



# DANONE

## Q3 2014 Results

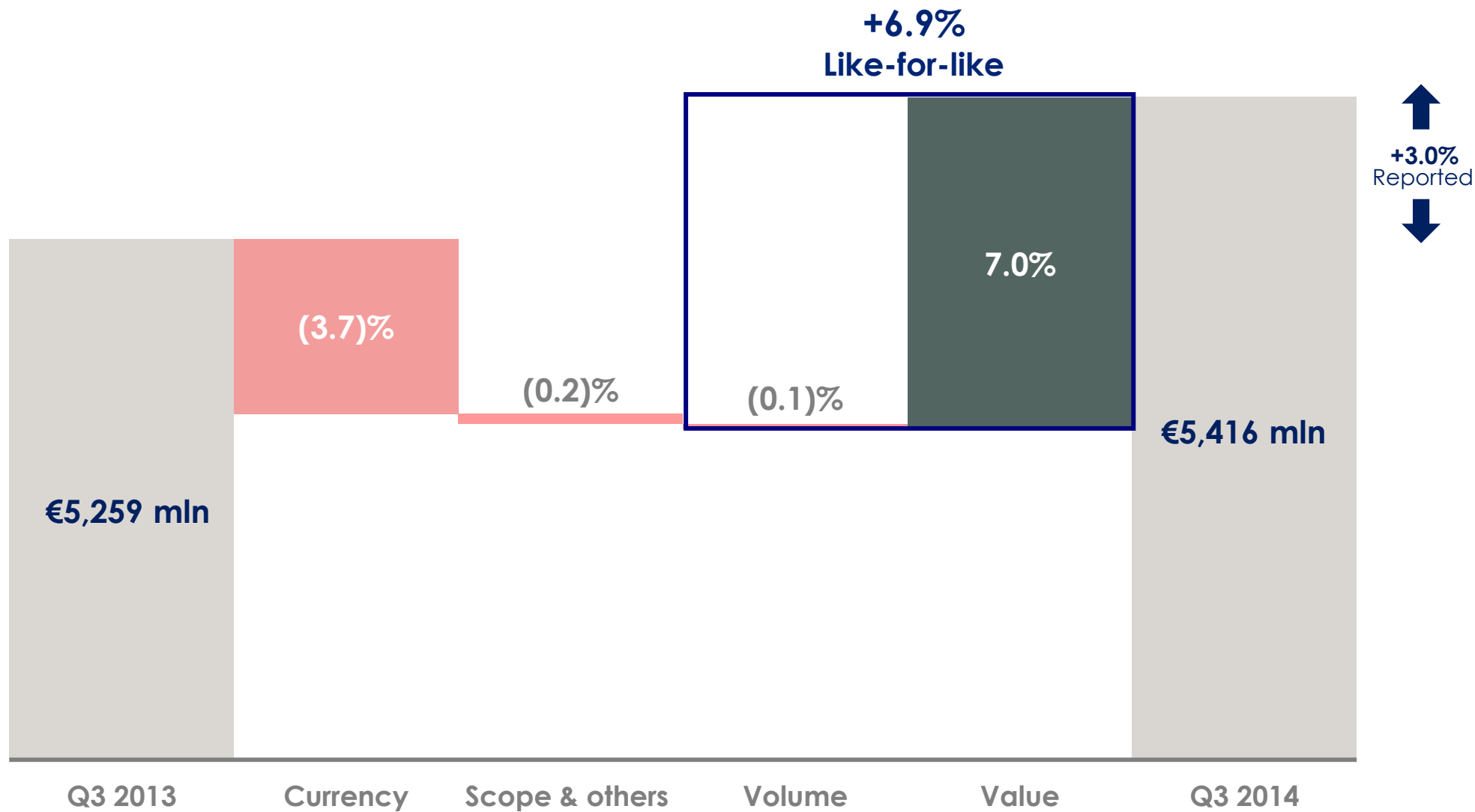
October 15, 2014



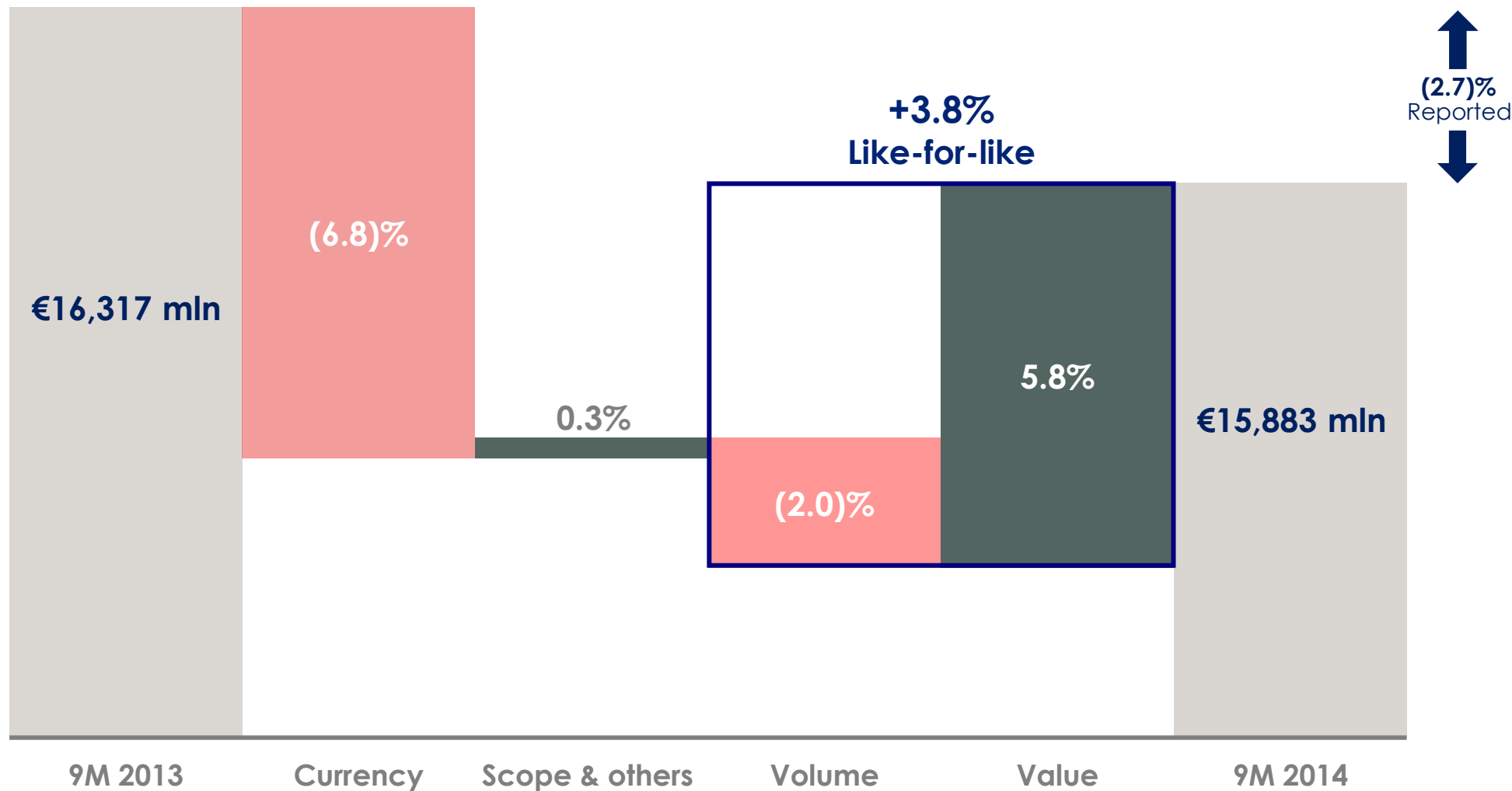
*This document contains certain forward-looking statements concerning Danone. Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those 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 (which is available on [www.danone.com](http://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.*

