



Danone Unimilk

June 18th, 2010



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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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Transaction highlights



A strategic alliance

DANONE-UNIMILK A STRONG #1

- € 1.5 bn sales proforma 2009
- 21% of the Russian total dairy market
- Categories: all dairy products *

IN A HIGH POTENTIAL CIS DAIRY MARKET

- Geographies : Russia, Ukraine, Kazakhstan, Belarus
- Access to **significant white space**

LEVERAGING ON HIGH COMPLEMENTARITIES

- Brands, products, geographies and distribution
- **Significant revenues and cost synergies**

Structure of the transaction

● STRUCTURE

- Contribution of Unimilk and Danone Dairy activities in the CIS into Danone-Unimilk
- Scope : all dairy products
- Ownership & control :
 - Danone will control 57.5%, current Unimilk shareholders 42.5%
 - Danone will have majority at the board of Directors
 - Chairman : **Andrey Beskhmelnitsky** (current CEO of Unimilk)
 - CEO: **Filip Kegels** (current General Manager of Danone Dairy in Eastern Europe & Central Asia)

● TIMING

- Expected closing Q4 2010, subject to customary regulatory approvals

● PRICE

- The deal values Unimilk at 10.5x 2009 EBITDA
- Shareholdings are in proportion of respective EBITDAs, adjusted of net debt
- Danone immediately buys for cash an additional stake for an amount of € 120 mln
- Unimilk shareholders are granted a put option from year 4, at EBITDA multiple

● FINANCIAL IMPACTS

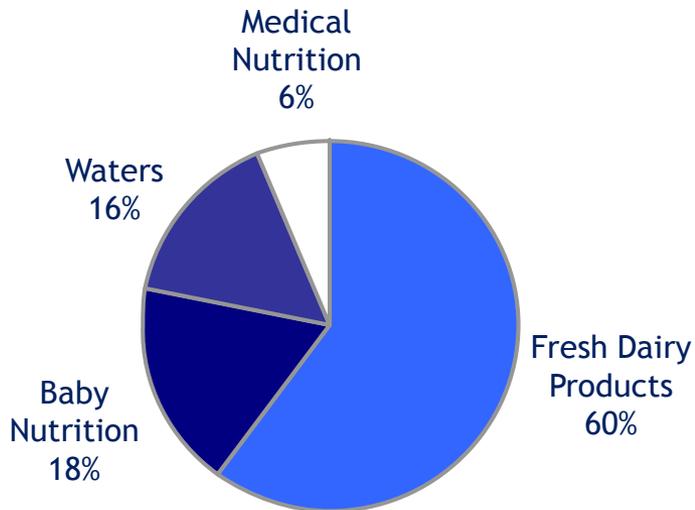
- Accretive to Danone EPS in year 1
- ROIC > WACC year 4
- Accretive to Group top line growth: +50 to 100 bps
- Scope impact on Group trading margin : -70 bps
- Danone net financial debt increase at closing (including put) : + € 1.3 bn



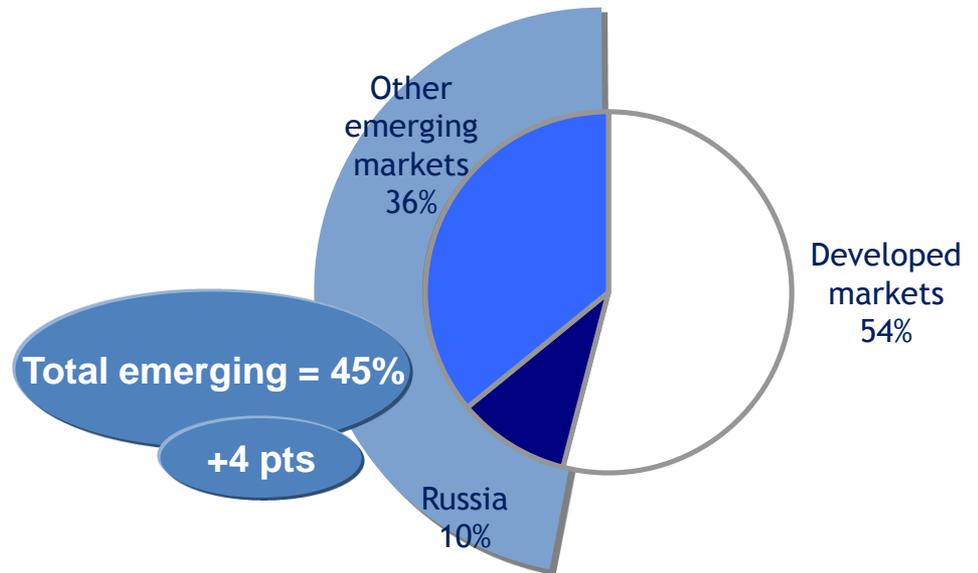
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Danone: a greater weight of emerging

