



DANONE

CAGE CONFERENCE

London, March 23, 2016

Emmanuel FABER

CEO



DANONE

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 Registration Document (the current version of which is available on www.danone.com).

Subject to regulatory requirements, Danone does not undertake 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.

All references in this presentation to like-for-like changes, trading operating income, trading operating margin, recurring net income, recurring income tax rate, recurring EPS, free cash-flow, free cash-flow excluding exceptional items, and net financial debt correspond to financial indicators not defined by IFRS used by Danone, which are defined at the end of this presentation.

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.

A UNIQUE AND ENGAGING MISSION...



... STRENGTHENED BY DEMOGRAPHICS AND HEALTH TRENDS

Challenging socioeconomic shifts



- A growing population
- Middle-class emergence and growing urbanization
- An ageing population

Concerning nutritional issues



- Balanced diet: malnutrition / obesity
- Growing health issues for babies
- Higher incidence of chronic diseases

CATEGORIES UNIQUELY POSITIONED FOR GROWTH TO ANSWER THESE TRENDS



Bring the health of yogurt to as many people as possible

#1 position worldwide

Inspire people towards healthier hydration

#2 position worldwide*



Stand by mums to nurture new lives

#2 position worldwide

Pioneer nutritional discoveries that help people live longer, healthier lives

#1 position in Europe**



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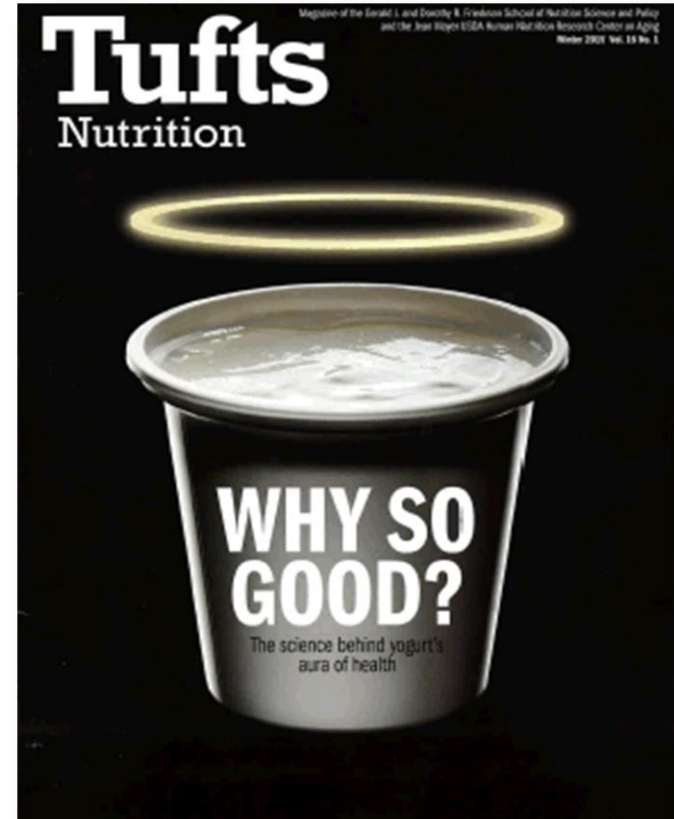
#1 position in Europe**



EPIDEMIOLOGY STUDIES PROVE THAT YOGURT PARTICIPATE TO A HEALTHY DIET



- Good nutritional intakes
- Healthy dietary pattern
- Reduced weight gain over time
- Lower diabetes risk over time

