



DANONE

**Pierre-André Terisse
Chief Financial Officer**

Sanford C. Bernstein Strategic Decisions Conference

London – October 1st, 2013



SANFORD C. BERNSTEIN LIMITED



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

BRING HEALTH THROUGH FOOD TO AS MANY PEOPLE AS POSSIBLE





Clear priorities

2013 a year of transition

● Europe :



Adapt & fix

- Savings & competitiveness
- Value for consumers

● Growth markets :



Invest & leverage

2014 back to

Strong
Sustainable
Profitable

GROWTH



H1 Results in line with priorities

H1 2013 Results figures

Growth Markets

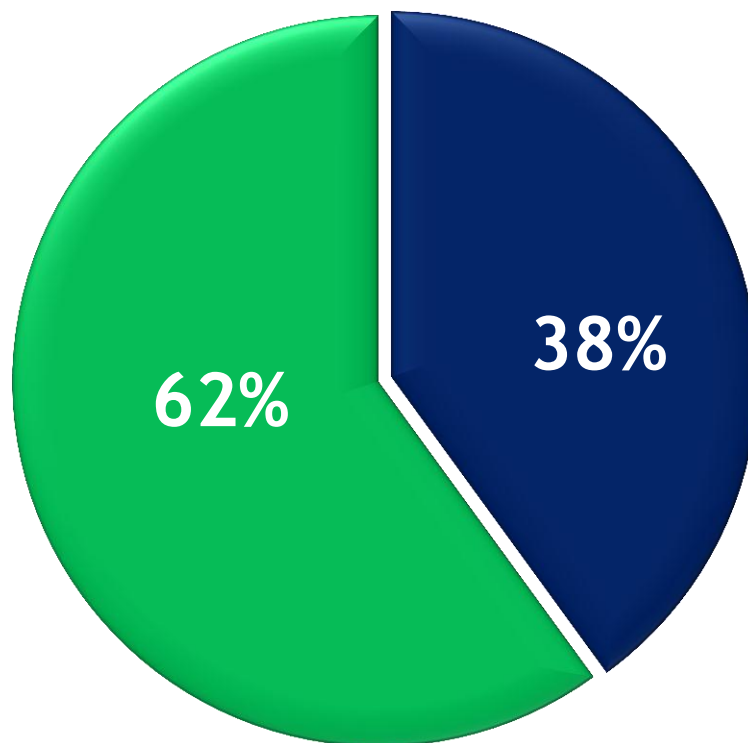
Sales

6.9 bn
+13.5% like-for-like⁽¹⁾

Trading operating margin

12.8%
+10bps like-for-like⁽¹⁾

Sales breakdown



Europe

Sales

4.2 bn
-4.0% like-for-like⁽¹⁾

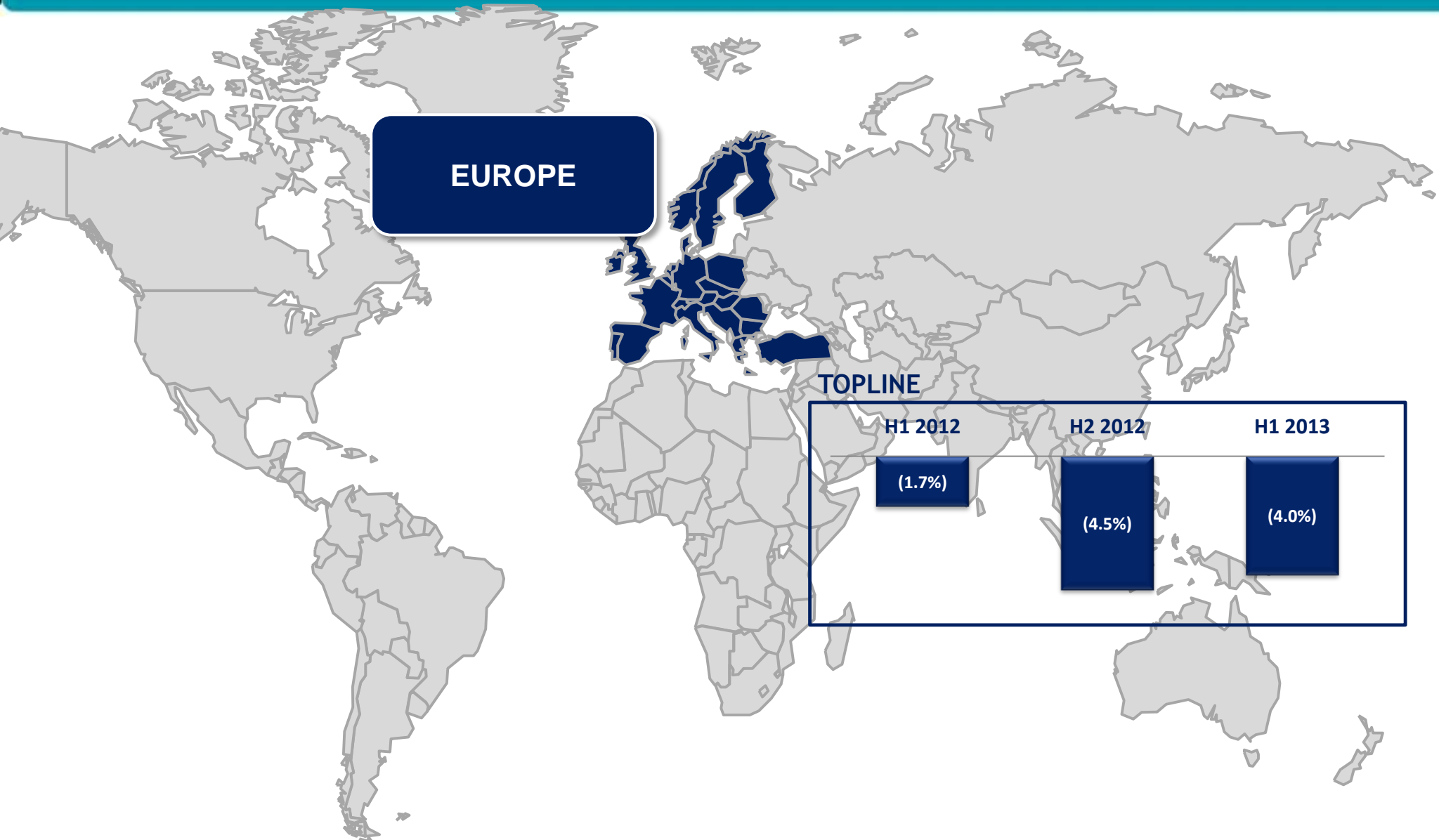
Trading operating margin

14.3%
-118bps like-for-like⁽¹⁾



DANONE

Europe : First positive signals





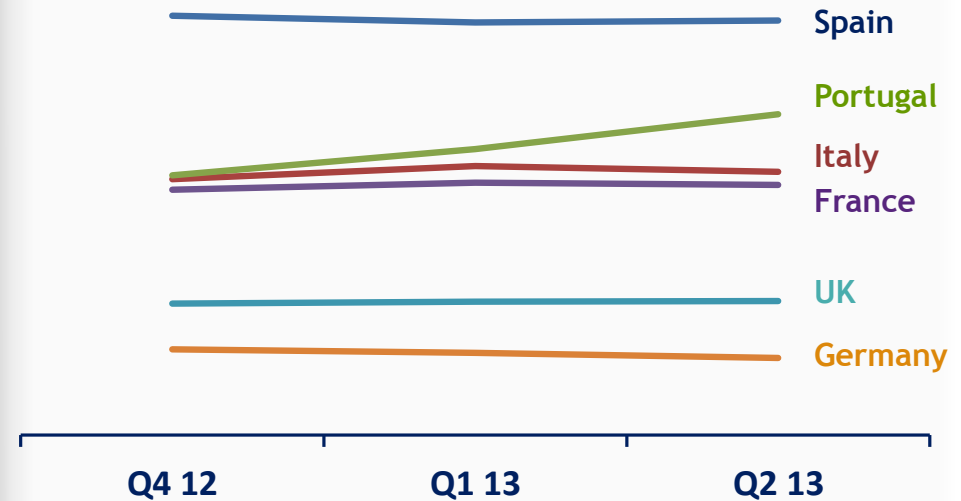
DANONE

Dairy Europe : first signs of stabilization

Breakdown volume / value growth (%)



