



DANONE

Pierre-André Terisse
Chief Financial Officer

Société Générale – The Premium Review

Paris – December 4th, 2013



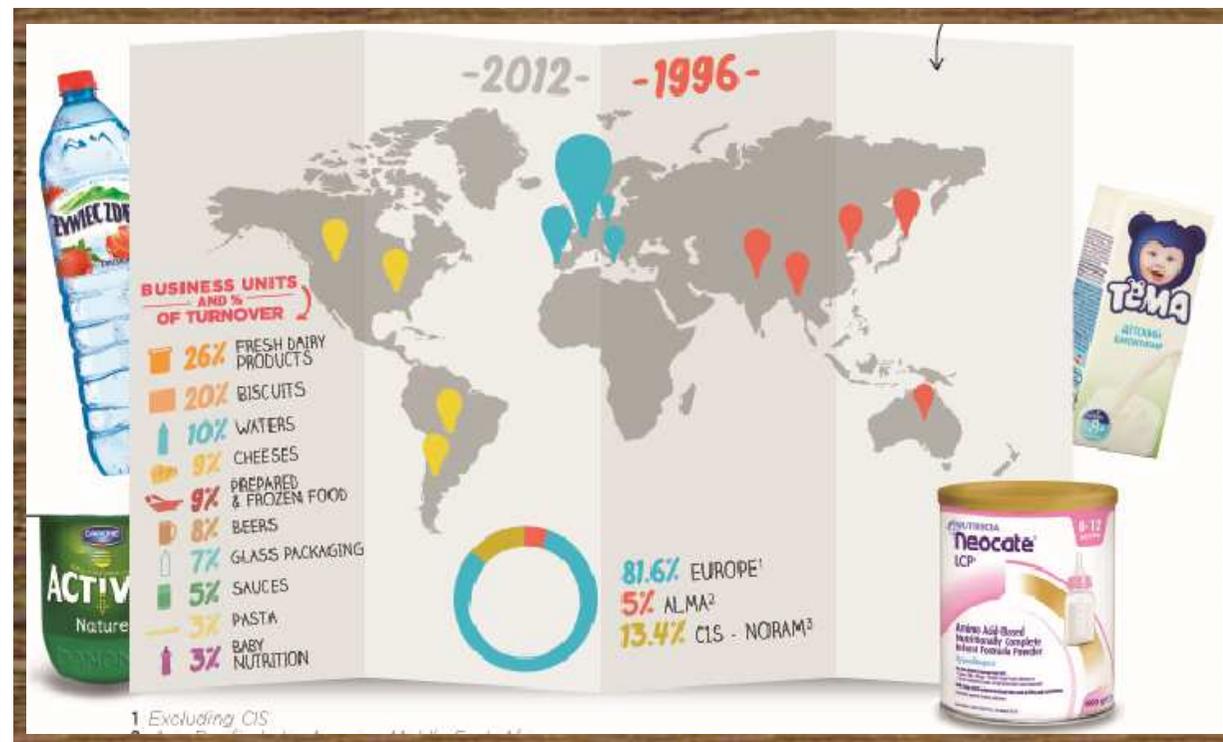
Disclaimer

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 model of development





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Our priorities today



FRESH DAIRY PRODUCTS



WORLD N°1
€11.7BN

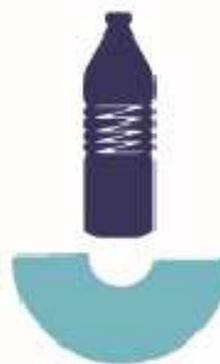
Europe
Adapt & fix
Growth markets
Invest & leverage

BABY NUTRITION



WORLD N°2
€4.3BN

WATERS



WORLD N°2*
€3.6BN

MEDICAL NUTRITION



EUROPEAN N°1
€1.3BN

*by volume



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2 tier momentum 9M sales growth : +5.5%

