



**Franck Riboud**

# 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](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.*

# Danone: A unique mission

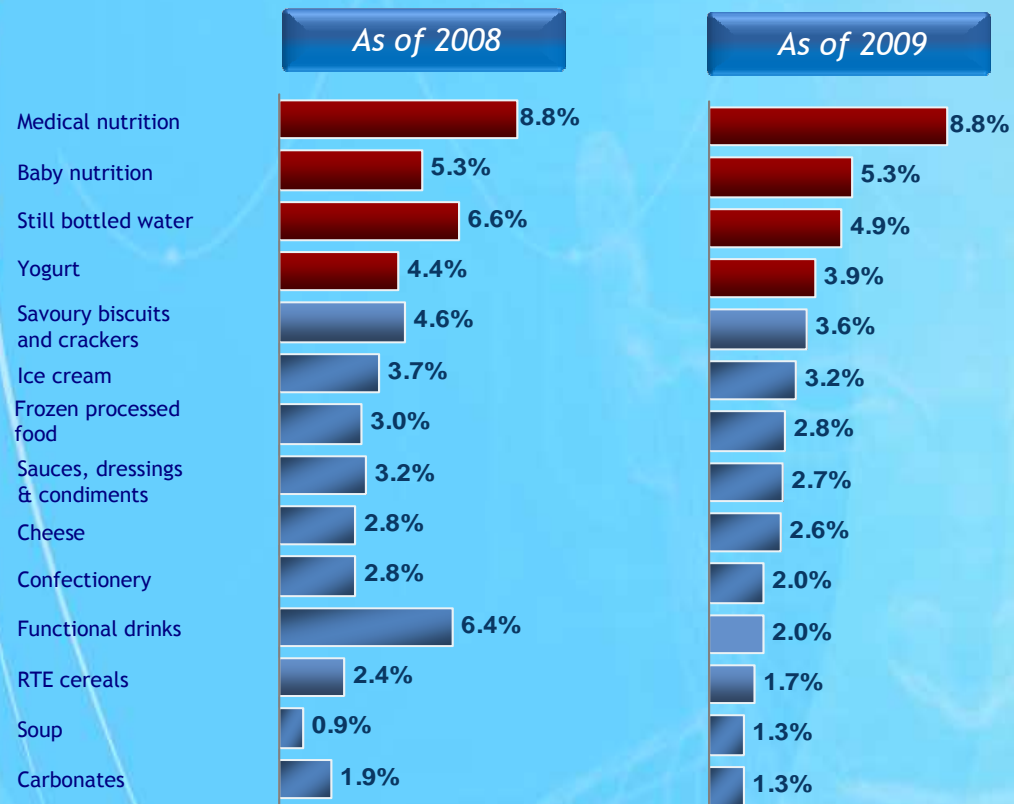


# A unique health portfolio throughout all phases of life

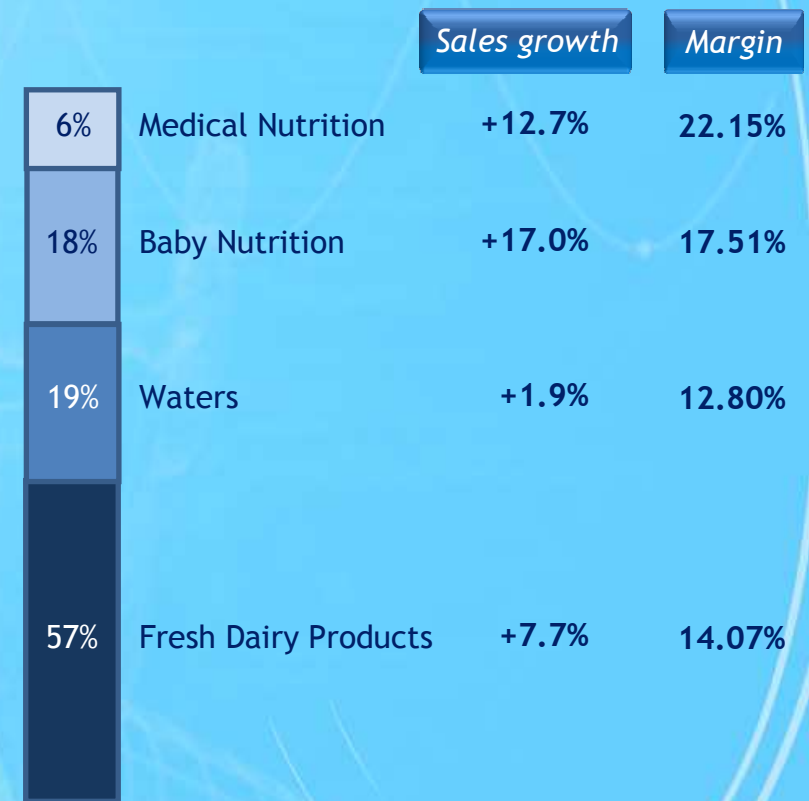


# Well positioned in faster growing categories

## Faster growing categories 5 - year volume CAGR



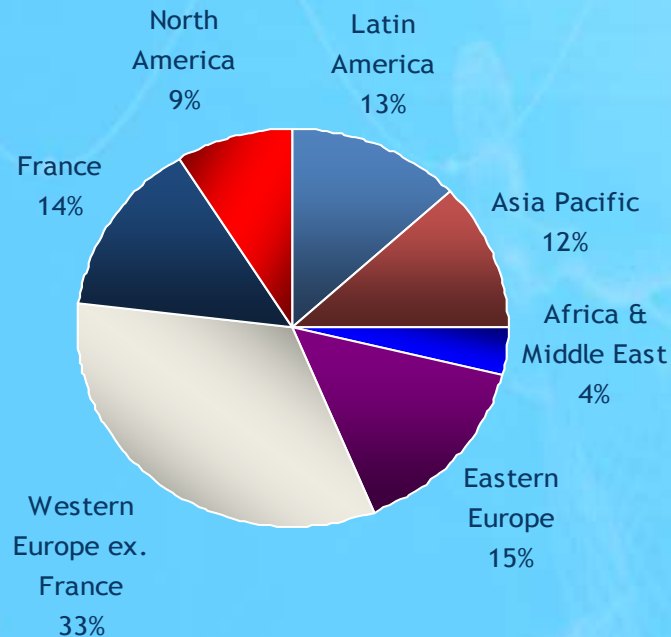
## Growth focused portfolio 2008 performance



Source: Euromonitor

# Well diversified geographical footprint exposed to the faster growing geographies

## Diversified geographic portfolio (sales split 2008)