Value market shares





DANONE

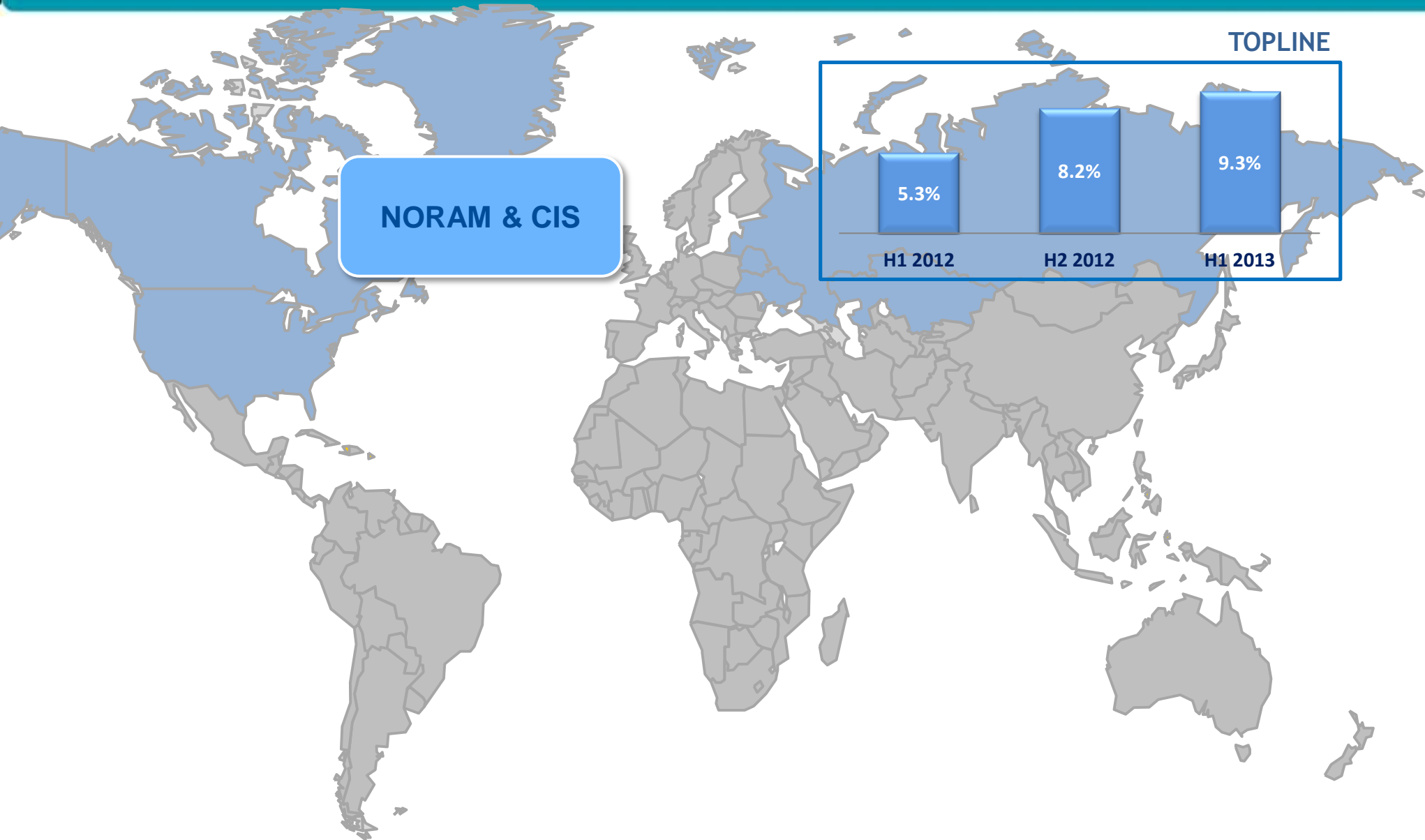
Plan for competitiveness in Europe moving on target