Sales 2009 Pro-forma by division



Sales 2009 Pro-forma by geographies



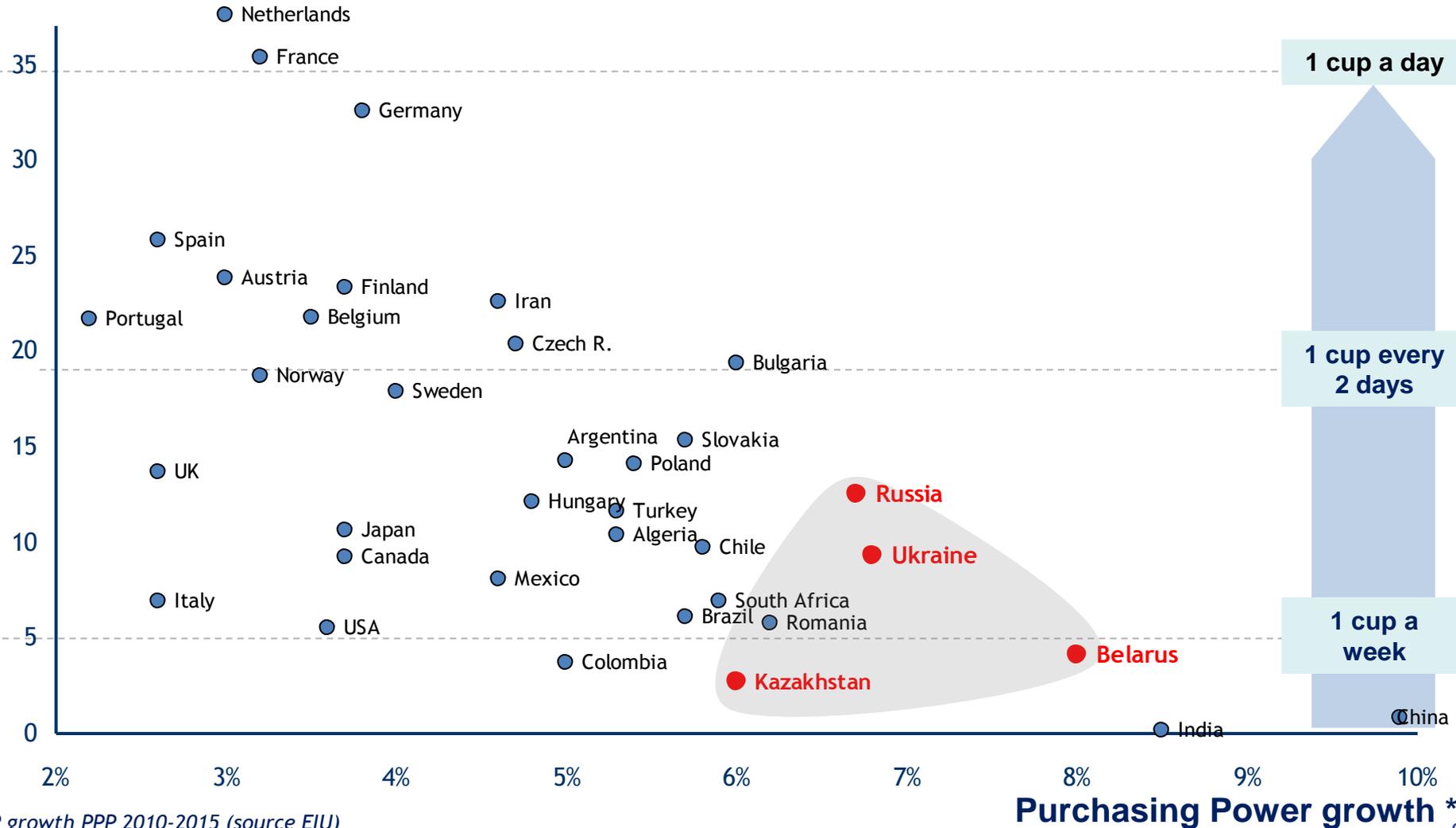
Russia #2 Danone country by sales



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Strategic highlights

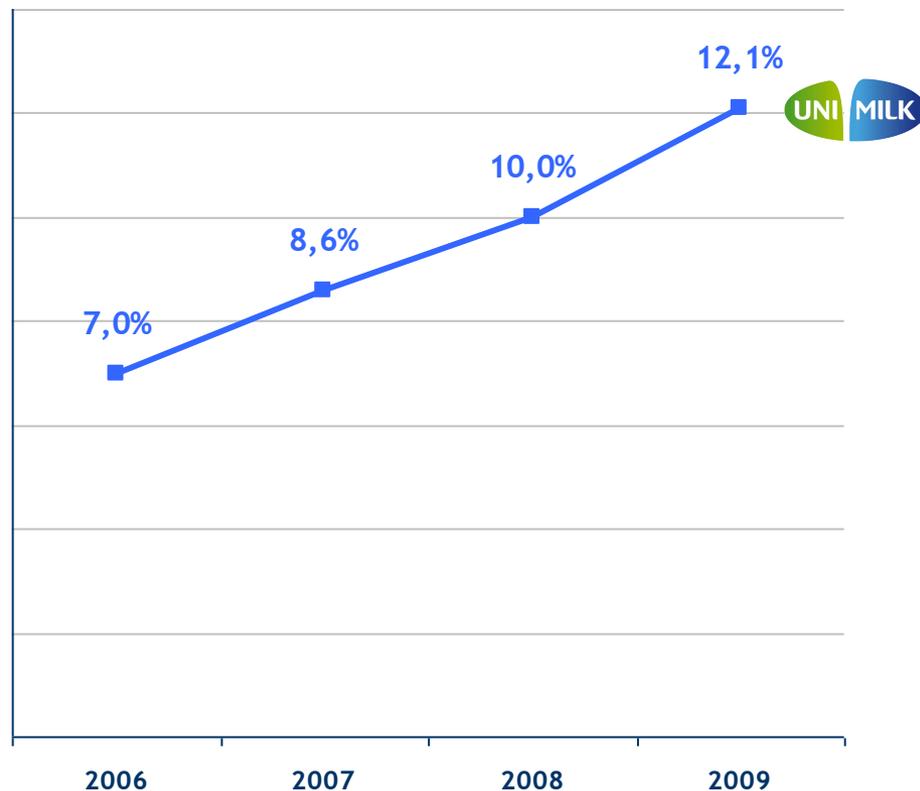
Average consumption of Fresh Dairy Products



* GDP growth PPP 2010-2015 (source EIU)

- Founded in 2002, Unimilk has reached a **#3 position** in Russian fresh dairy products market through the consolidation of local dairies
- Roll-out of **national well-known brands** (eg. Prostokvashino #1 brand in Russia) with various positioning allowing the company to address the vast majority of the market
- **Rapid trading up of the portfolio** through the development of the “Modern Dairy” and baby food segments
- Still low but **fast-growing profitability**

Value market shares Fresh Dairy Products



Usual Danone Fresh Dairy Products definition : Yogurt, Fresh Dairy Dessert, Spoonable Fresh Cheese, Petits Suisses, Fermented Milk, Fermented Cream, Soy Yogurt

Traditional Dairy

Prostokvashino



Letniy den'



Modern Dairy

Bio Balance



Actual



Baby Food

Tëma



Smeshariki



Key figures 2009

Sales	€ 969 mln*
Volume	1,280 kT

Rapid consolidation of local dairies under national brands

Product and packaging innovations : Bifidus, Whey-based, Tëma, Yoghurt, ...

