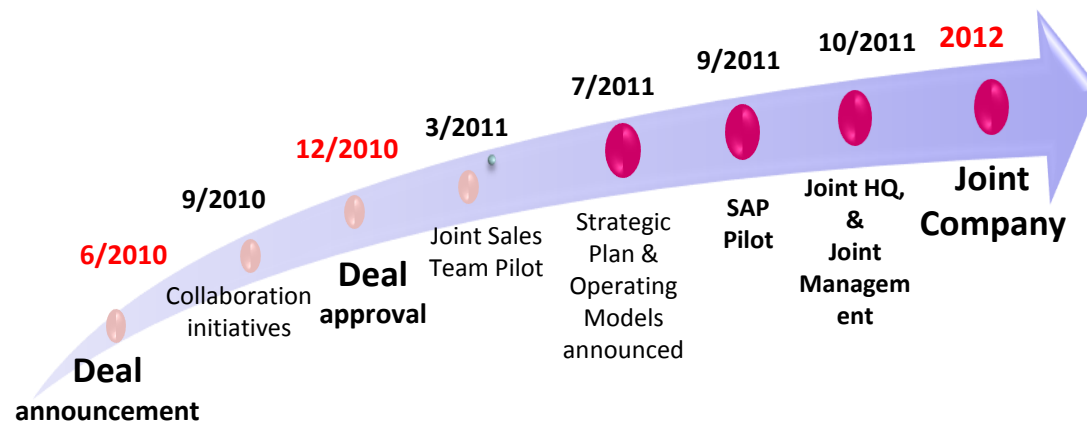


Unimilk - Integration proceeding as planned

2011 priorities

- ✓ Segment the portfolio
- ✓ Drive efficiency to invest behind brands
- ✓ Integration

Integration milestones



- Integration plans on-track : One merged Danone-Unimilk company on 1 January 2012
- Unimilk performing as expected, with focus on profitability improvement



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WATERS - Continuous outstanding growth in Latam & Asia



(value - YTD)

Flavoured waters **+9.6 pts**

Plain water - bottle **+1.2 pts**

Plain water - HOD **+5.2 pts**



Mizone growing double digit



Leading position in Sao Paolo after 3 years
Now launching HOD



40 % Market share

(value - YTD)

+0.6 pts vs LY



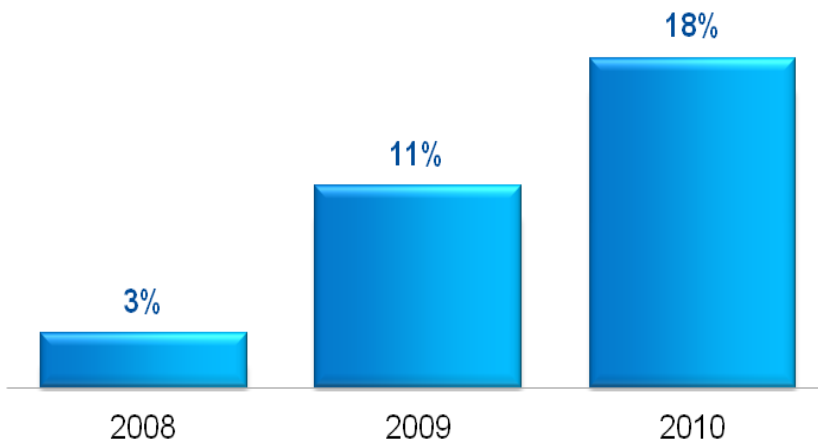
Aqua growing double digit
Mizone growing double digit