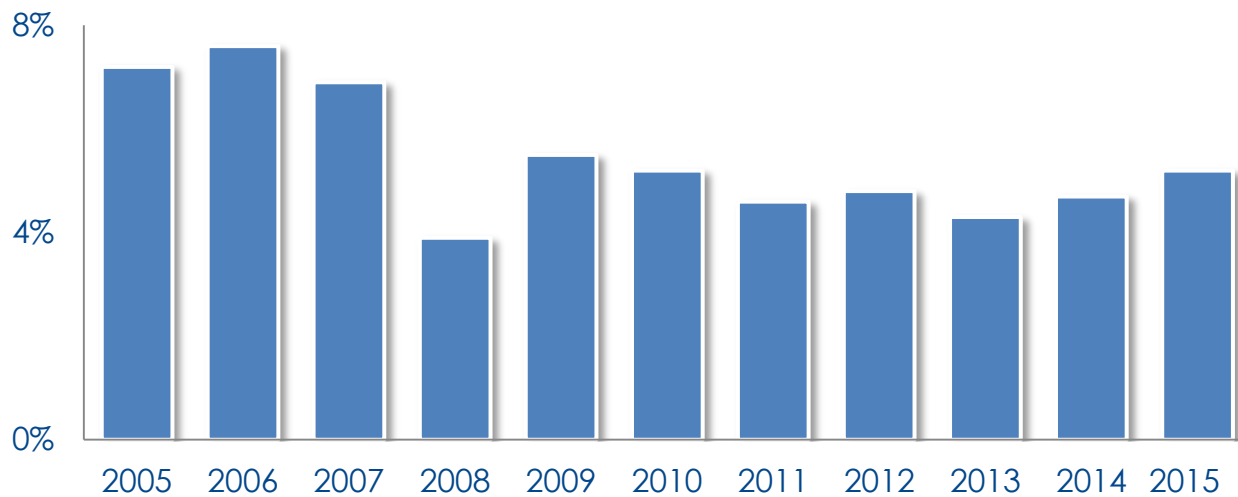


A 10-YEAR MID-SINGLE DIGIT GROWTH CATEGORY



Average volume growth over the last 10 years: $>+5\%$

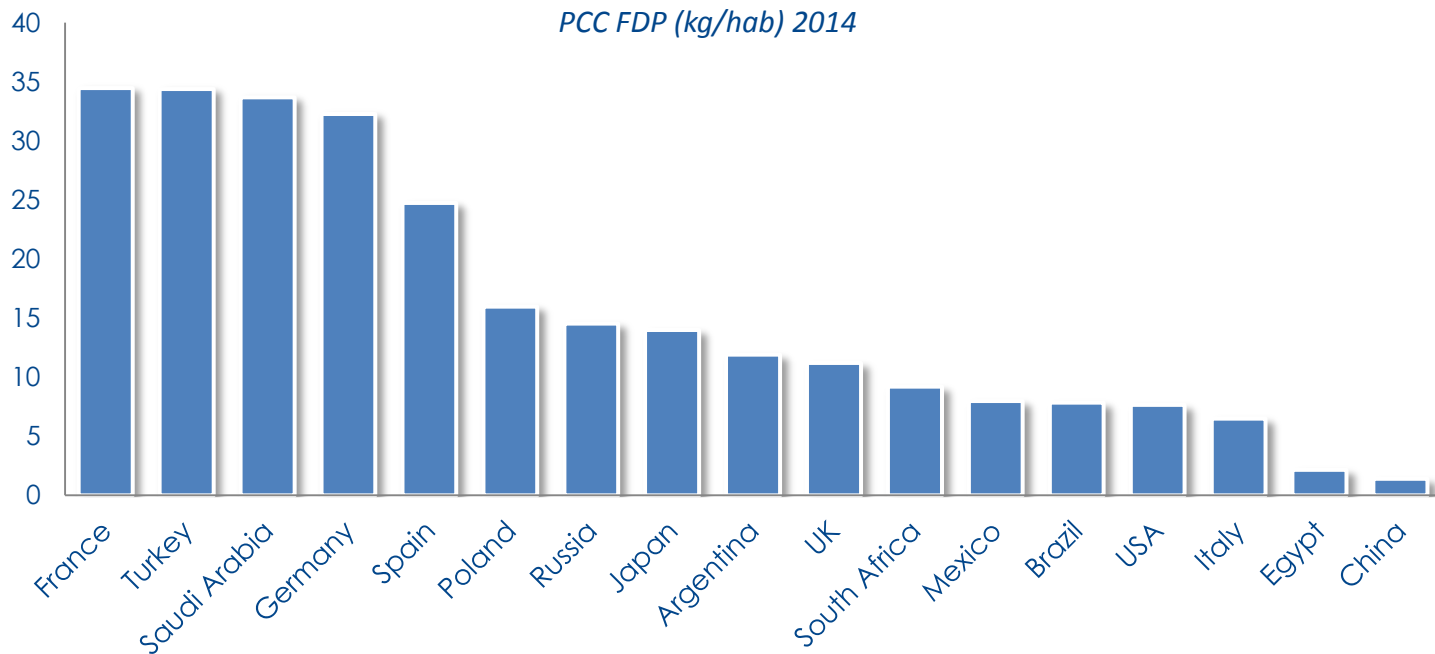
Yogurt retail volume worldwide growth (tons)