9M 2013 Sales figures

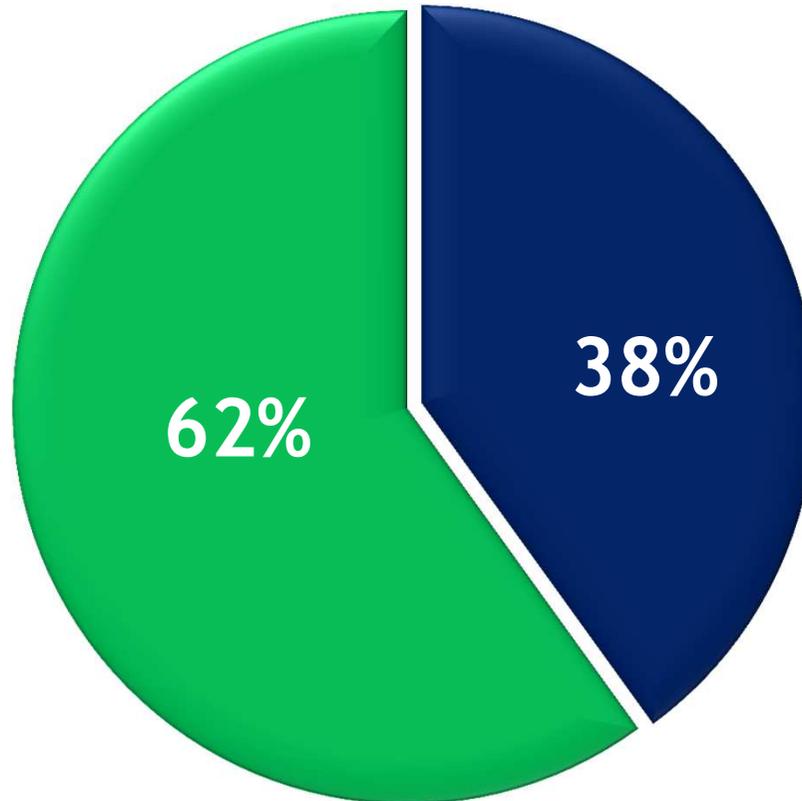
Growth Markets

Sales

10.1 bn

+11.7% like-for-like⁽¹⁾

Sales breakdown



Europe

Sales

6.2 bn

-3.0% like-for-like⁽¹⁾

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



Q3 2013 : Strong underlying dynamics impacted however by the Fonterra crisis

Clear priorities

Europe :



Adapt & fix

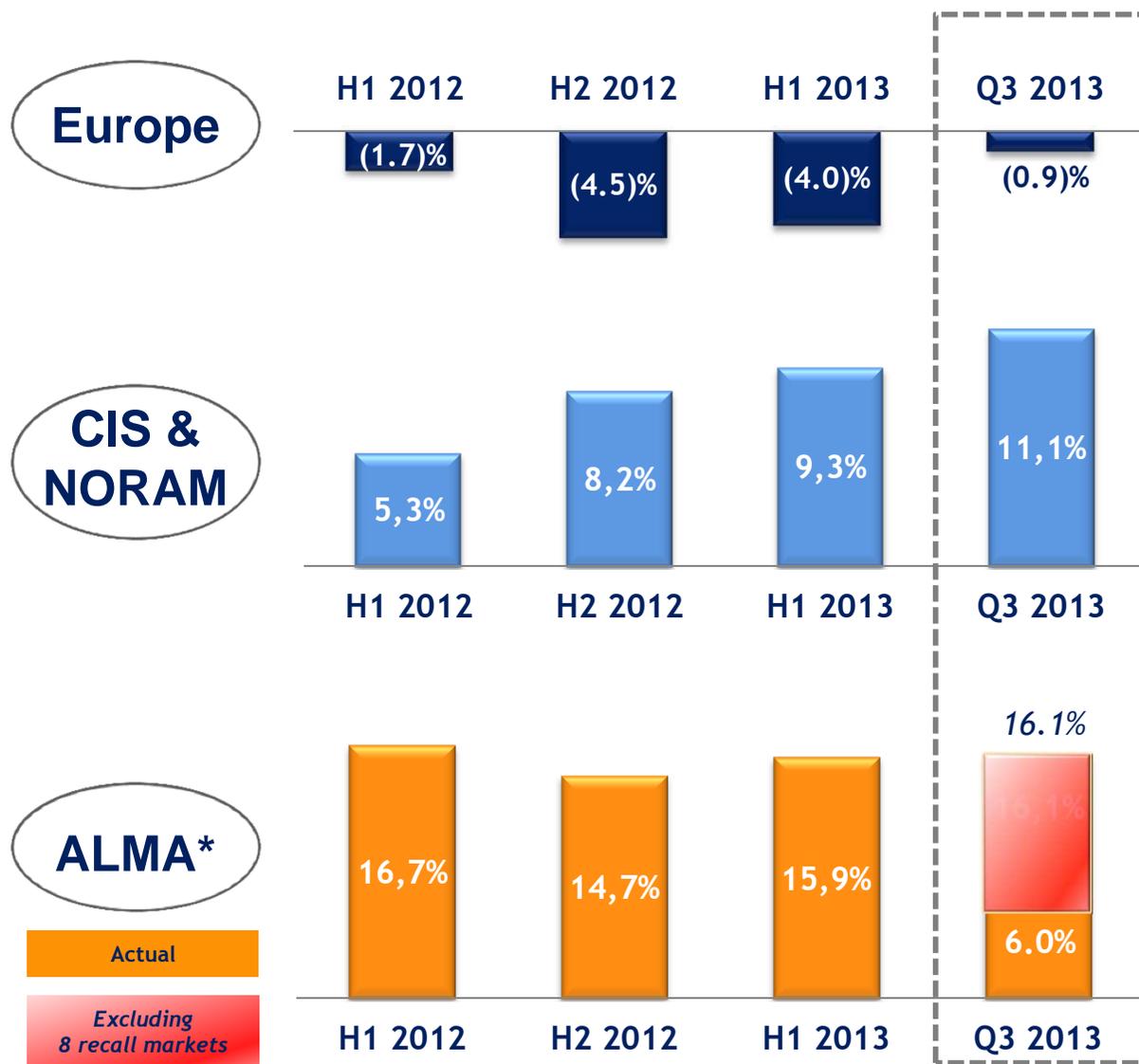
- Savings & competitiveness
- Value for consumers