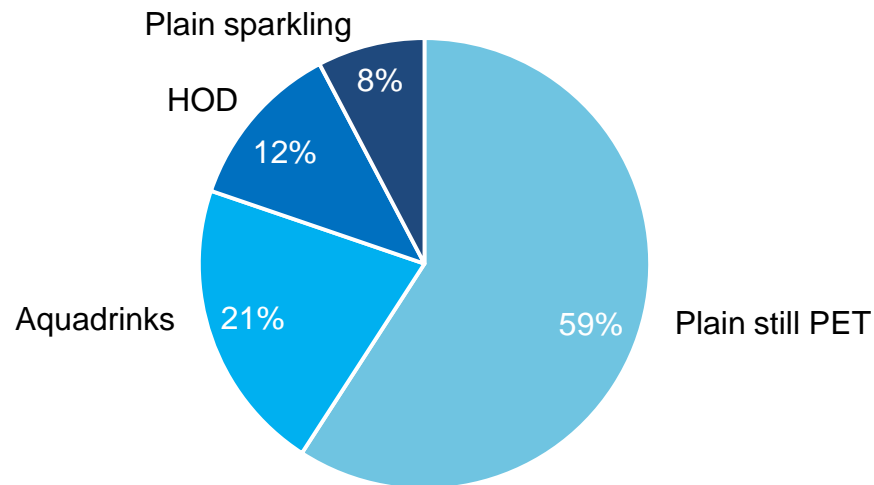
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WATERS - Expanding the category with Aquadrinks

Aquadrinks - Growth vs year ago



Segment weight (2010, value)



2011 launches :

Volvic Muscat (Japan)



Bonafont hibiscus (Mexico)



Mizone « Mango kweni » (Indonesia)



Badoit « Fruit bubble » (France)





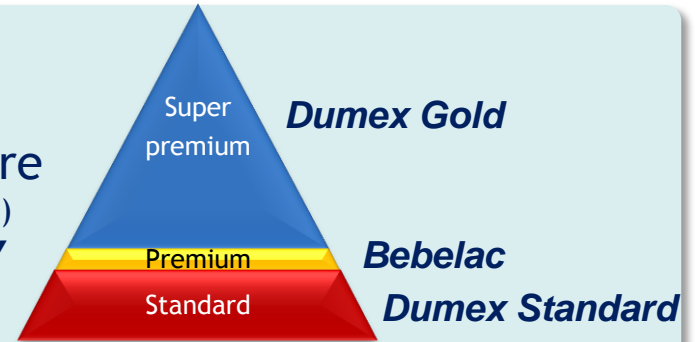
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BABY NUTRITION - Continuous outstanding growth in Asia

Agreement for the acquisition of Wockhardt Nutrition



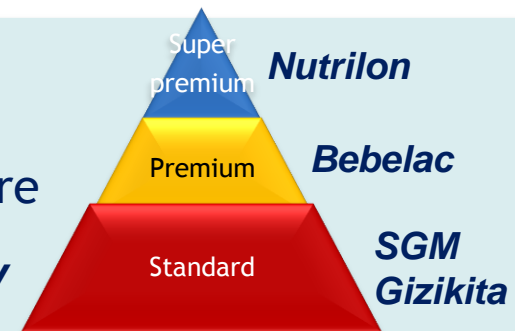
14 % Market share
(value - MAT July 2011)
+0.6 pts vs LY



30 % Market share
(value - MAT)
+1.6 pts vs LY



38% Market share
(value - MAT)
+3.3 pts vs LY





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MEDICAL NUTRITION - Growing our categories and brands

2011
launches :