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

# Q3 2014 - SALES GROWTH ANALYSIS



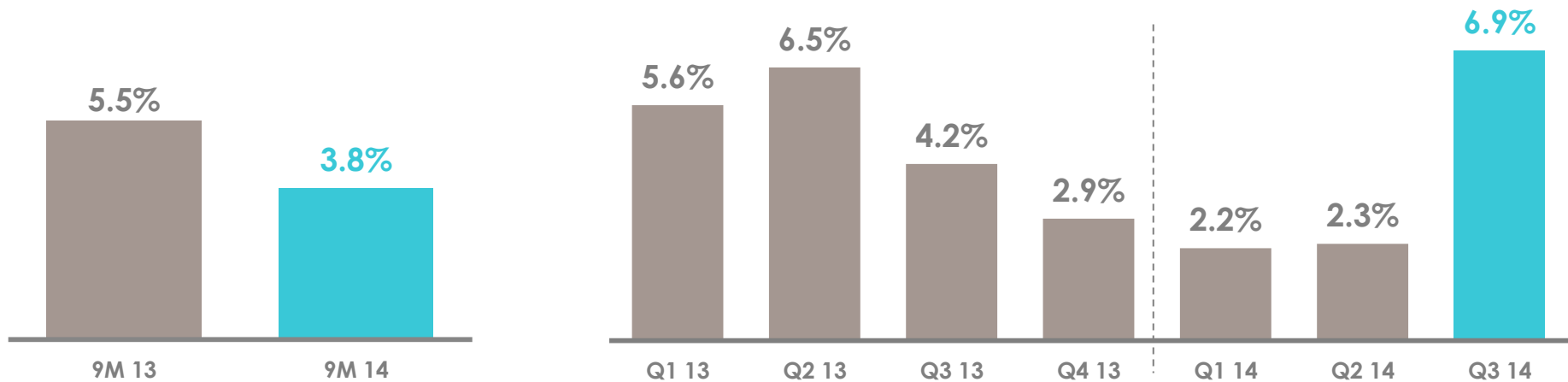
# 9M 2014 - SALES GROWTH ANALYSIS



# TOTAL GROUP – SOLID UNDERLYINGS ON LOW COMPS

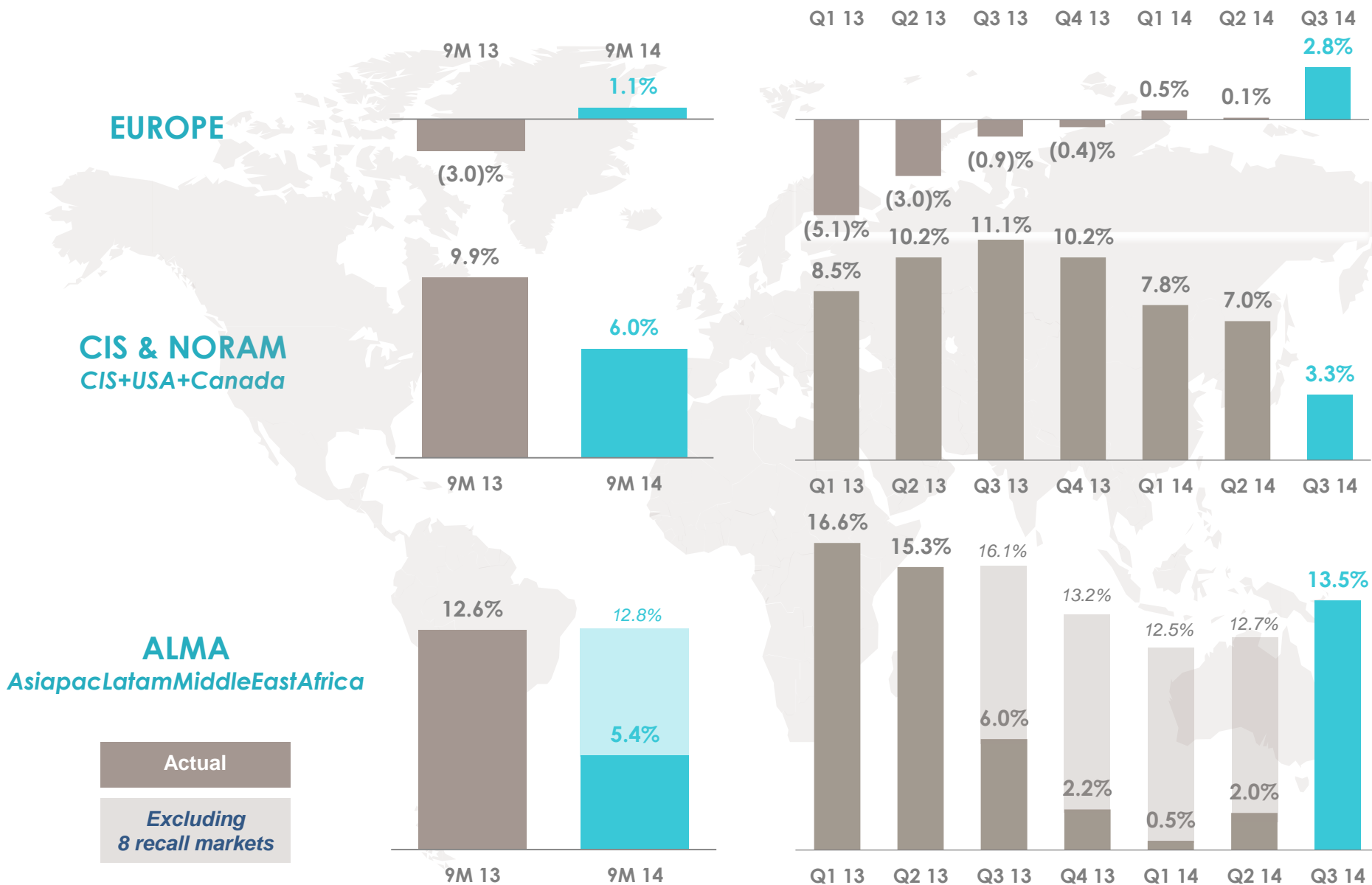


## Like-for-like sales growth



- \* Solid performance in all markets despite tougher consumption trends
- \* Reverse effect of the Fonterra false alert
- \* Good progress against priorities

# GEOGRAPHICAL DYNAMICS





A young child with curly brown hair is eating from a white yogurt container. The child