- Large and widespread milk collection in Russia : ability to secure milk supply for all segments in all regions
- 28 production facilities in operation across Russia, Ukraine & Belarus
 - Significant capex plan since 2003
 - Location throughout CIS, including white spaces
- 14,000 employees

Production sites in operation in Russia, Ukraine & Belarus



Volume breakdown by region





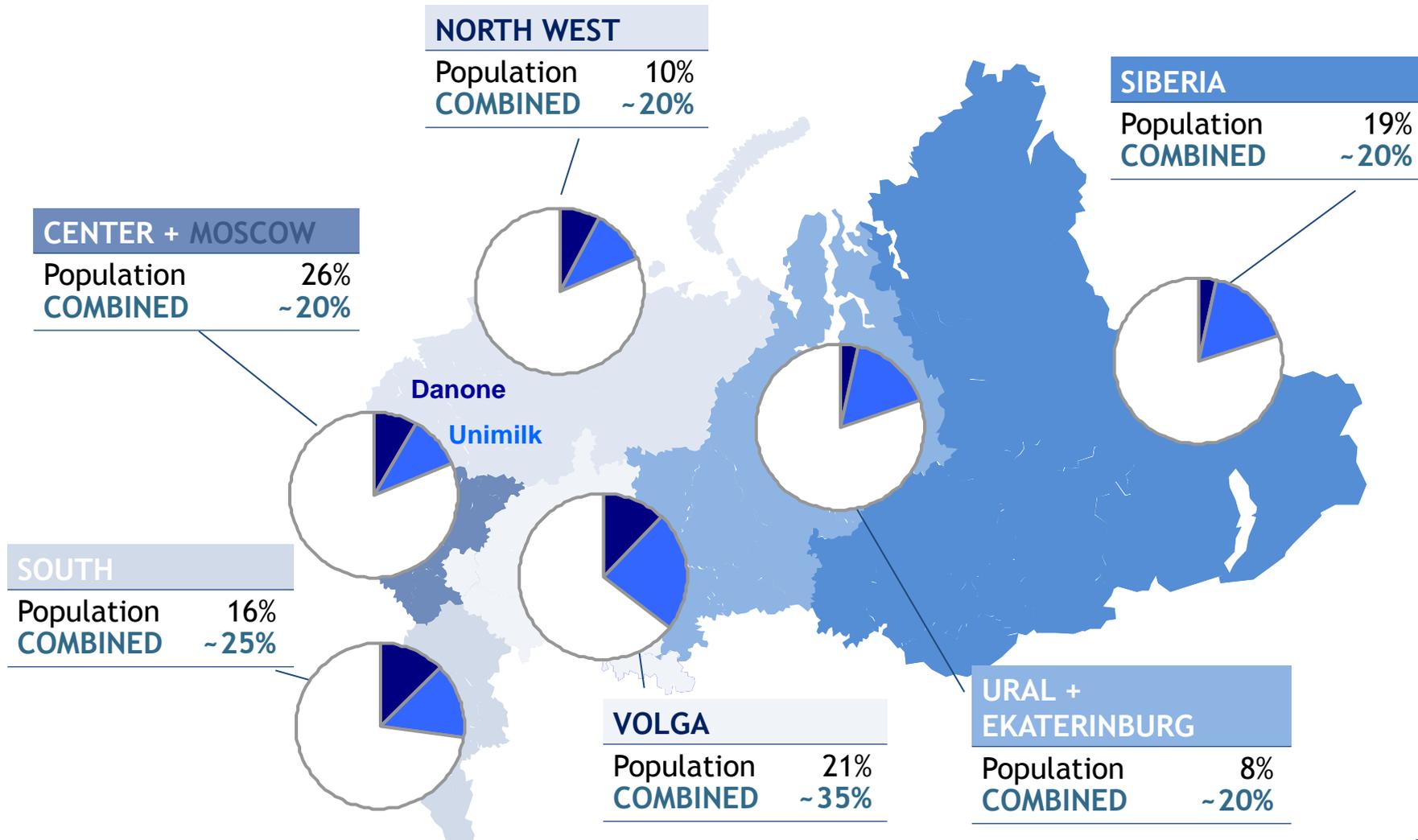
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Danone-Unimilk: a leader across Russia