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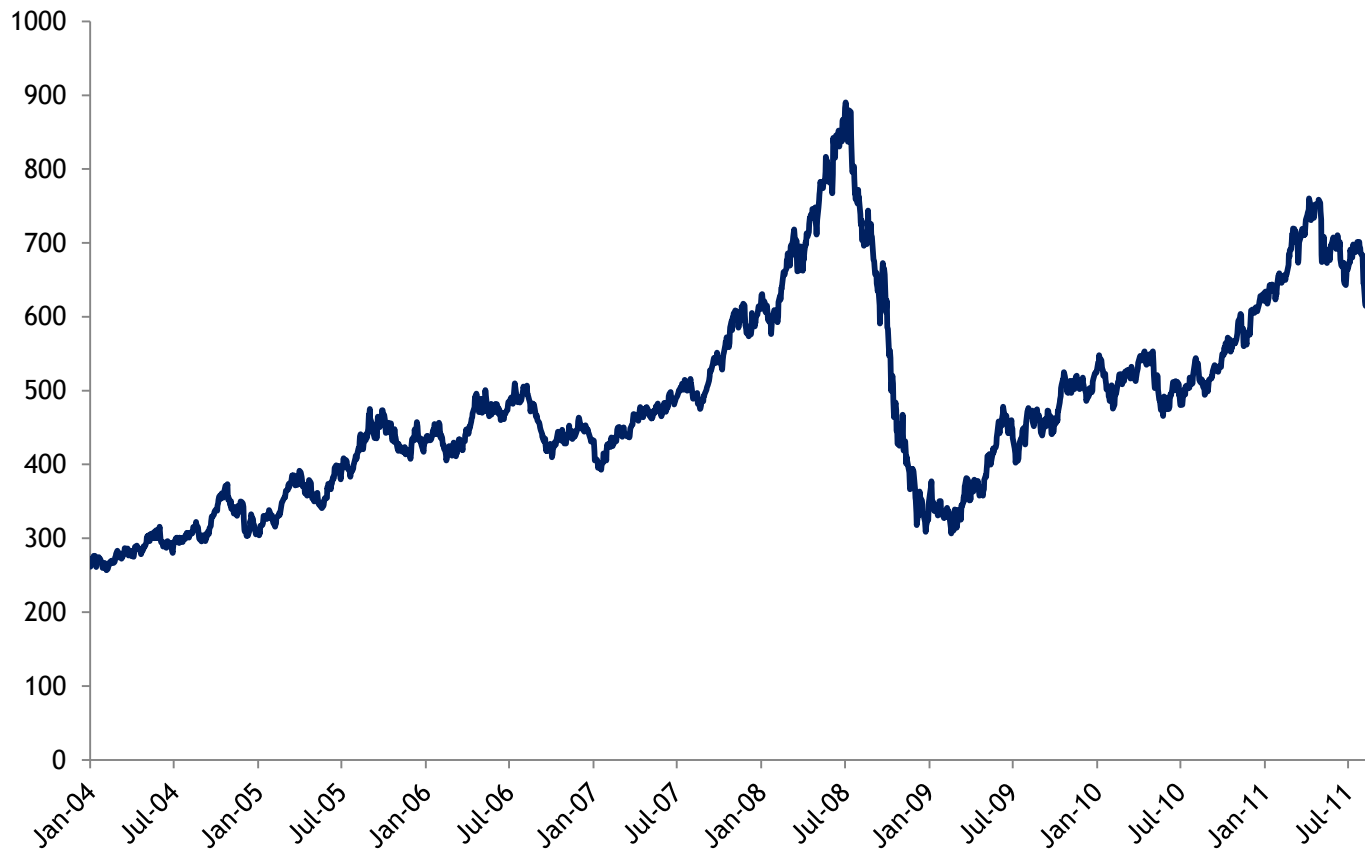
Danone Model in Motion