Growth markets :



Invest & leverage

Strong underlying growth trends



* ALMA :AsiapacLatamMiddleEastAfrica



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Key Q3 event = Fonterra false alert



- **2nd August 2013** : some batches of ingredients manufactured by Fonterra suspected of containing *Clostridium Botulinum*
- New Zealand announces ban of China on New Zealand milk product
- Danone immediately recalls all finished products potentially related to incriminated batches
- Internal & external tests on recalled products : no sample shows any contamination
- **28th August 2013** : New Zealand authorities lift the warning after concluding that there are no *Clostridium Botulinum* in any of the Fonterra batches concerned

=> Significant impact on 2013 Group results

Sales

- Q3 €170 mln -3.2%
- FY €350 mln

Cost impact

- FY €280 mln
incl €170 mln one off

Cash impact

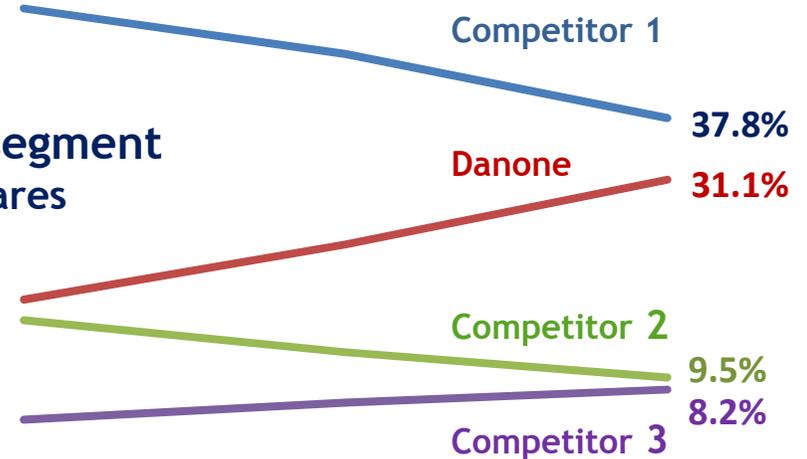
- FY €300 mln



FRESH DAIRY US : Greek yogurt becoming a component of Americans' diet



Greek yogurt segment Value market shares





CIS performance



+28%
YTD Like-for-like sales growth



+18%