DANONE

Noram & CIS : Leveraging and building strong platforms



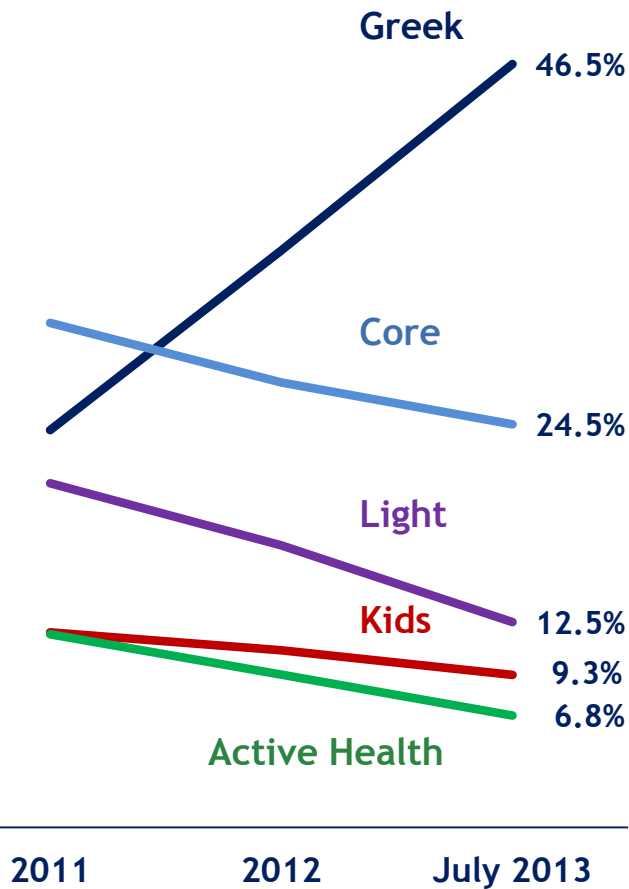


Fresh Dairy US :