*Managing profitable growth
in a challenging environment*



Input cost at high level and volatile

S&P GSCI Commodity Index

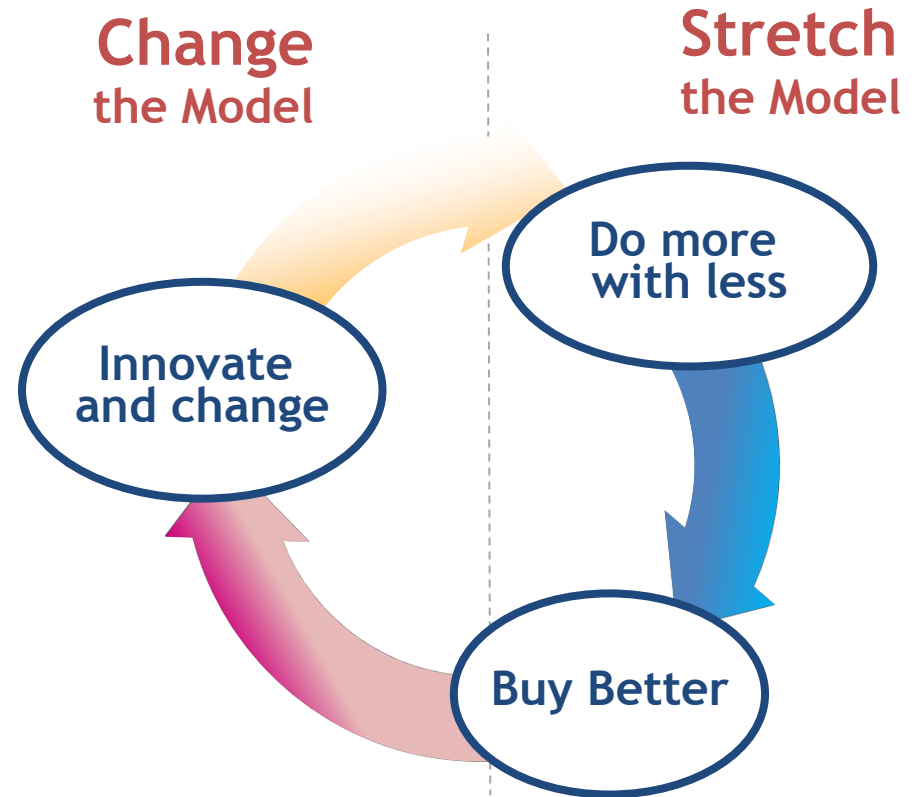
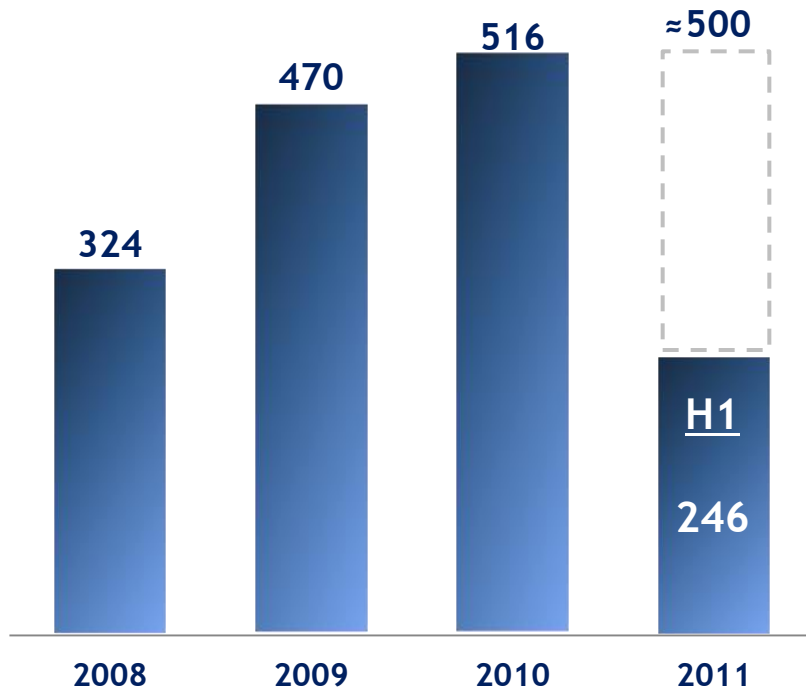




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Strong productivities the first lever to manage input costs

Productivity ⁽¹⁾ 2007-2011 (€ mln)