YTD Like-for-like sales growth



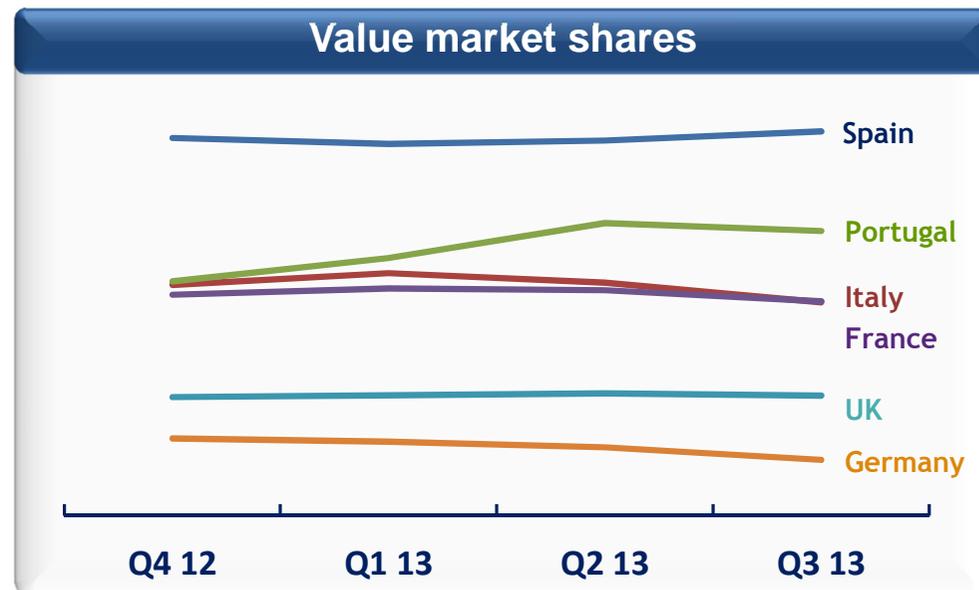
+8%
YTD Like-for-like sales growth



FRESH DAIRY Europe - Improvements confirmed



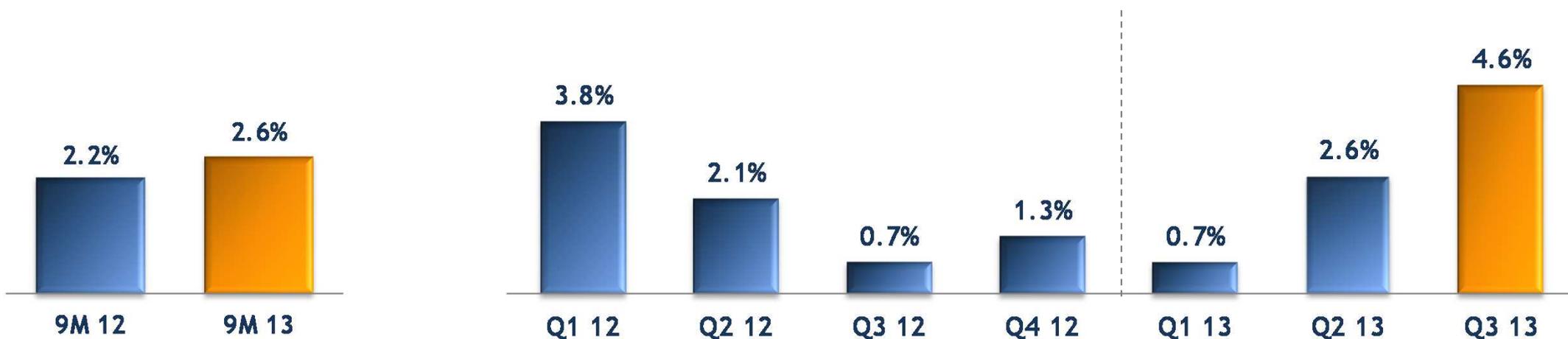
Integrated management as of January 1st 2014





FRESH DAIRY PRODUCTS - Further improvement across geographies

Like-for-like sales growth





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WATERS - Outstanding performance in Q3

Like-for-like sales growth





2013 objectives

	Previous 2013 objectives	New 2013 objectives
Sales growth ⁽¹⁾	At least 5%	4.5% to 5%
Trading operating margin ⁽¹⁾	-30bps to -50bps	- 80bps
Free cash-flow excluding exceptional items ⁽²⁾	Around € 2 bn	€1.5 bn to €1.6 bn

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

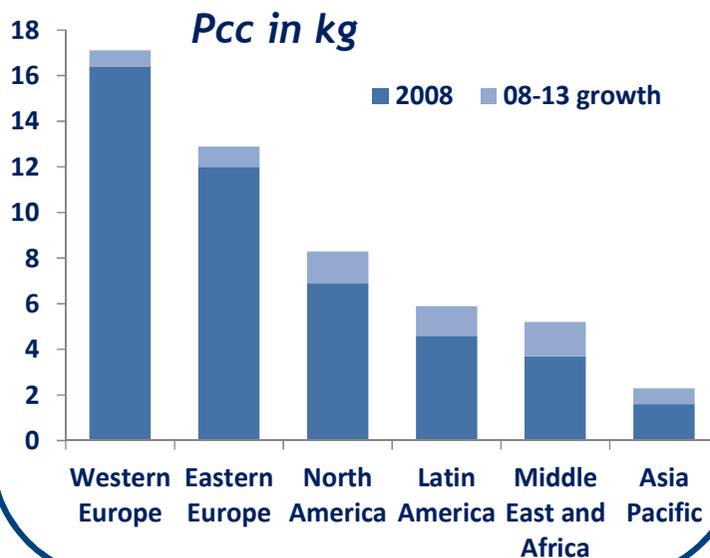
(2) Free cash-flow excluding exceptional items : cash flows provided or used by operating activities less capital expenditure net of disposals and excluding acquisition costs related to business combinations and before cash-flows related to initiatives that may be taken by the Group to deploy the plan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