POTENTIAL FOR FUTURE GROWTH



Low and growing per capita consumption in a majority of the geographies



DEVELOP THE YOGURT CATEGORY TO IMPROVE THE NUTRITIONAL DIET

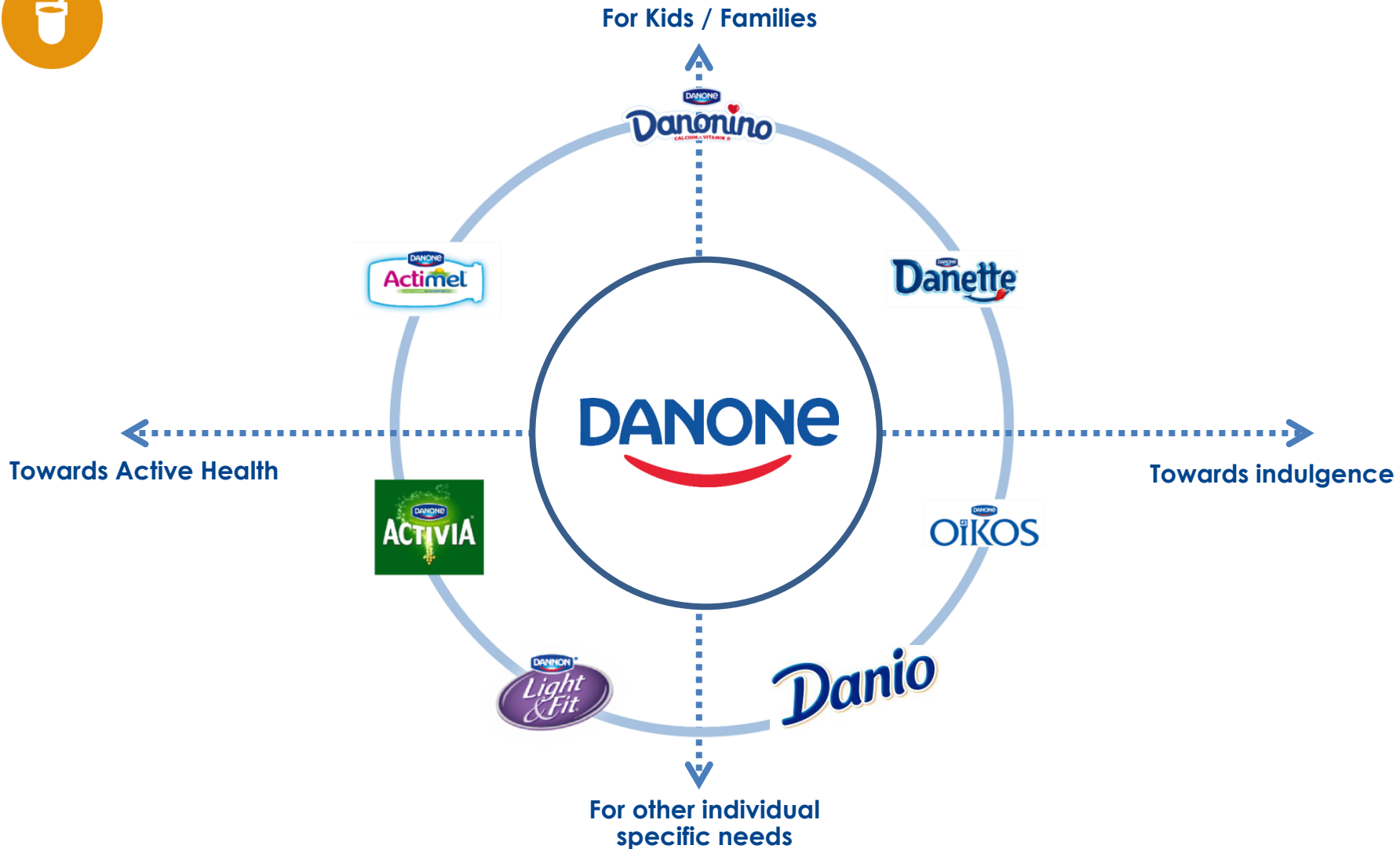


Encourage healthy eating habits



<h3>NUTRIENT DENSITY</h3> <p>GOAL: By mid 2016 make the overall Dannon product portfolio even more nutrient dense</p> <p>nutrient density +10%</p> <p>Increase nutrients: VITAMIN D, CALCIUM, POTASSIUM</p> <p>decrease total: SUGAR, FAT</p> <p>PROGRESS: We have not advanced on the total nutrient density score due to changes in the mix of products we sell.</p>	<h3>REDUCE FAT</h3> <p>GOAL: By mid 2016 reduce the amount of fat in Dannon products, and offer mostly low fat or nonfat options</p> <p>+75% low fat and nonfat products</p> <p>PROGRESS: 69% low fat and nonfat products</p>
<h3>REDUCE SUGAR</h3> <p>GOAL: By mid 2016 100% of products for children ≤23g of total sugar per 8 oz. serving 70% of products overall</p> <p>PROGRESS: 90.8% of products for children 76% of products overall</p>	<h3>RESEARCH & EDUCATION</h3> <p>GOAL: \$3M worth of investment in nutrition education and research focused on healthy eating habits</p> <p>PROGRESS: \$1M in data through communication, partnerships and research grants</p>

LEVERAGE A UNIQUE AND RICH PORTFOLIO



CREATE STEP CHANGES IN PRODUCT EXPERIENCE



New moments of consumption



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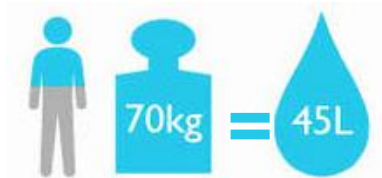
#1 position in Europe**



WATER DAILY REQUIREMENTS

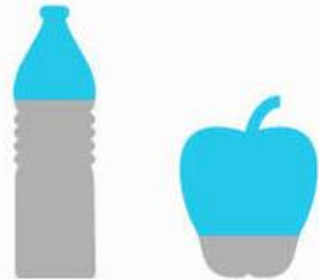


20% to 30% of people drink less than 1.2L/day,
well below official recommendations