(1) Perimeter = COGS including logistic costs

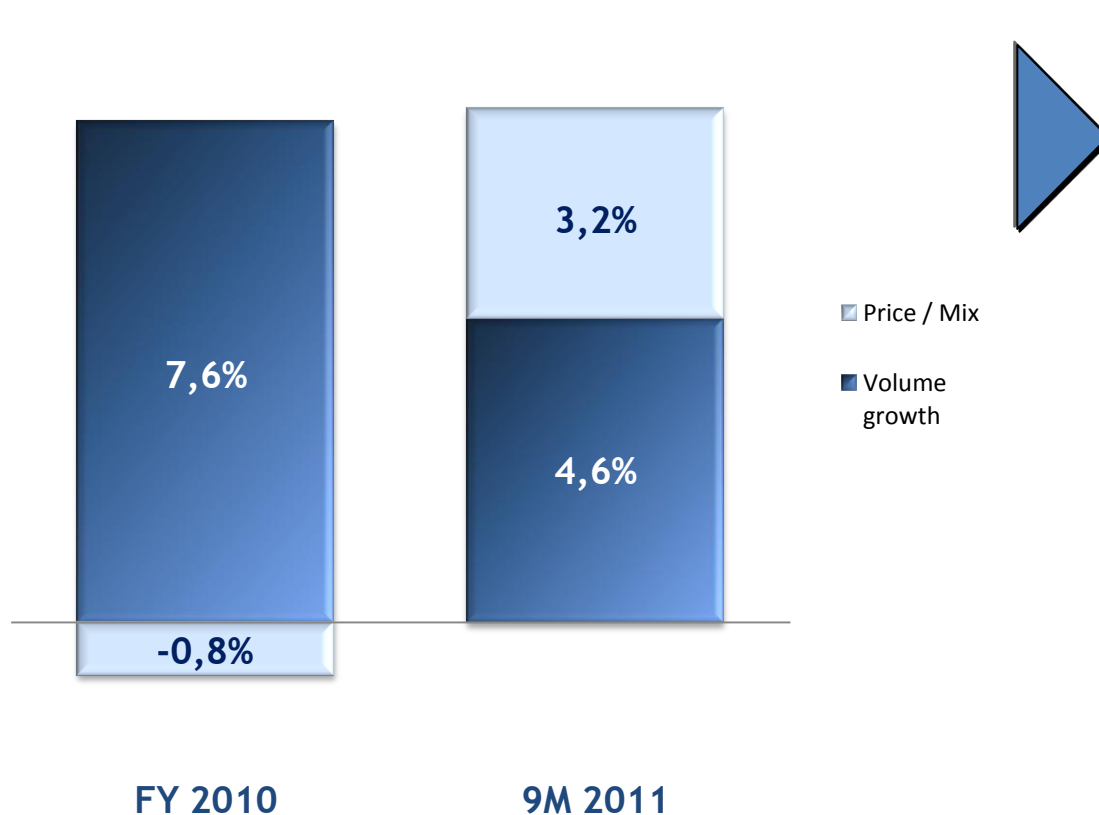


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Competitive management of pricing

Danone stand-alone before Unimilk

Volume and price/mix growth - Total Group without Unimilk



Reset

- Price index in Fresh Dairy Products from 126 to 120

2011 & beyond

- Selected competitive price increases
- Balanced portfolio across the pyramid => more resilient



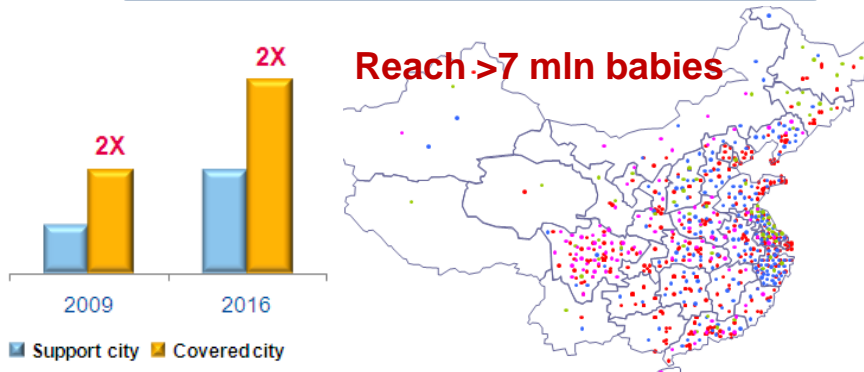
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Invest behind growth drivers