Building the future



The right model to develop categories

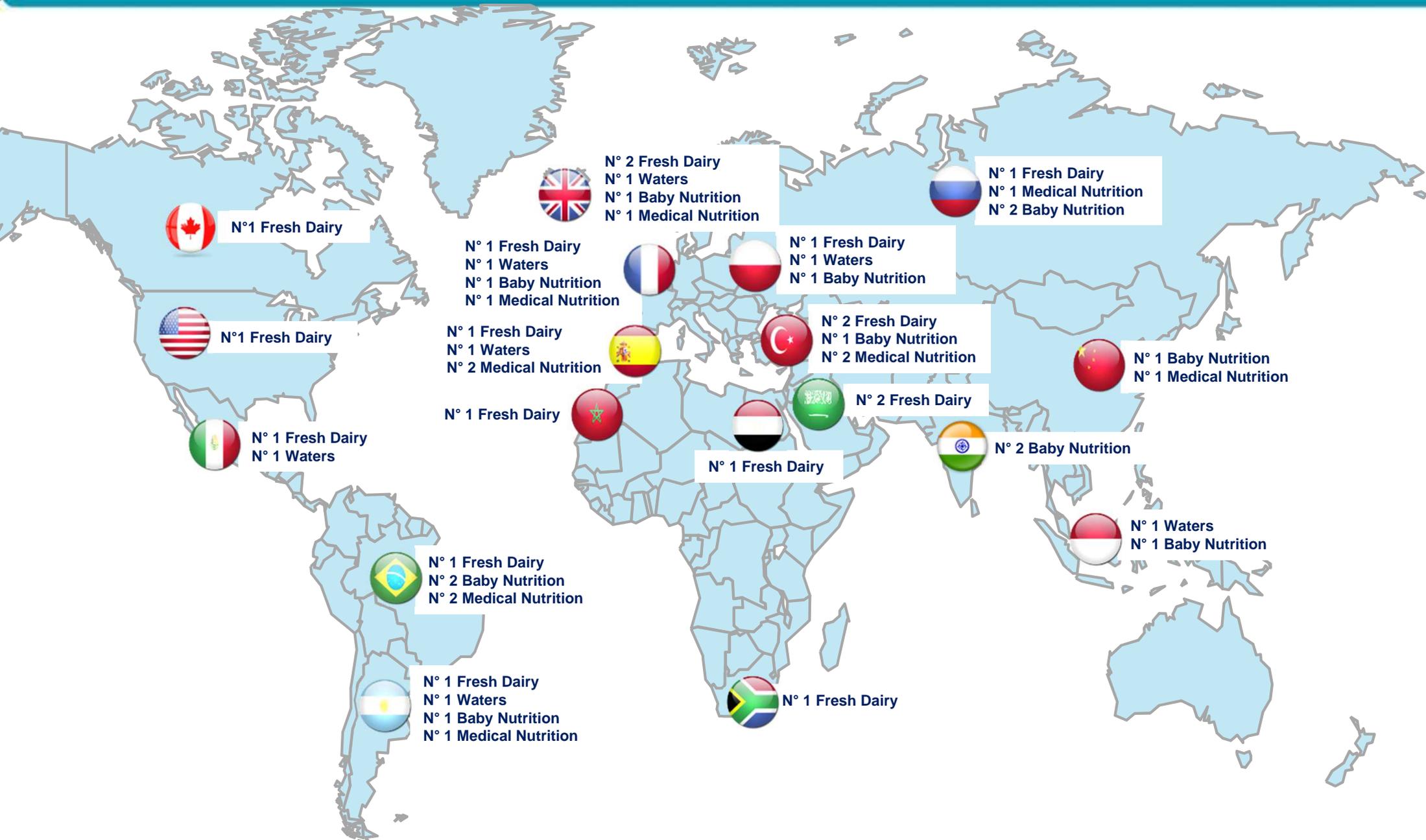


Nutrícia Research in Utrecht - Opening a new global research centre



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Plenty of growth opportunities for now and the future