60%

ON AVERAGE, AN ADULT BODY
IS MADE UP OF AROUND 60% WATER,
OR SOME 45 LITRES FOR A PERSON
WEIGHING 70 KILOS



75% 25%

±25% OF OUR DAILY WATER
INTAKE COMES FROM FOOD
AND ± 75% FROM BEVERAGES



2L 1.6L

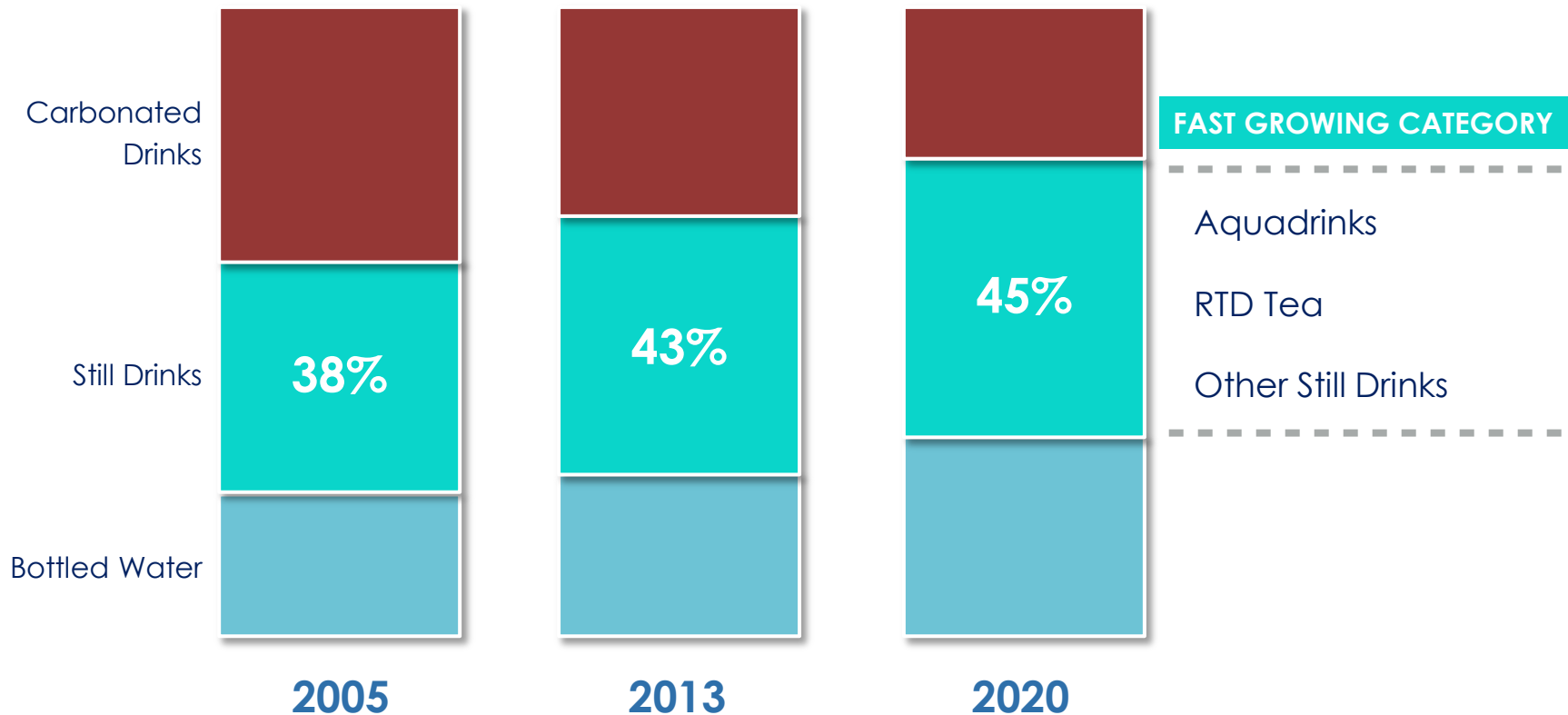
RECOMMENDED WATER INTAKE
PER DAY, ACCORDING TO
GENDER

CONSUMERS SWITCHING TO HEALTHIER PROPOSITIONS



Still drinks growth between 2015 and 2020: >+15%

Worldwide Sales Value

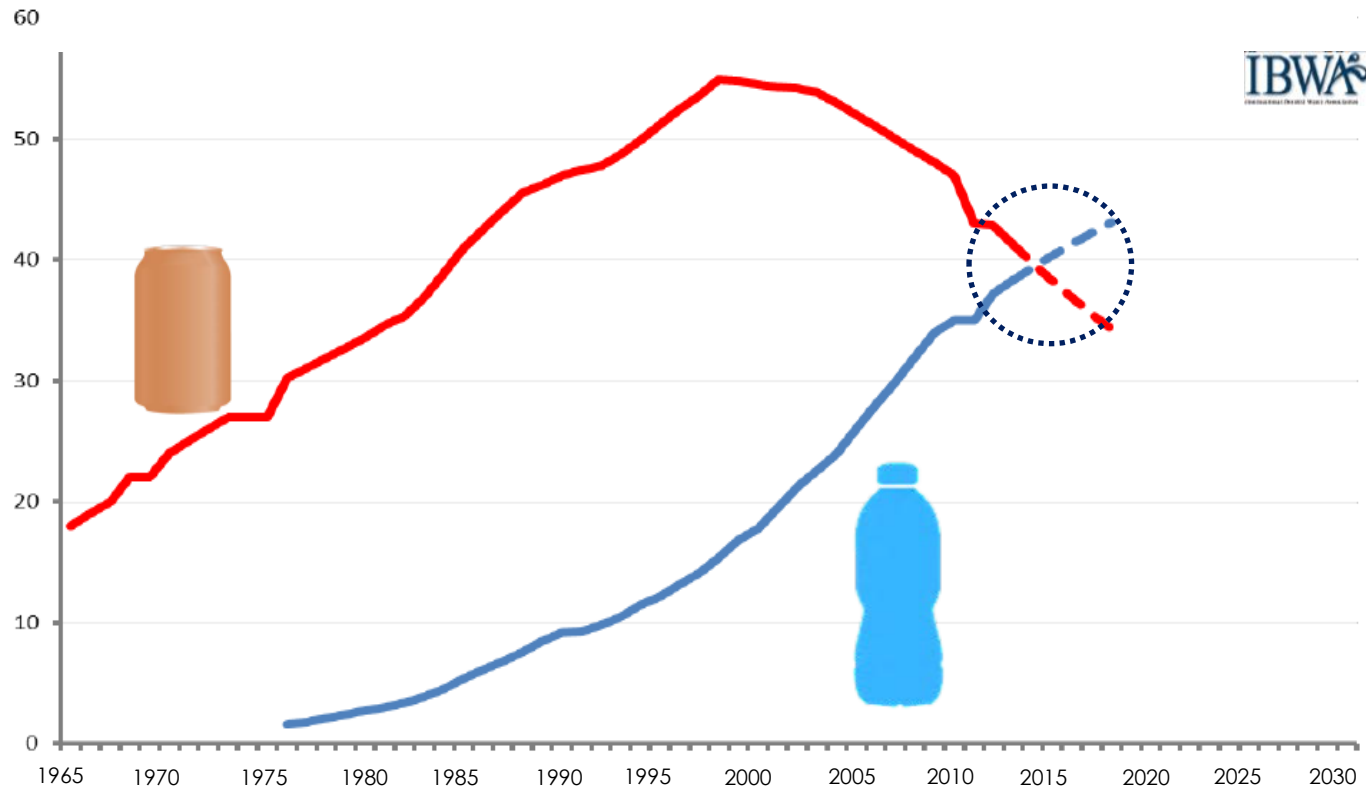


US CONSUMPTION ILLUSTRATES THE TREND



In 2016, bottled water consumption is to overtake CSD's

Gallons Per Capita



PROMOTE WATER AS THE HEALTHIEST WAY TO HYDRATE



Increase penetration in the kids segment through licensing



Establish healthy hydration education campaigns



ACTIVATE BRANDS TO MEET NEW CONSUMER NEEDS



Innovate in aquadrinks



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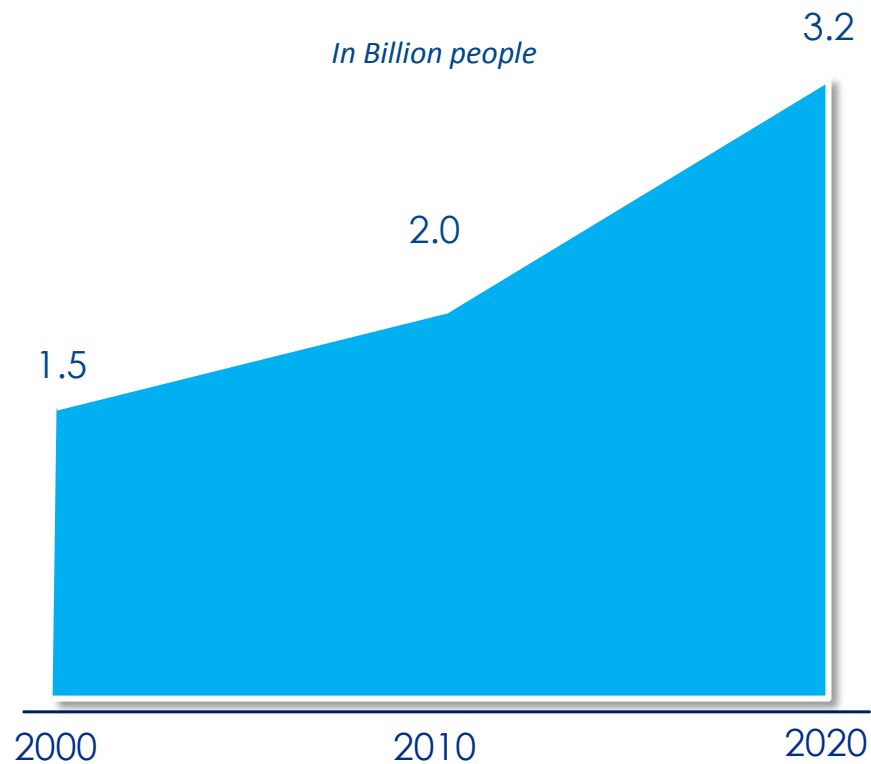
#1 position in Europe**