is looking up and to the right with a curious expression. A white text box is overlaid on the left side of the image, containing the text 'Sales performance by Division'. There are three small white star-like icons in the top left corner of the image.

# Sales performance by Division

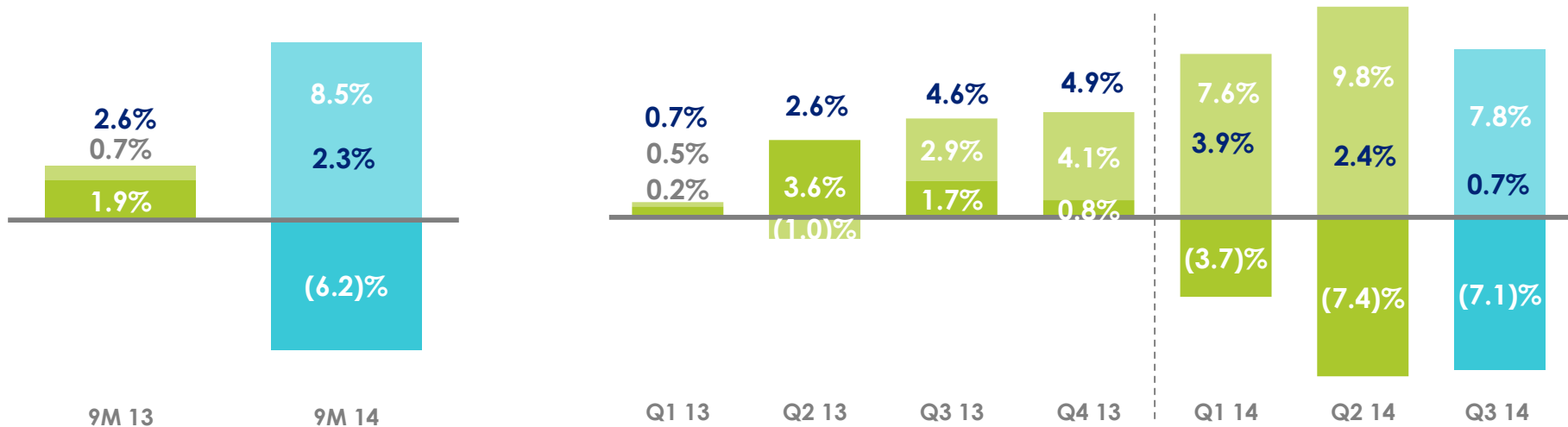
---

# FRESH DAIRY PRODUCTS – FOCUSING ON KEY BATTLES



## Like-for-like sales growth

Price/mix  
Volume

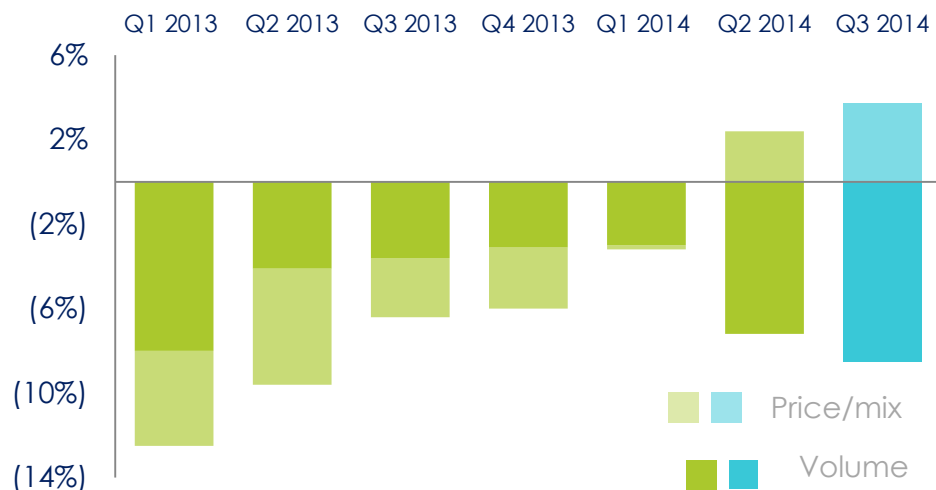


- \* Price/volume rebalancing to cover milk inflation
- \* Adapting portfolio in all regions