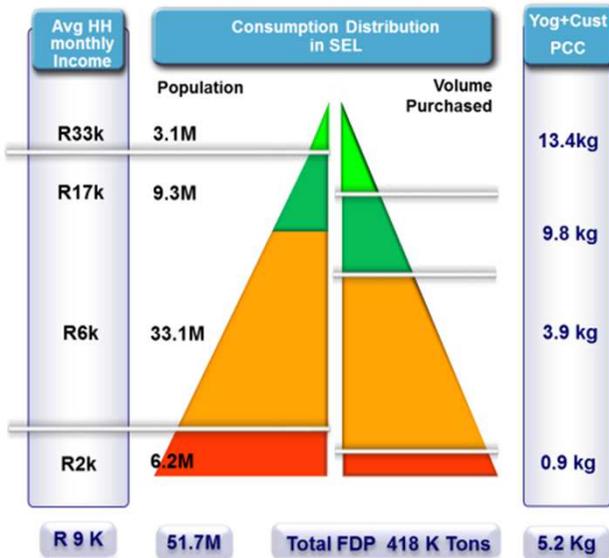




Dairy South Africa : Reaching more consumers



PCC potential down the pyramid



Export to 10 countries



Relevant innovation

Ultramel : 7 months shelf-life



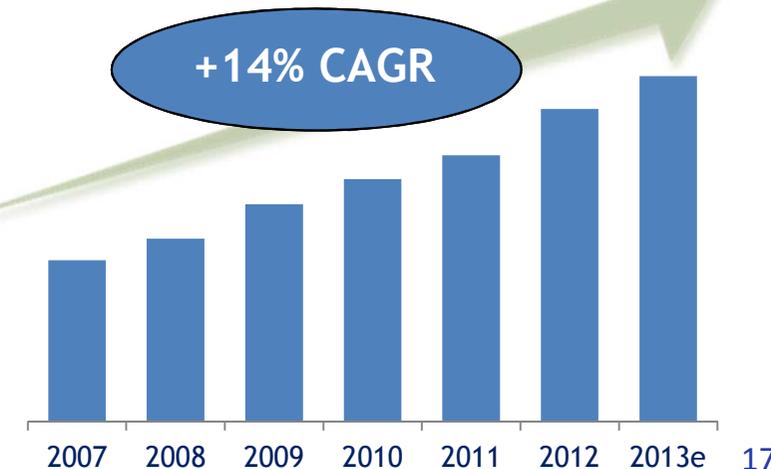
Nutriday : 3 months shelf-life



Mayo (adults): 3 months shelf-life



Sales evolution





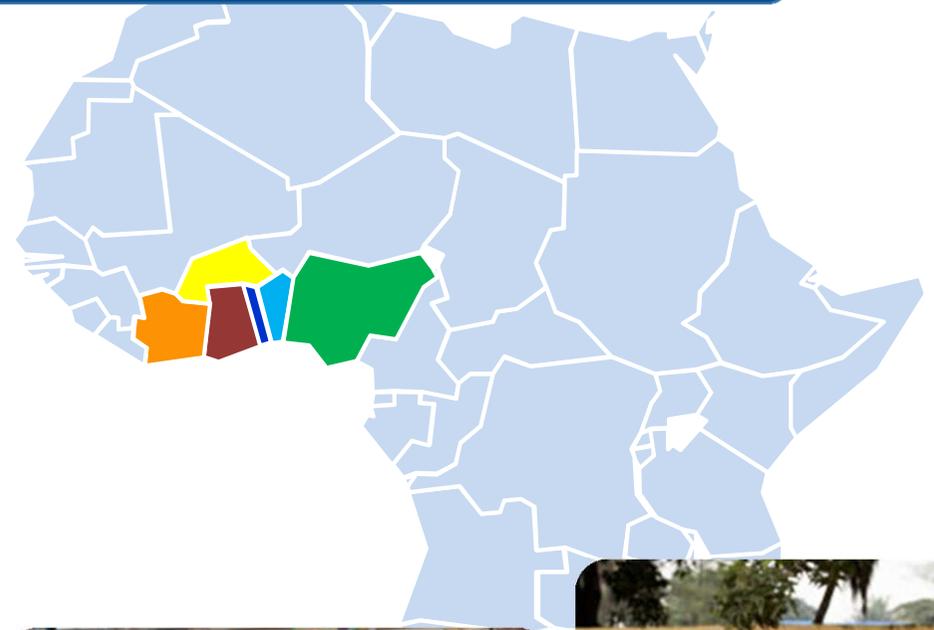
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Fan Milk - A strategic partnership to enter West Africa



A joint venture with the Abraaj Group

- The market leader brand in frozen dairy products and juices in West Africa
- A unique and iconic street vending system with more than 25,000 street vendors





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Africa : invent new models to leverage Danone social project



LIVELIHOODS

Act today for a better future



Senegal : Mangrove restoration - Oceanium

-35% in CO₂ emissions between 2008 and 2012



DANONE ÉCOSYSTEME



Egypt: Milk Collection Communities

Develop a sustainable & high quality milk sourcing model with 3 milk collection centres sourcing more than 5 tons of milk every day - 1600 people empowered

danone).communities



Senegal : La Laiterie du Berger

2012 : over 800 herding families tripled their income by contributing to the collect of milk to produce Dolima yogurt