SOCIOECONOMIC MARKET TRENDS DRIVE GROWTH PROSPECTS



Middle-class growth



GROWING PREVALENCE OF HEALTH ISSUES DURING THE FIRST 1,000 DAYS



Common first 1,000 days health issues



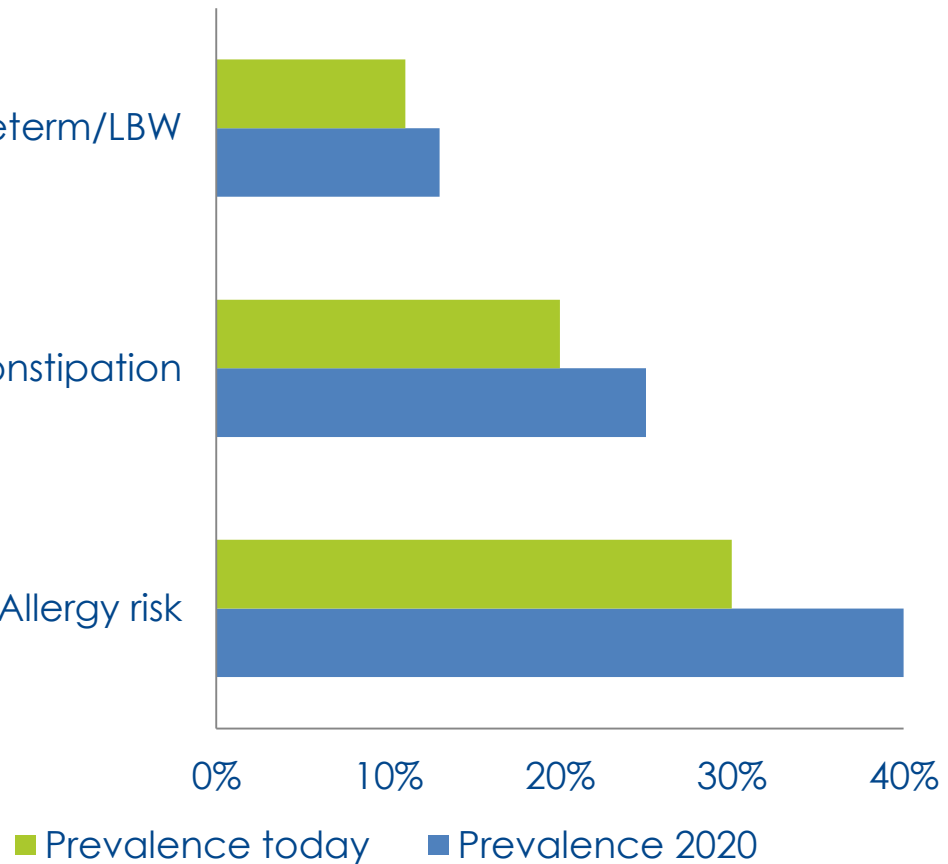
Preterm/LBW



Colics & Constipation



Allergy risk

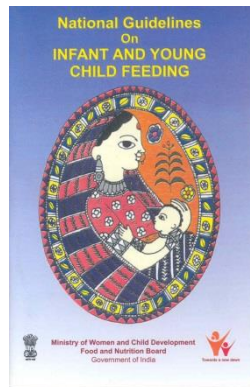


FACILITATE 1,000 DAYS MOBILIZATION WITHIN THE DANONE 2020 PLAN



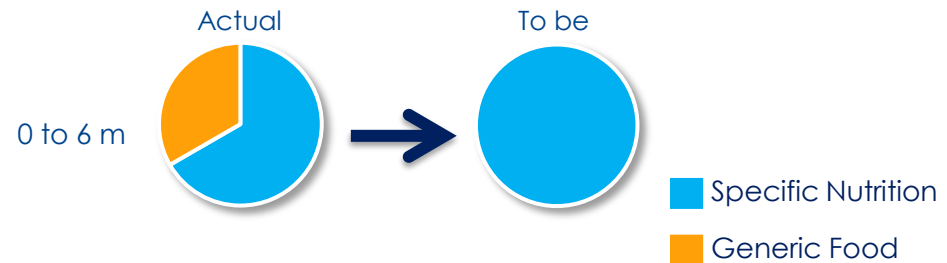
Health Agenda

Guidelines for a specific diet



Business Agenda

Decrease Generic Food



DEVELOP A COMPLETE SCIENCE & NUTRITION DRIVEN 1,000 DAYS PORTFOLIO



Pregnancy



Lactation