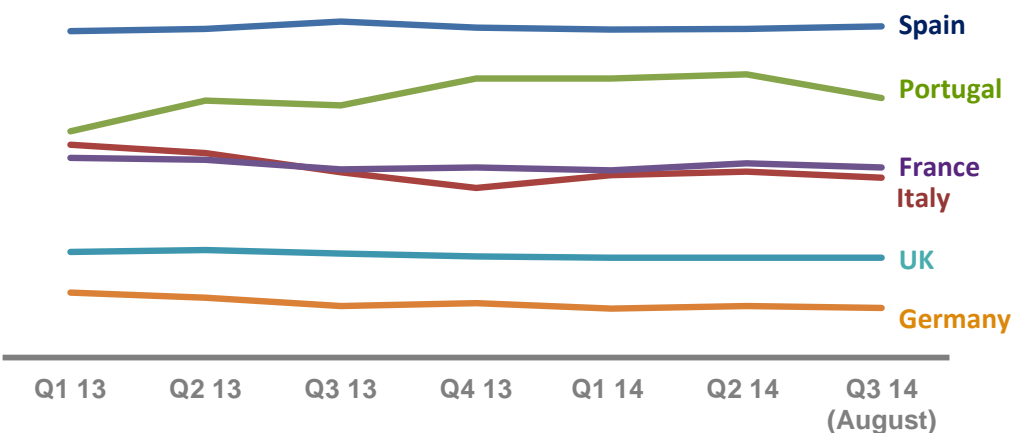


# FRESH DAIRY PRODUCTS – SHAPING EUROPE FOR PROFITABLE GROWTH

## BREAKDOWN VOLUME/VALUE GROWTH (%)



## VALUE MARKET SHARE EVOLUTION



Actimel: positive Q3 performance in UK and Germany



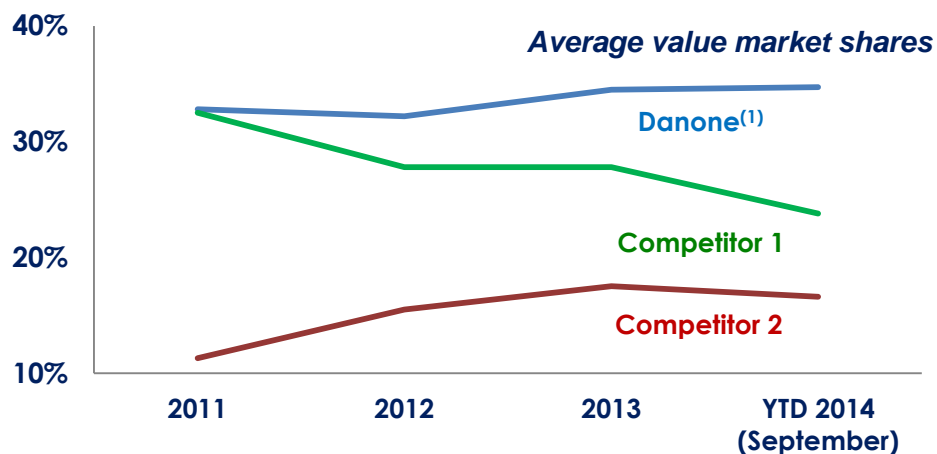
## PROFITABLE REVENUE GROWTH MANAGEMENT



# FRESH DAIRY PRODUCTS USA – LEADING CATEGORY THROUGH GREEK & INNOVATION



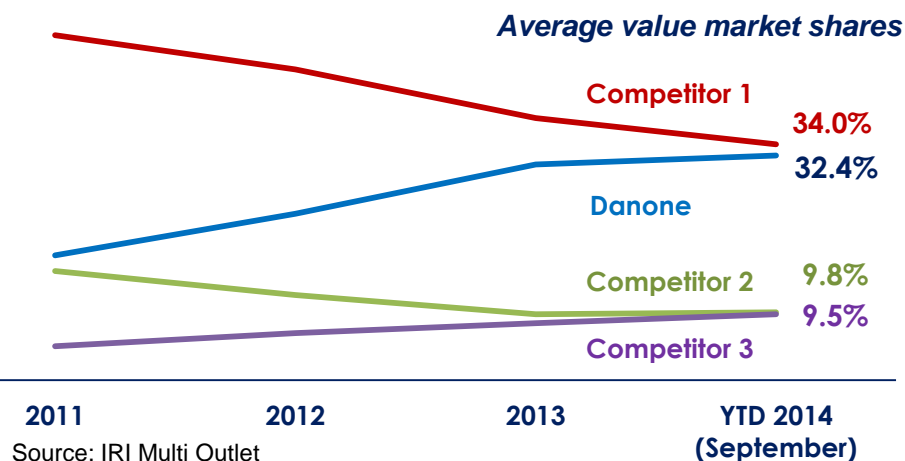
## LEADING THE YOGURT CATEGORY



<sup>(1)</sup> Danone : including Stonyfield and YoCrunch

Source: IRI Multi Outlet

## CO-LEADING THE GREEK YOGURT SEGMENT



Source: IRI Multi Outlet

## DANNON'S FUTURE GROWTH PILLARS

### Consumers



### Retailers



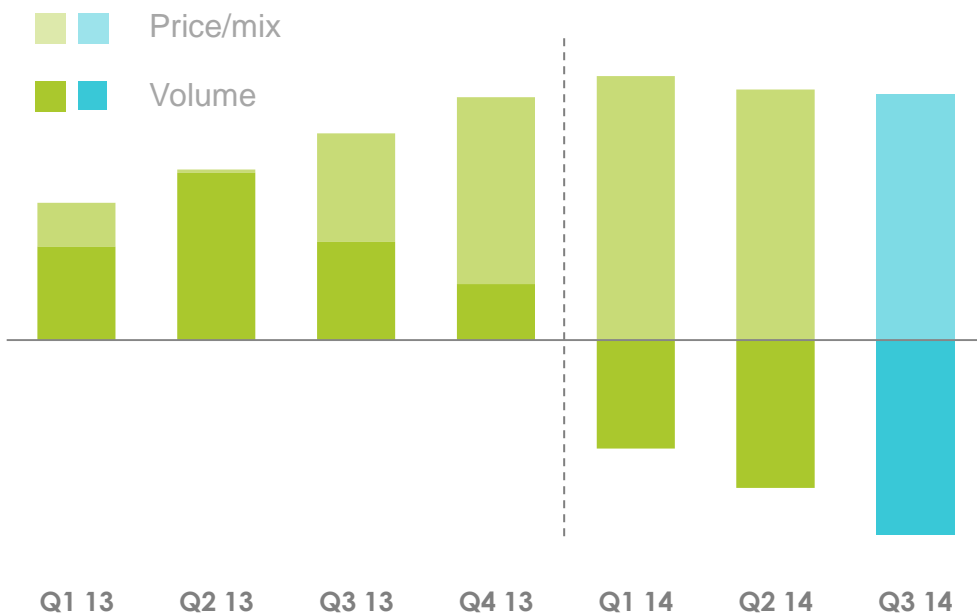