Russia, Total Dairy, 2009 estimated Value Market Share

Source: Internal estimations

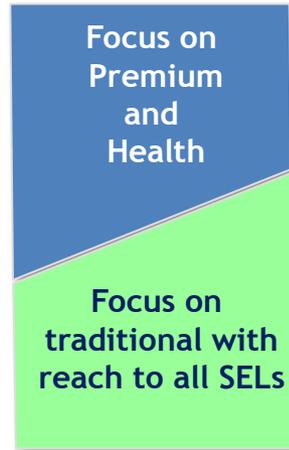




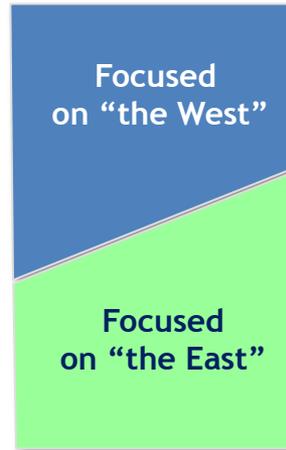
Danone-Unimilk: complementarity drive synergies



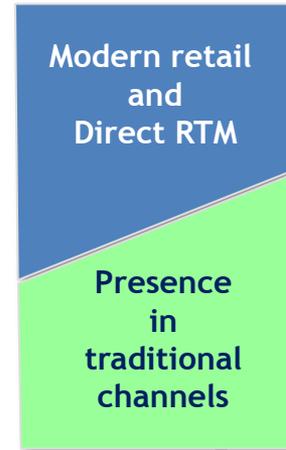
Portfolio



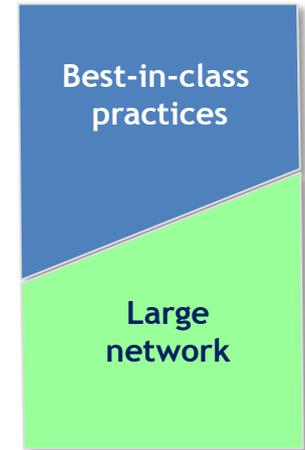
Regions



Distribution



Industrial & supply chain



Revenue synergies:
+10% additional sales over 3 years

Cost synergies:
+ ~ 200 bp margin over 4 years

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UNIMILK**

Danone-Unimilk will have a key role in accelerating the growth of “Modern Dairy”

Combined sales 2009

€ 1.5 bn



Yogurt & flavoured milk

Kefir

Other dairy products

Milk

Other

Combined sales growth
(CAGR 2010-2014)