From 6 months onwards



Mum's nutrition



Extra care



Milk formula



Foods



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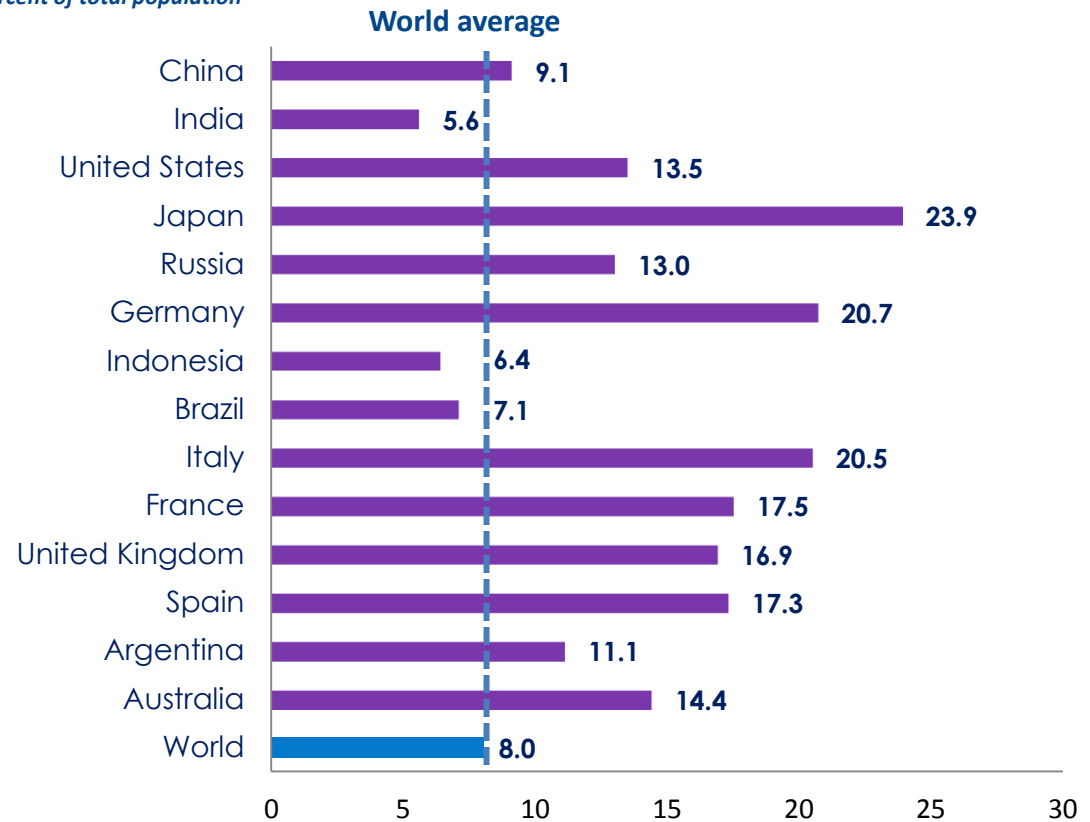
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An ageing population

Over 65s as percent of total population



Over-65s: +2.7%
growth per year worldwide

LEVERAGE A WELL-POSITIONED DIVISION FOR GROWTH

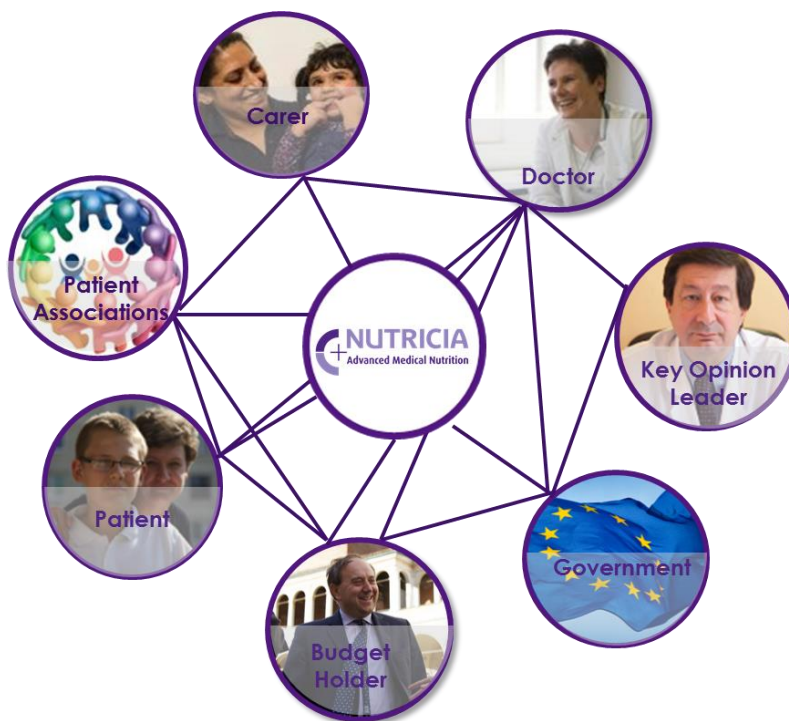


ESTABLISH ADVANCED NUTRITION AS AN INTEGRAL PART OF HEALTHCARE



Build an ecosystem for therapeutic area

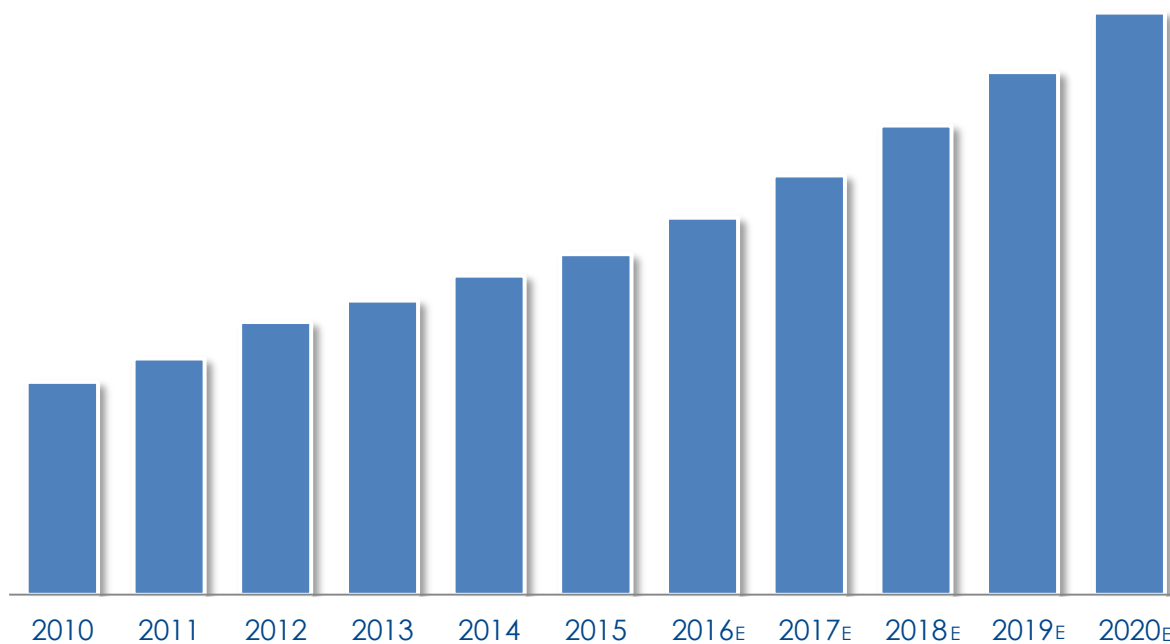
Roll-out of innovations to meet new needs