### Partners



# FRESH DAIRY PRODUCTS CIS – KEEP BUILDING A STRONG LOCAL MODEL



## CIS PERFORMANCE



## Q3 RUSSIAN SALES BREAKDOWN



## Q3 BRANDS VOLUME GROWTH



# FRESH DAIRY PRODUCTS - SELECTED INNOVATIONS Q3



**Light & Fit Protein Shake**  
USA



**YoCrunch Greek with  
Kellogg's flakes**  
USA



**Yogurt Frappuccino  
at Starbucks**  
Worldwide



**Danette**  
Canada



**Activia Fruit Fusion**  
Europe



**Danone DanFrut**  
Mexico

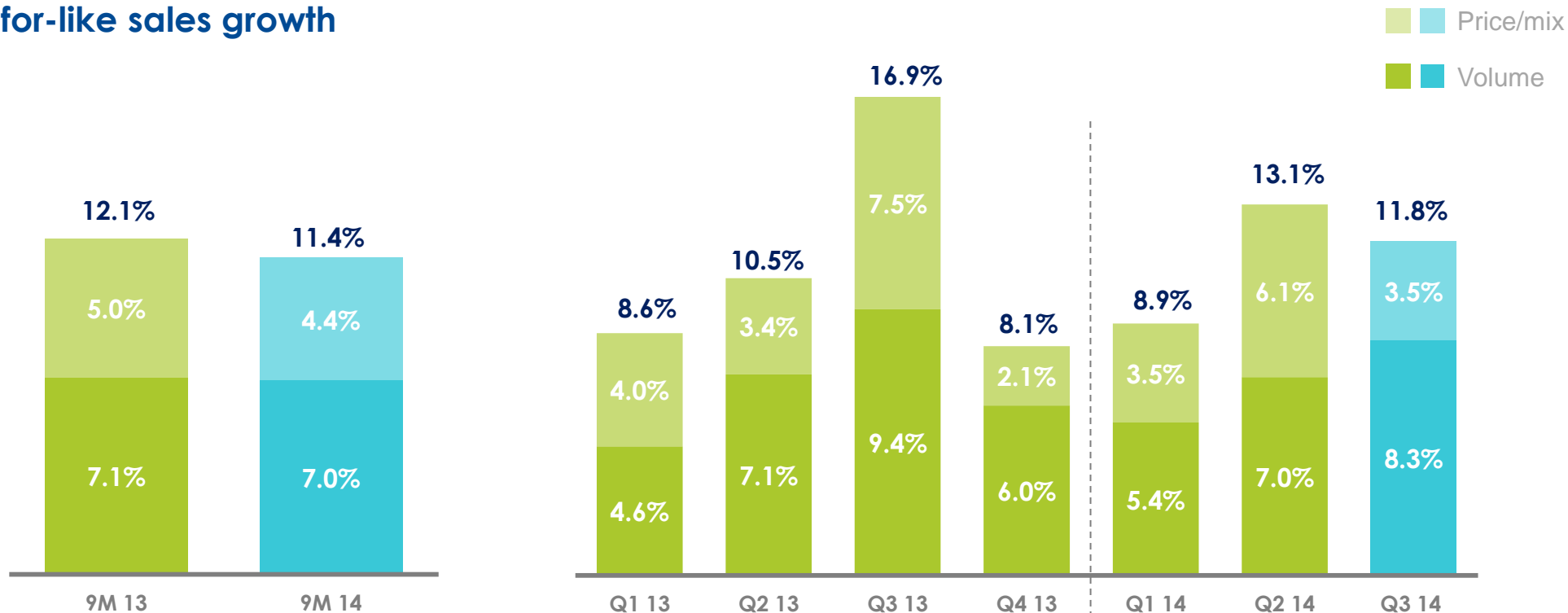


**Danio minis**  
France

# WATERS – HEALTHY SUSTAINED GROWTH



## Like-for-like sales growth



- \* Solid volume growth in all regions
- \* Favorable mix driven by Asia and positive Europe