Greek yogurt becoming a component of Americans' diet



Fresh Dairy products category Value market shares by segment

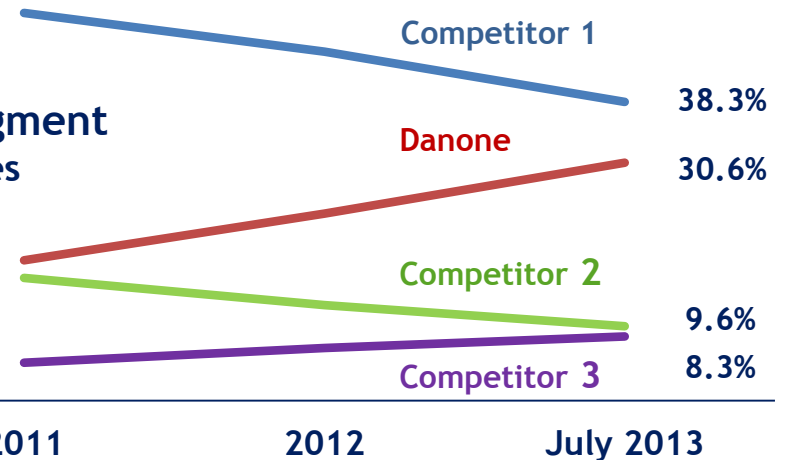


Source : IRI Total Food US

Greek segment latest innovations



Greek yogurt segment Value market shares



Source : IRI Multi Outlet

Market leader in yogurts with toppings

Co-branded originals



Yo Crunch kids



All family



A unique know-how in compartmentalized packaging

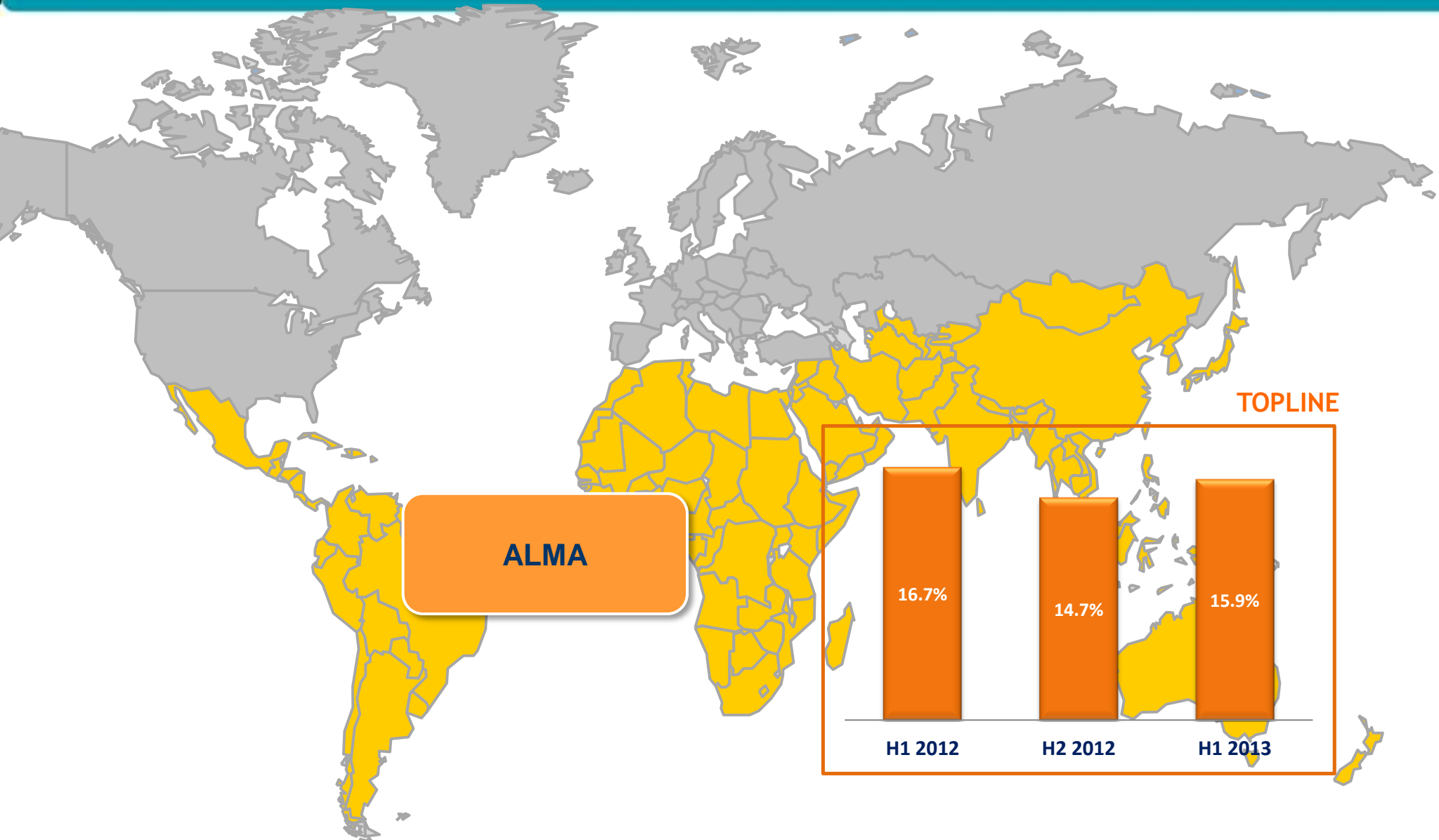
Developing the category by offering new ways to enjoy yogurt

Sustained double-digit growth in recent years



DANONE

ALMA : Leveraging platforms and preparing the future





DANONE

Fonterra : Precautionnary recall in 8 markets

- **2nd August 2013** : some batches of whey protein concentrate supplied by Fonterra suspected of containing *Clostridium Botulinum*
- Danone immediately recalled all finished products potentially related to incriminated batches.
- Internal & external tests on recalled products : no sample showed any contamination
- **28th August 2013** : New Zealand authorities lift the warning after concluding that there were no *Clostridium Botulinum* in any of the Fonterra batches concerned





Action plan to restore sales in recall countries - China example

Sales in recall countries significantly impacted during recall



Action plan to restore sales : Chinese example

- Heavy Communication campaign : *“Dumex product is safe and has been always safe”*
- *“We trust Dumex”* - 3rd party endorsement 360° communication
- Business development acceleration

TVC & press campaigns
« Dumex is safe to use »



On pack sticker
« This pack is tested & checked »