PROMISING AFRICAN GDP GROWTH



Africa average GDP growth trends



BUILD THE FUTURE OF DANONE BY STRENGTHENING OUR PLATFORMS IN AFRICA



SOURCING



INDUSTRIAL SET-UP



ROUTE TO MARKET



QUALITY



Increasing stake



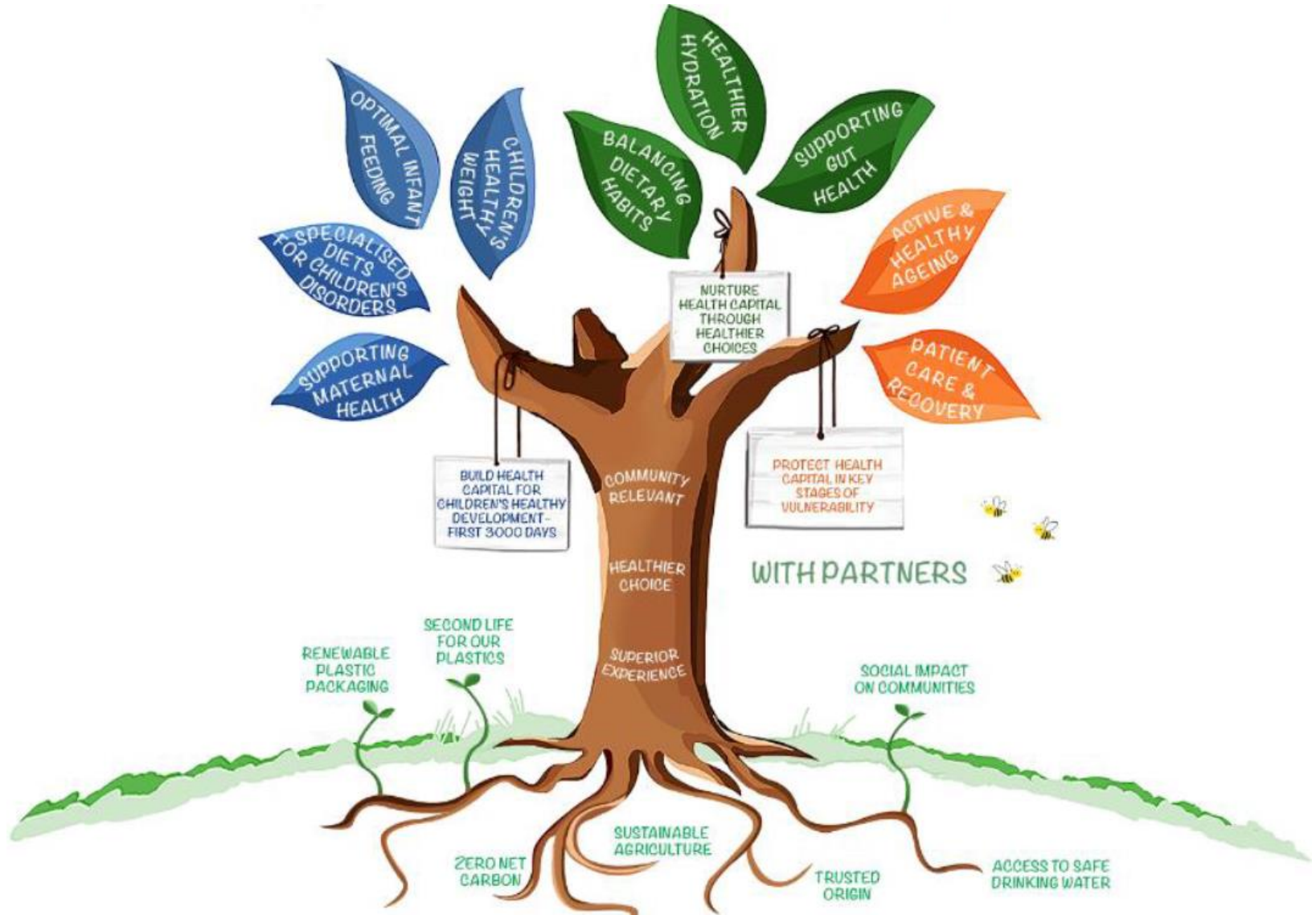
Taking control



Acquisition

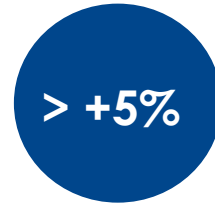


A NEW VISION OF ALIMENTATION TO BUILD THE FUTURE



2020 AMBITION

Sales growth⁽¹⁾



3-5%



7-10%



7-10%



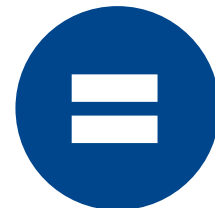
6-8%



Trading operating margin growth⁽¹⁾



> + 200bps⁽²⁾



Yearly growth of:

- Trading operating margin
- Cash
- EPS

⁽¹⁾ Like-for-like

⁽²⁾ Cumulative trading operating margin improvement (2015 - 2020), at constant exchange rates