# WATERS - SELECTED INNOVATIONS Q3



**Gotta by Bonafont**  
Mexico



**Akmina Limongiller**  
Turkey



**New identity for Volvic**  
Worldwide



**Bonafont mineralizada**  
Mexico



**Mizone Isotonic**  
Indonesia

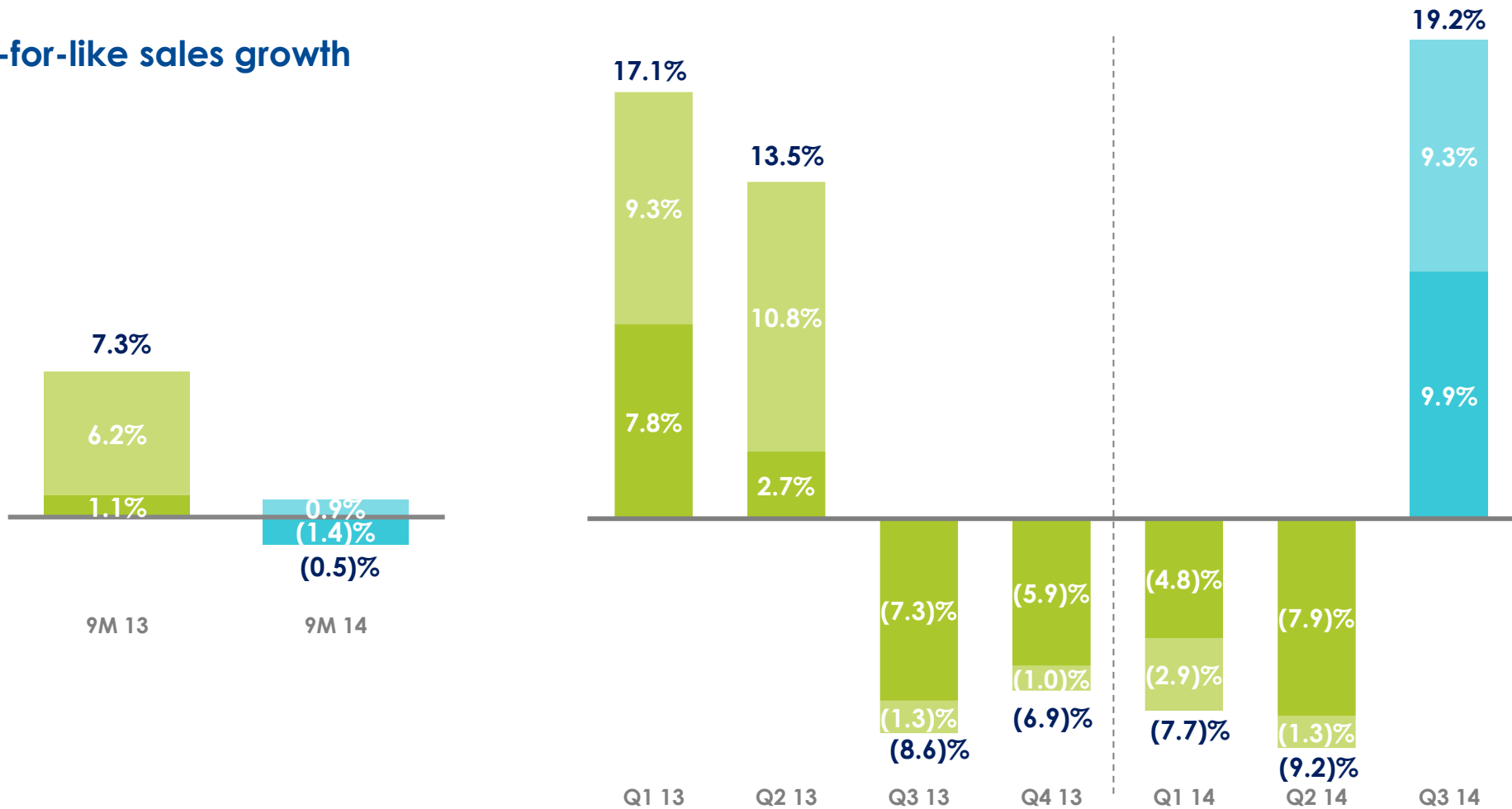


**Żywiec Zdrój new format**  
Poland

# EARLY LIFE NUTRITION – BACK TO GROWTH



## Like-for-like sales growth



\* Asian markets recovery progressing

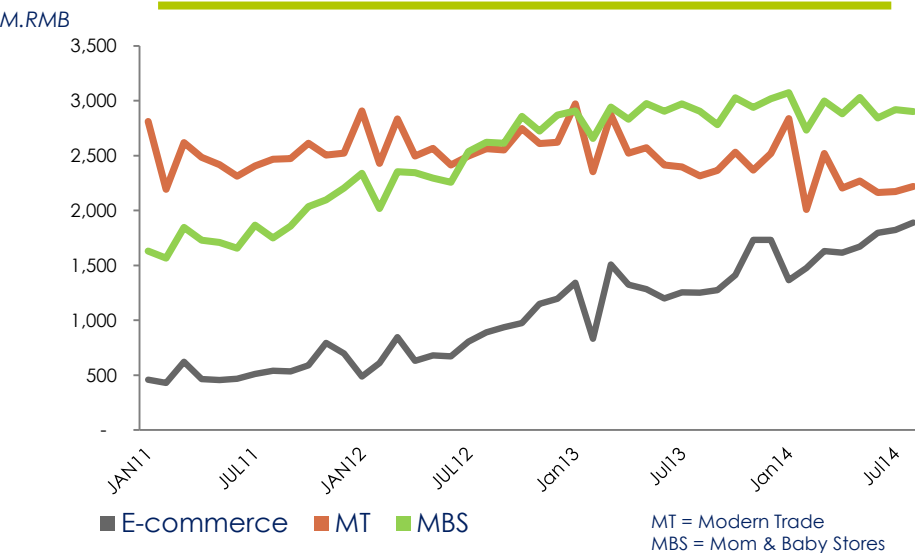
\* Europe solid, rest of ALMA strong

Price/mix  
Volume



# EARLY LIFE NUTRITION CHINA – BUILDING A STRONGER PLATFORM

## GLOBAL SALES VALUE PER CHANNEL



## SUSTAINABILITY ENABLERS

Build category recognition

Master geographies and channels

Be the closest to mums

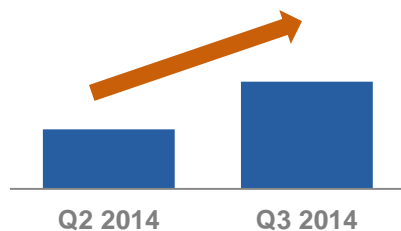
Efficient investment model to secure profitability