KMBS/NKA joint announcement :
Dumex product on shelf is safe



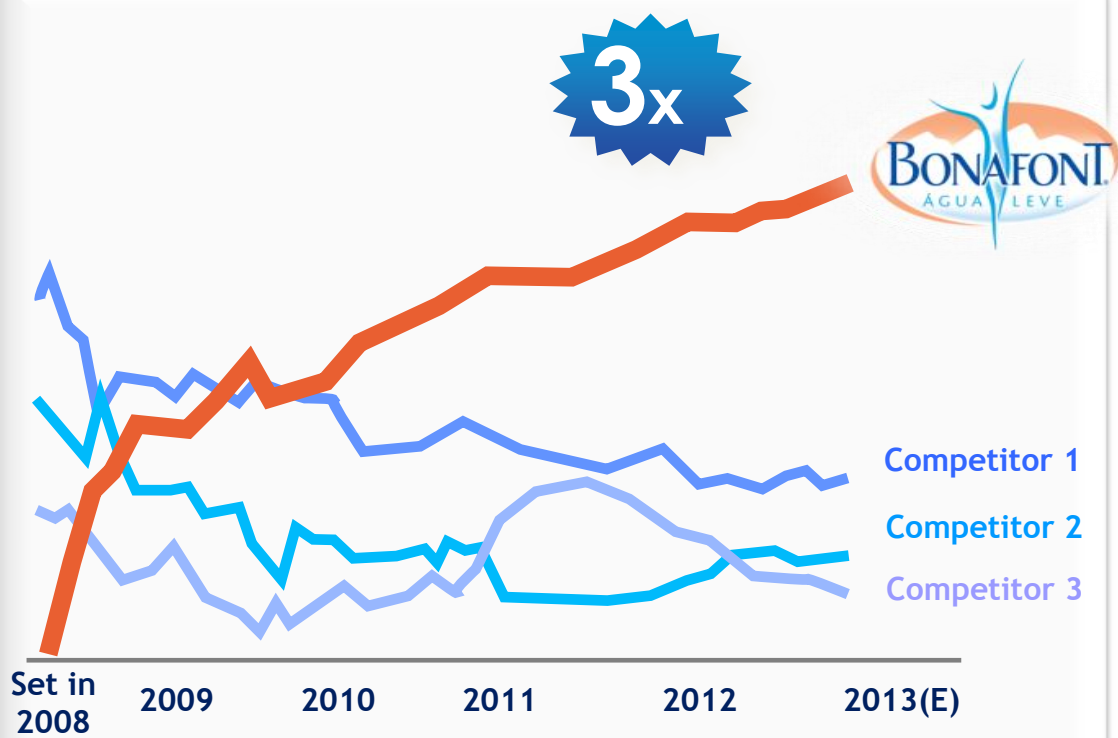


DANONE

Waters Brazil : The next emerging market



Bonafont – a market leader in Sao Paulo area



Launch of HOD last year



Source: MT SHARE – VOLUME – IPANEL GSP



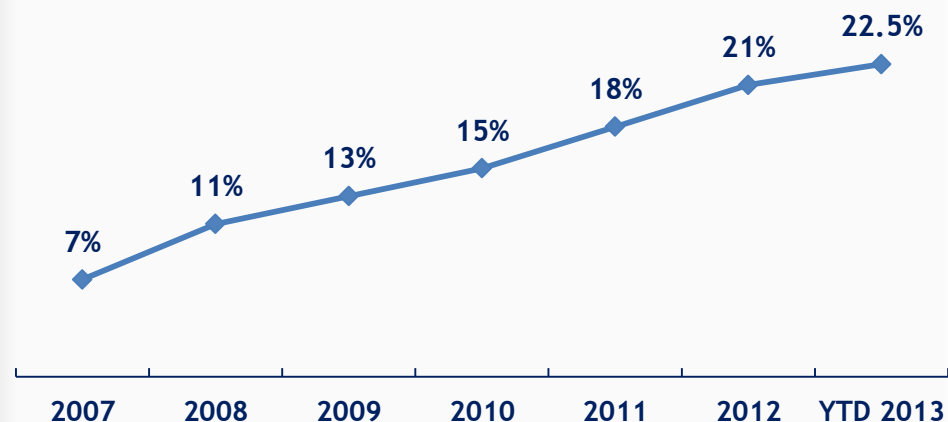
2007-2013 action plan

- **Creating Category Recognition (Credibility)**
- **Leading Category Innovation**
- **Improving Presence Geographic Expansion**