2015: A YEAR OF PROGRESS AND DELIVERY

SALES GROWTH

+6.0%

+4.4%⁽¹⁾

TRADING OPERATING MARGIN

12.91%
+32 bps

+17 bps⁽¹⁾

RECURRING EPS

€2.93
+12%

+8.4%

At constant exchange rates

GUIDANCE 2015

Sales growth: **+4% to +5%⁽¹⁾**



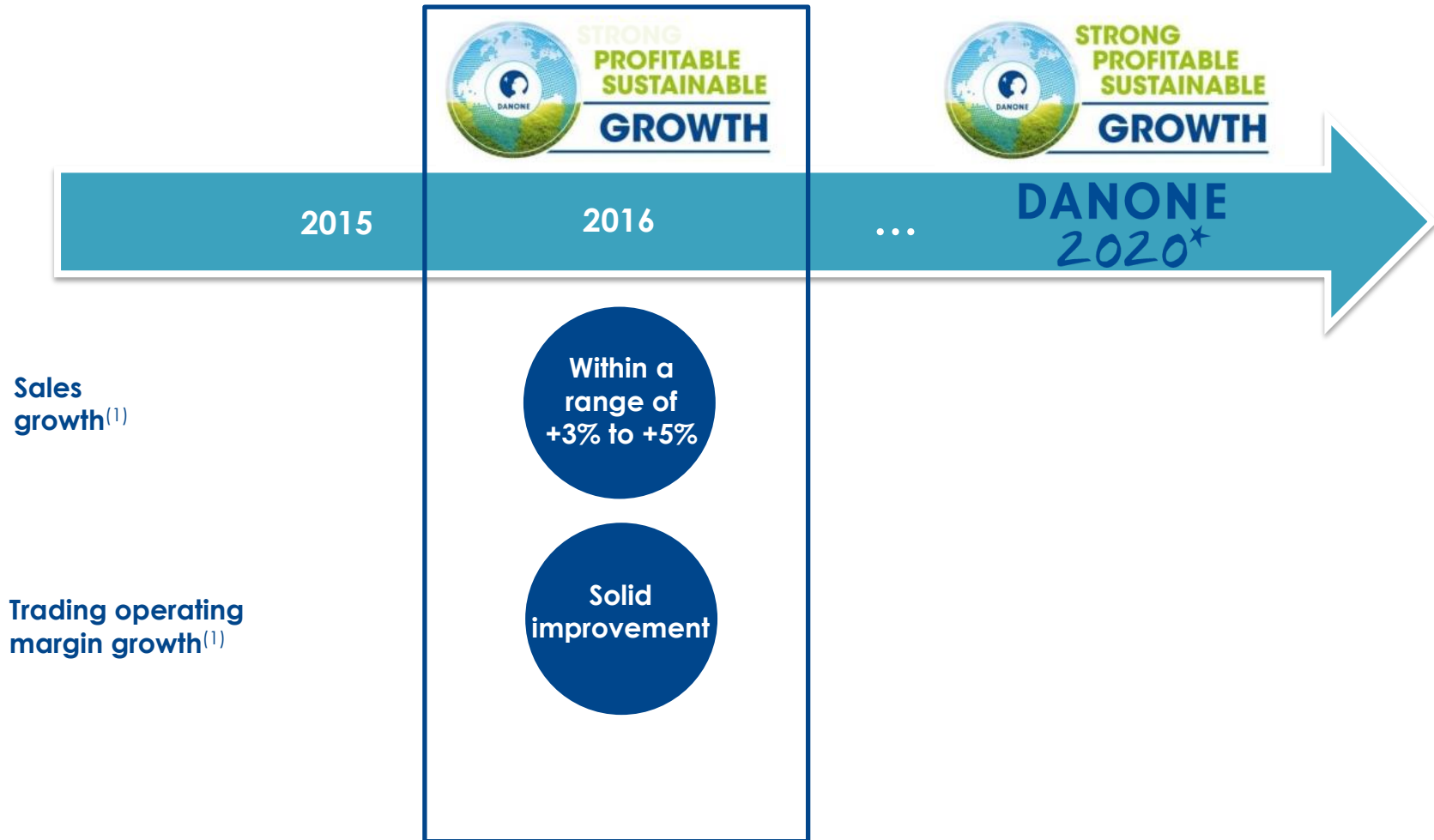
Trading operating margin growth:

Slightly up⁽¹⁾



⁽¹⁾ Like-for-like

2016 GUIDANCE: ANCHOR A PROFITABLE & SUSTAINABLE MODEL



⁽¹⁾ Like-for-like

⁽²⁾ Cumulative trading operating margin improvement (2015 - 2020), at constant exchange rates

APPENDIX



DANONE

FINANCIAL INDICATORS NOT DEFINED IN IFRS



Like-for-like changes in Sales, Trading operating income, Trading operating margin, Recurring net income and recurring EPS reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope with indicators related to a given fiscal year calculated on the basis of previous-year scope;
- changes in applicable accounting principles;
- changes in exchange rates, (i) with both previous-year and current-year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by the Company for the current year and applied to both previous and current year), and (ii) correcting differences caused by the exceptional volatility of inflation in countries that are structurally subject to hyperinflation, which would otherwise distort any interpretation of Danone's organic performance.

Trading operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses is defined under Recommendation 2013-03 of the French CNC (format of consolidated financial statements for companies reporting under international reporting standards), and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to its recurring activities. These mainly include capital gains and losses on disposals of fully consolidated companies, impairment charges on goodwill, significant costs related to strategic restructuring and major external growth transactions, and costs related to major crisis and major litigations. Furthermore, in connection with of IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, the Company also classifies in Other operating income and expenses (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Trading operating margin is defined as the Trading operating income over Net sales ratio.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the Recurring net income over Diluted number of shares ratio.

Free cash-flow represents cash-flows provided or used by operating activities less capital expenditure net of disposals and, in connection with of IFRS 3 (Revised), relating to business combinations, excluding (i) acquisition costs related to business combinations, and (ii) earn-outs related to business combinations and paid subsequently to acquisition date.

Free cash-flow excluding exceptional items represents free cash-flow before cash-flows related to initiatives deployed within the framework of the plan to generate savings and adapt Danone's organization in Europe.