Building categories



Building distribution



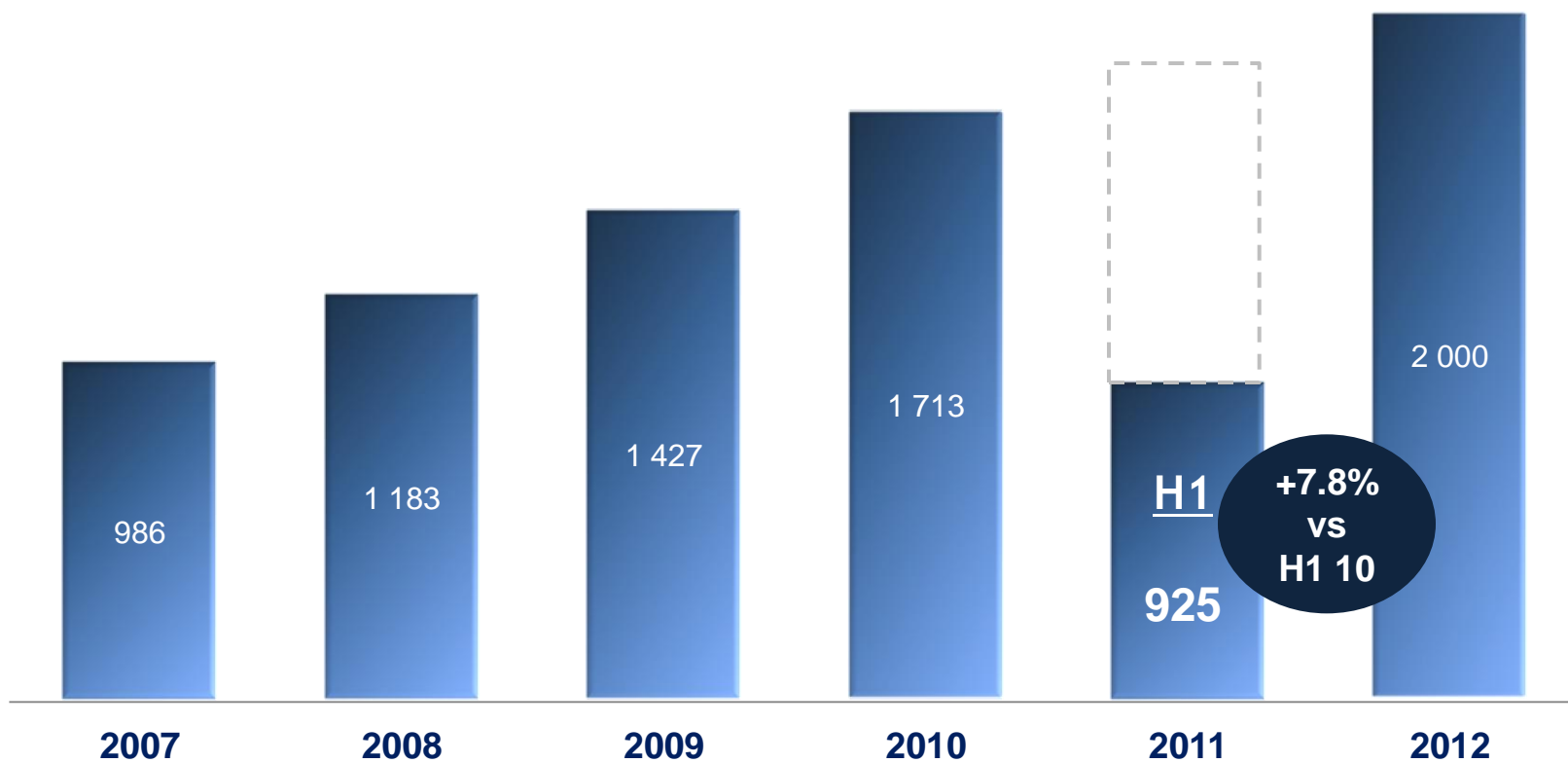
Building new business models





FCF remains a core focus

Free-Cash-Flow (1)



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



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Danone Model in Motion

Outlook

2011 targets confirmed

	Objectives 2011
Sales growth ⁽¹⁾	6-8%
Free Cash Flow ⁽²⁾	Towards € 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)

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