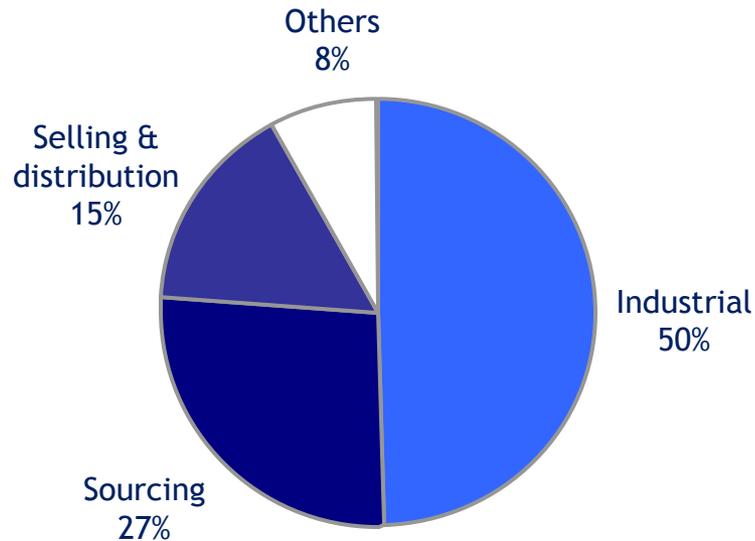
+ 15-20%

+ 15-20%

+ 5-10%

* Based on 2009 average exchange rate : 44.1 RUR/€

Identified synergies of 200 bps by 2014



● Industrial

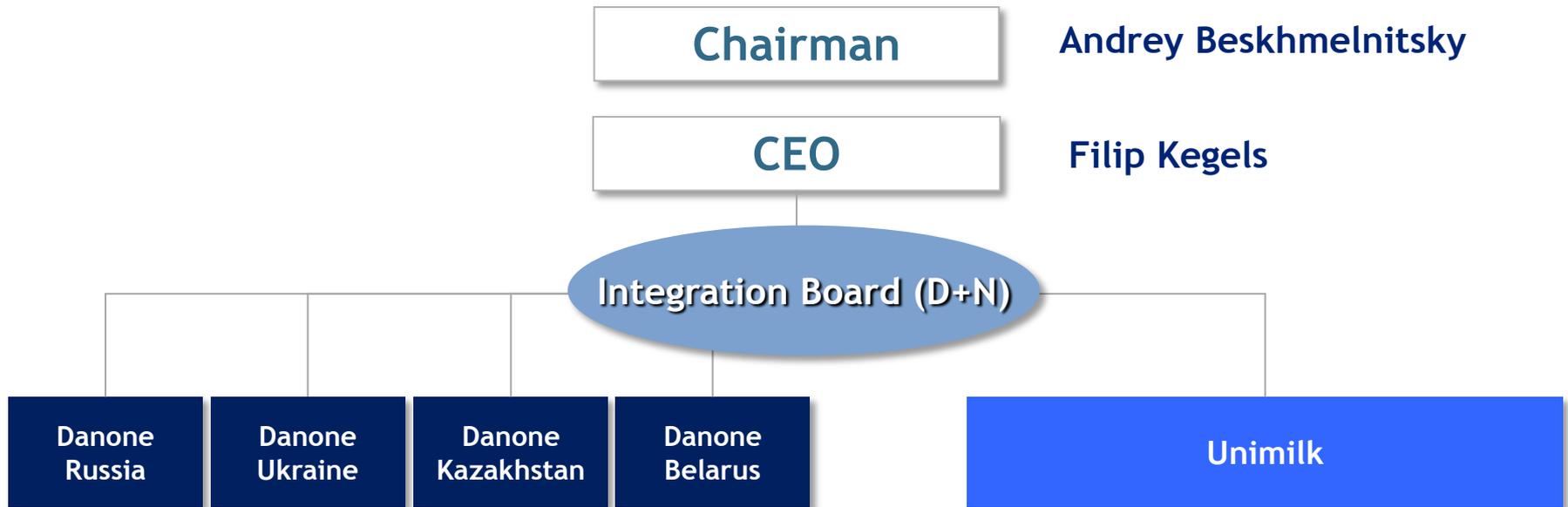
- Productivity plan and best practices roll-out
- Capex avoidance

● Sourcing

- Packaging & raw material leverage
- Indirect buying control

● Supply chain

- Network optimization, increase of frequency
- Best practices roll-out



- Strong dynamics between the teams
- Bottom-up business plan built by joint teams

Summary: a strategic alliance

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