Secure global supply chain

## SUCCESSFUL NUTRILON PLATINUM LAUNCH



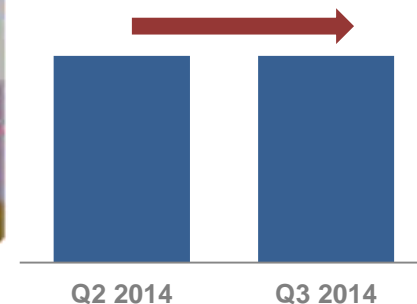
Sales evolution



## SLOW RECOVERY OF DUMEX



Sales evolution



# EARLY LIFE NUTRITION - SELECTED INNOVATIONS Q3



**Nutrilon Cereals**  
Russia



**Dumex Advance Nutri™**  
Thailand



**Milupa Pouches**  
Switzerland



**Vital Precinutri**  
Argentina

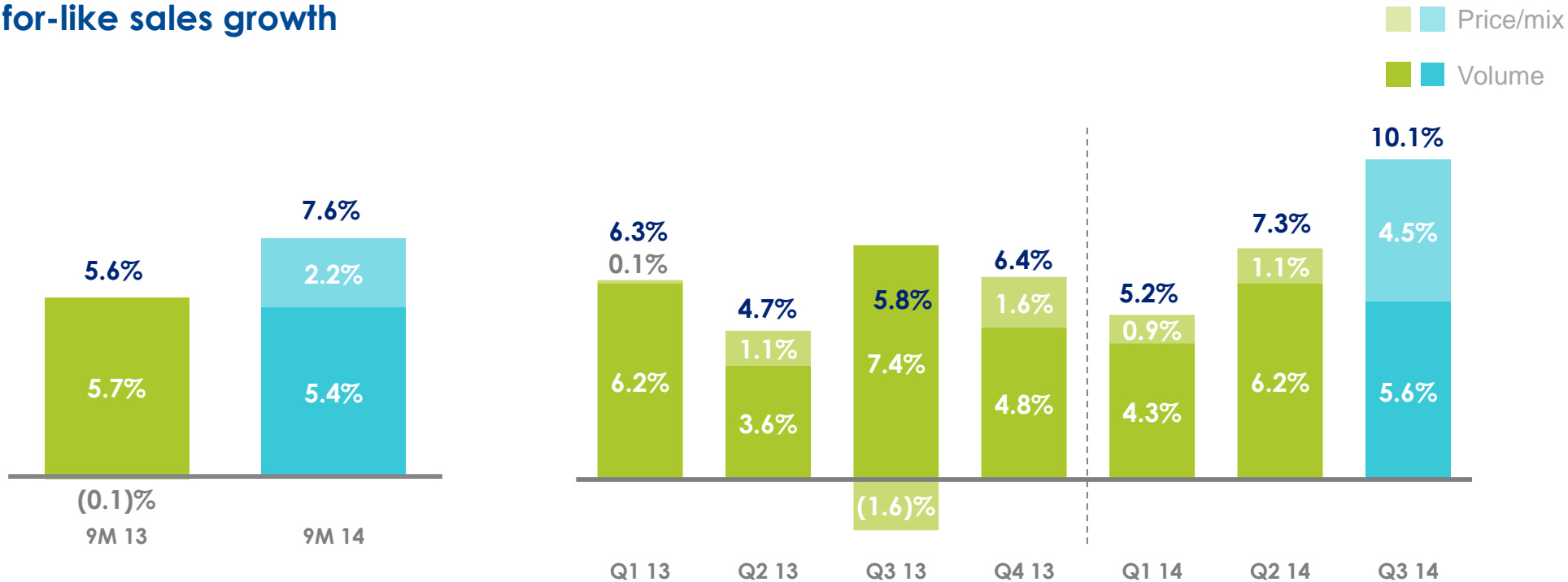


**Olvarit Friends Pouches**  
The Netherlands

# MEDICAL NUTRITION – CONFIRMED TRENDS



## Like-for-like sales growth



- \* Strong performance in Europe and confirmed trends of growth in emerging markets
- \* Outstanding performance of Pediatrics