2007-2013 achievements

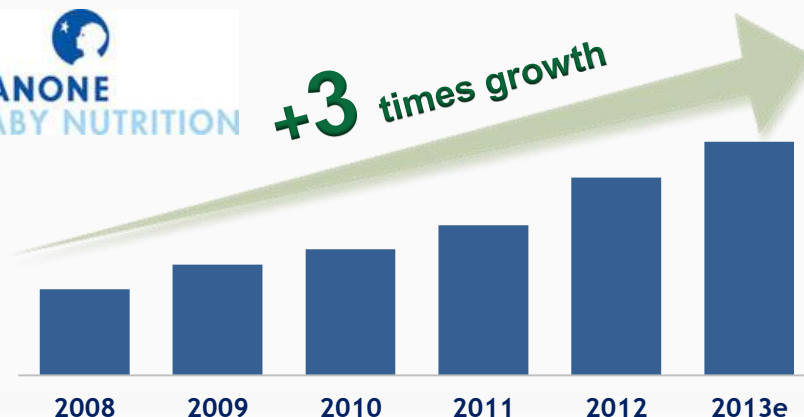
DBN value market share



DBN Sales evolution



+3 times growth



A PCC far below other Asian Countries



Population

1.3 bn

240 mln

1.2 bn

Births/year

15 mln

4 mln

25 mln

PCC IFFO

12 kg

13 kg

1.5 kg

Markets Estimates 2012 IMF, Source Nielsen, IMS

Danone n° 2 position on the market
with 7% market share

Clear roadmap for integration & development

Quality & sourcing



Relevance

Enriching HCPs with
the right knowledge
& services



Brand of first choice

Brands renovation
& differentiation

Team & talent development



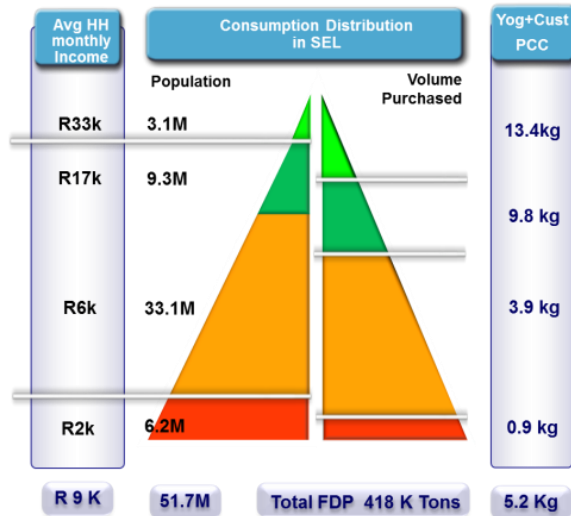


DANONE

Dairy South Africa : Reaching more consumers



PCC potential down the pyramid



Export to 10 countries



Relevant innovation

Ultramel : 7 months shelf-life



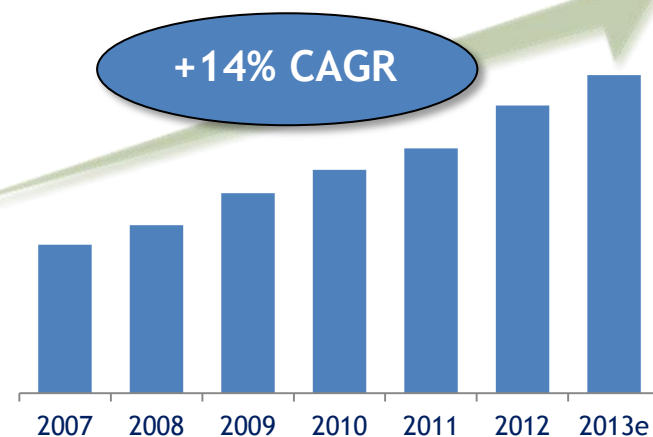
NutriDay : 3 months shelf-life



Mayo (adults): 3 months shelf-life