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





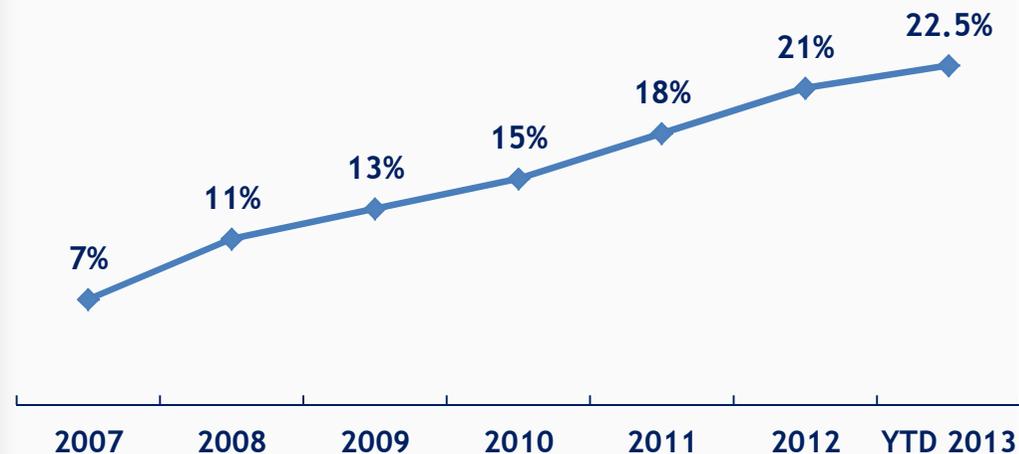
2007-2013 action plan

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

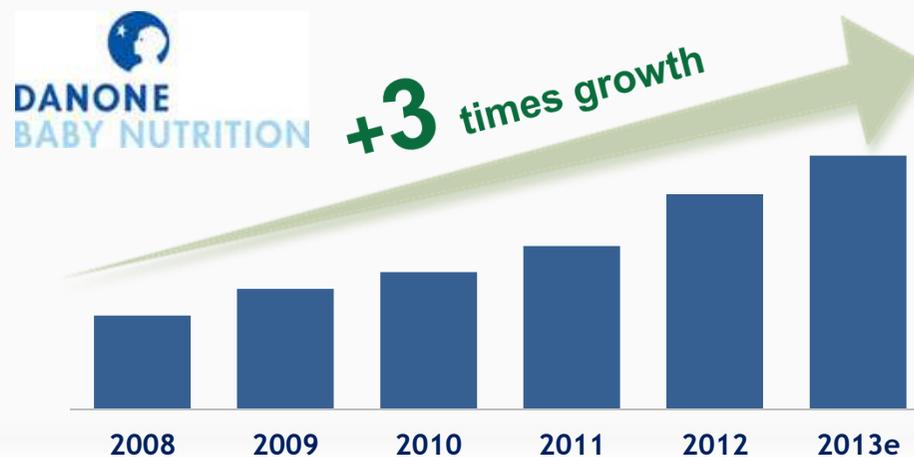


2007-2013 achievements

DBN value market share



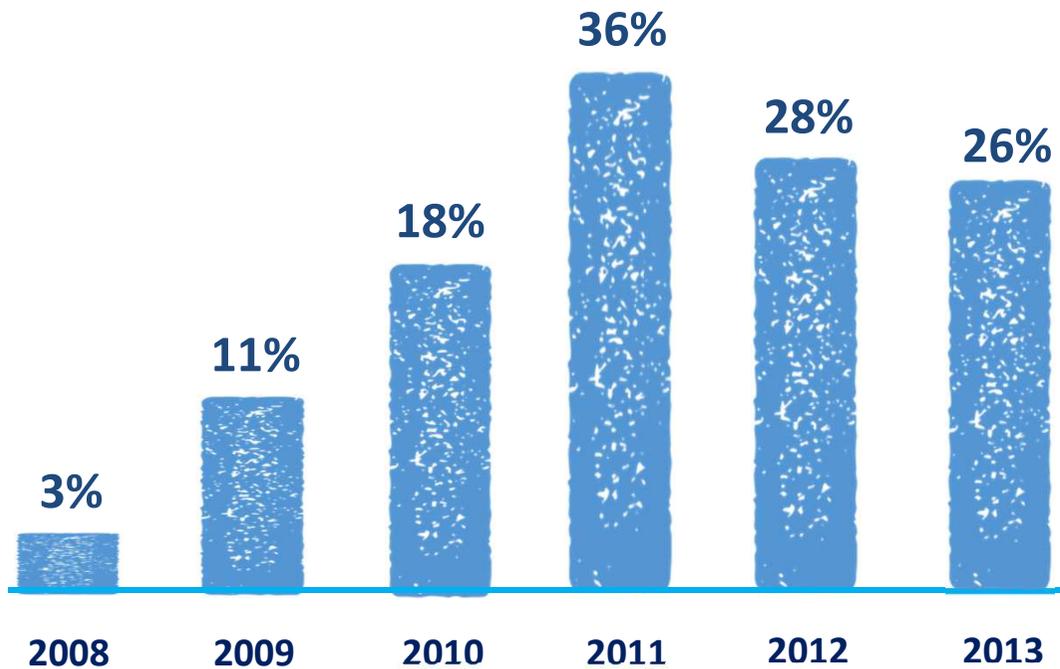
DBN Sales evolution



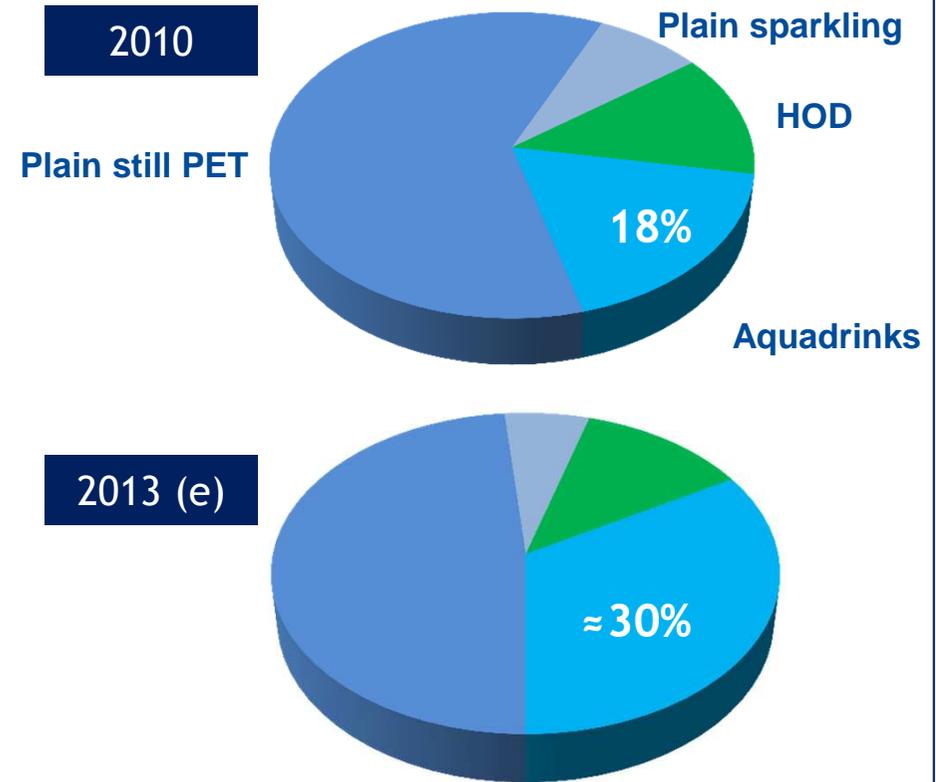


WATERS - Aquadrinks : Create a new category

Aquadrinks sales growth



Sales split





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United States : Key initiatives to develop categories



Dairy new segments and moments of consumption



evolution
FRESH™



Investing in the fast growing premium organic Baby food



happyfamily®
•ORGANIC SUPERFOODS•





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2013 : New initiatives to support the model





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Danone : a unique model to do business

NUTRIPLANET