# MEDICAL NUTRITION - SELECTED INNOVATIONS Q3



## KetoCal

*Drug resistant epilepsy  
Brazil*



## Fortimel Compact Energy

*New recipe & improved texture  
10 countries incl. Germany, Italy  
and France*



## Neocate MCT

*Upgraded formulation  
Turkey*

# 2014 OUTLOOK

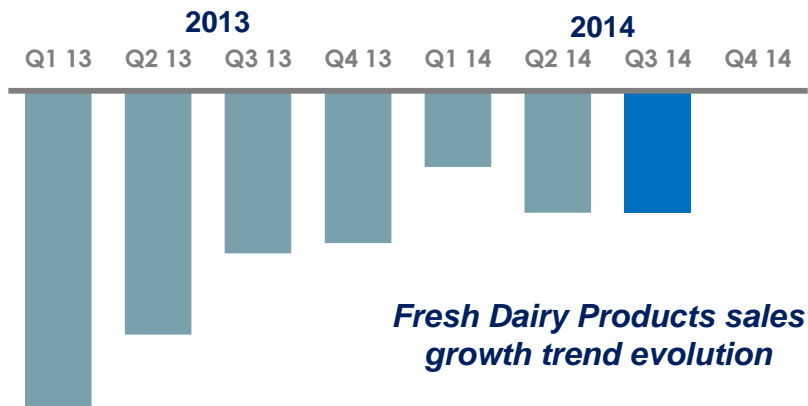
---





# H2 2014 AGENDA - DELIVER ON 2014 KEY PRIORITIES

## TURNING AROUND EUROPE



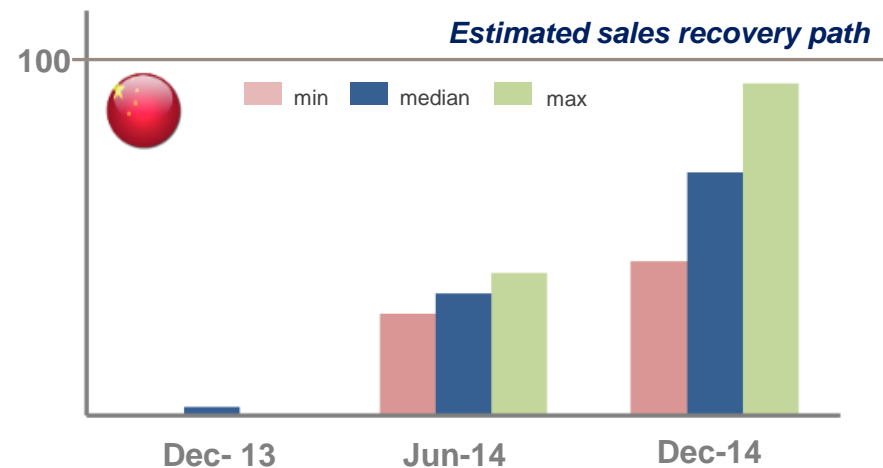
## GROW AND NAVIGATE IN ALMA



## KEEP WINNING CIS & NORAM



## TURN ELN ENGINE BACK TO FULL SPEED



## 2014 objectives

Sales growth <sup>(1)</sup>	+4.5% to +5.5%
Trading operating margin <sup>(1)</sup>	Stable ± 20 bps
Free cash-flow excluding exceptional items <sup>(2)</sup>	around €1.5 bn

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

*(2) Free cash-flow excluding exceptional items : cash-flows provided or used by operating activities less capital expenditure net of disposals, excluding acquisition costs related to business combinations and earn-outs related to business combinations and paid subsequently to acquisition date 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*



H2 IN LINE WITH OUR AGENDA OF...



**STRONG  
PROFITABLE  
SUSTAINABLE**

---

**GROWTH**

---

# APPENDIX

---

# Q3 2014 - IMPACT OF CURRENCIES AND SCOPE



	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	(4.0)%	+7.4%	+17.3%	+10.0%	+3.0%
Currency	(4.8)%	(4.0)%	(1.6)%	(0.1)%	(3.7)%
Scope of consolidation	+0.1%	(0.4)%	(0.3)%	(0.0)%	(0.2)%
Like-for-like sales growth	+0.7%	+11.8%	+19.2%	+10.1%	+6.9%

# 9M 2014 - IMPACT OF CURRENCIES AND SCOPE



	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	(5.6)%	+5.3%	(4.6)%	+5.4%	(2.7)%
Currency	(7.8)%	(7.2)%	(5.1)%	(2.5)%	(6.8)%
Scope of consolidation	(0.1)%	+1.1%	+1.0%	+0.3%	+0.3%
Like-for-like sales growth	+2.3%	+11.4%	(0.5)%	+7.6%	+3.8%

# Q3 2014 - SALES BY BUSINESS & GEOGRAPHICAL AREA



€ mln	Q3 2013	Q3 2014	Like-for-like sales growth
Fresh Dairy Products	2,913	2,796	+0.7%
Waters	1,089	1,169	+11.8%
Early Life Nutrition	924	1,084	+19.2%
Medical Nutrition	333	366	+10.1%
Europe	2,068	2,156	+2.8%
CIS+Noram	1,183	1,153	+3.3%
ALMA	2,008	2,107	+13.5%
Total	5,259	5,416	+6.9%

# 9M 2014 - SALES BY BUSINESS & GEOGRAPHICAL AREA



€ mln	9M 2013	9M 2014	Like-for-like sales growth
Fresh Dairy Products	8,936	8,436	+2.3%
Waters	3,080	3,243	+11.4%
Early Life Nutrition	3,307	3,155	(0.5)%
Medical Nutrition	994	1,048	+7.6%
Europe	6,228	6,417	+1.1%
CIS+Noram	3,543	3,483	+6.0%
ALMA	6,546	5,983	+5.4%
Total	16,317	15,883	+3.8%

# Q3 2014 LIKE-FOR-LIKE SALES GROWTH

## Breakdown volume/value



<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy Products	(7.1)%	+7.8%	+0.7%
Waters	+8.3%	+3.5%	+11.8%
Early Life Nutrition	+9.9%	+9.3%	+19.2%
Medical Nutrition	+5.6%	+4.5%	+10.1%
Europe	(0.9)%	+3.7%	+2.8%
CIS+Noram	(6.9)%	+10.2%	+3.3%
ALMA	+3.9%	+9.6%	+13.5%
<b>Total</b>	<b>(0.1)%</b>	<b>+7.0%</b>	<b>+6.9%</b>



# 9M 2014 LIKE-FOR-LIKE SALES GROWTH

## Breakdown volume/value



<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy Products	(6.2)%	+8.5%	+2.3%
Waters	+7.0%	+4.4%	+11.4%
Early Life Nutrition	(1.4)%	+0.9%	(0.5)%
Medical Nutrition	+5.4%	+2.2%	+7.6%
Europe	(1.2)%	+2.3%	+1.1%
CIS+Noram	(6.5)%	+12.5%	+6.0%
ALMA	(0.7)%	+6.1%	+5.4%
<b>Total</b>	<b>(2.0)%</b>	<b>+5.8%</b>	<b>+3.8%</b>

# CHANGES IN EXCHANGE RATES

## 28.6% of 9M sales denominated in €



	% total 9M 14 sales	9M 14 vs 9M 13 (avg)	Q3 14 vs Q3 13 (avg)
US dollar	10.1%	(2.8)%	(0.0)%
Russian ruble	9.8%	(13.3)%	(9.6)%
Chinese yuan	6.9%	(2.8)%	(0.7)%
British pound	5.3%	4.9%	7.6%
Indonesian rupiah	5.3%	(16.7)%	(9.2)%
Mexican peso	5.2%	(6.0)%	(1.6)%
Brazilian real	4.6%	(10.1)%	0.6%
Argentine peso	3.8%	(35.7)%	(32.7)%
Moroccan dirham	2.9%	(0.5)%	0.0%
Polish zloty	2.6%	0.6%	1.7%