Sales evolution





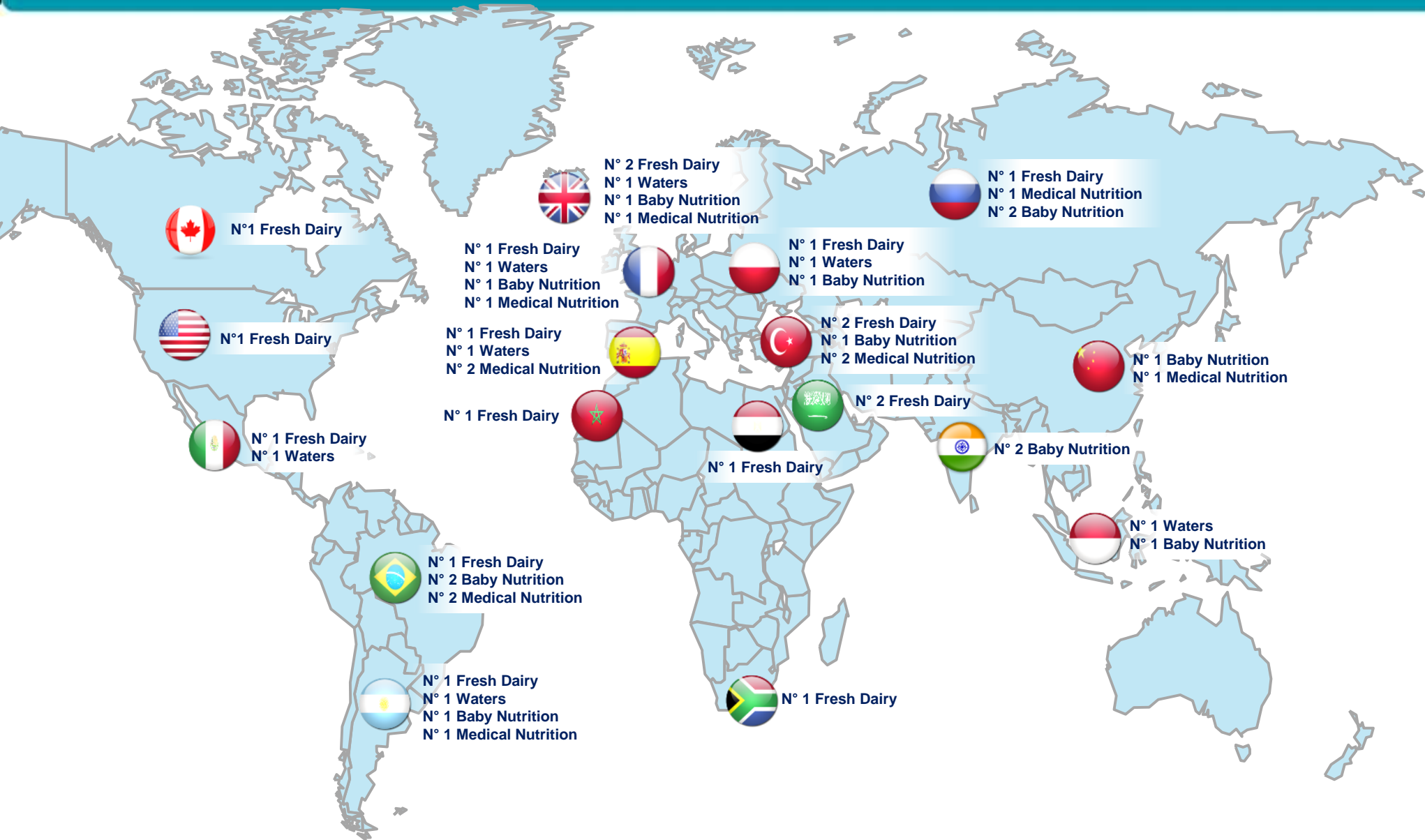
DANONE

CONCLUSION



DANONE

Plenty of growth opportunities for now and the future





2013 objectives

	2013 objectives
Sales growth ⁽¹⁾	At least 5%
Trading operating margin ⁽¹⁾	-30bps to -50bps
Free cash-flow excluding exceptional items ⁽²⁾⁽³⁾	Around € 2 bn

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

(2) Free cash-flow excluding exceptional items : cash flows provided or used by operating activities less capital expenditure net of disposals and excluding acquisition costs related to business combinations and before cash-flows related to initiatives that may be taken by the Group to deploy the plan to generate savings and adapt its organizations in Europe

(3) Free cash-flow excluding cash effect of the Asia-Pacific Baby Nutrition quality event



DANONE



SANFORD C. BERNSTEIN LIMITED



DANONE

Notes



DANONE

Notes



DANONE



SANFORD C. BERNSTEIN LIMITED