A method of analysing the specific health and nutrition issues for a country's population (or age group) using nutritional, epidemiological, socio-economic and cultural data...

- ✓ Reliability
- ✓ Progress
- ✓ Well-being
- ✓ Cultures

45 COUNTRIES

COVERED BY A NUTRIPLANET STUDY

1 CHARTER

FOOD NUTRITION & HEALTH

200 PARTNERSHIPS WITH INTERNATIONAL SCIENTIFIC COMMUNITIES

5 COMMITMENTS

TO RESPOND TO PUBLIC HEALTH PROBLEMS LINKED TO CURRENT AND FUTURE DIETS

A SUSTAINABLE RELATIONSHIP BETWEEN DANONE & ITS ECOSYSTEM

-35% IN CO₂ EMISSIONS BETWEEN 2008 & 2012



LIVELIHOODS FUND

100 MILLION TREES PLANTED

THE CONNECTION BETWEEN THE ECONOMIC AND SOCIAL SPHERES

36,000 EMPLOYEES ENJOY HEALTH INSURANCE

DAN'CARES



THE DANONE ECOSYSTEM FUND

43 35 48.000

PROJECTS SUBSIDIARIES JOBS CONCERNED

10 ACTIVE PROJECTS



DANONE.COMMUNITIES





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Notes



Notes



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