**40% of sales generated in Emerging Markets**

## Faster growing markets

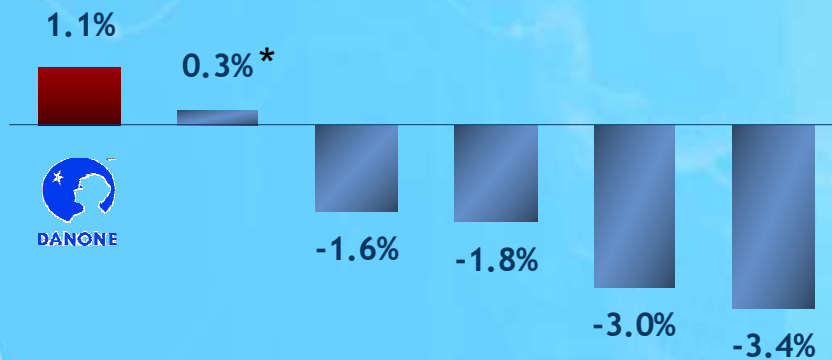
Country	GDP growth differential v. OECD <sup>1</sup>	
	07/08	08/09
China 	8.2 %	10.6 %
Indonesia 	5.3 %	6.5 %
Brazil 	4.3 %	2.6 %
Argentina 	6.2 %	0.6 %
Mexico 	0.6 %	(0.3)%
Russia 	4.8 %	(0.9)%

Source: Economist Intelligence Unit (EIU) as of May 28 2009 (national sources, EIU)

<sup>1</sup> OECD aggregate real GDP growth rate used as benchmark for 07/08 and 08/09 is 0.8% and (4.1)%, respectively

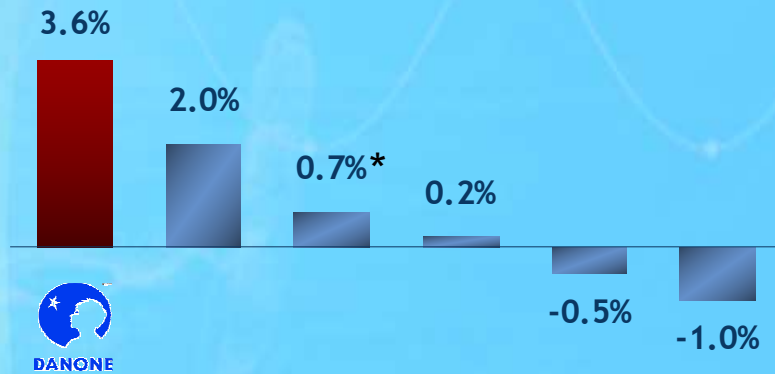
# Delivering leading volume growth in a recessionary environment

Q1 09 LFL volume growth



Selected F&B peers

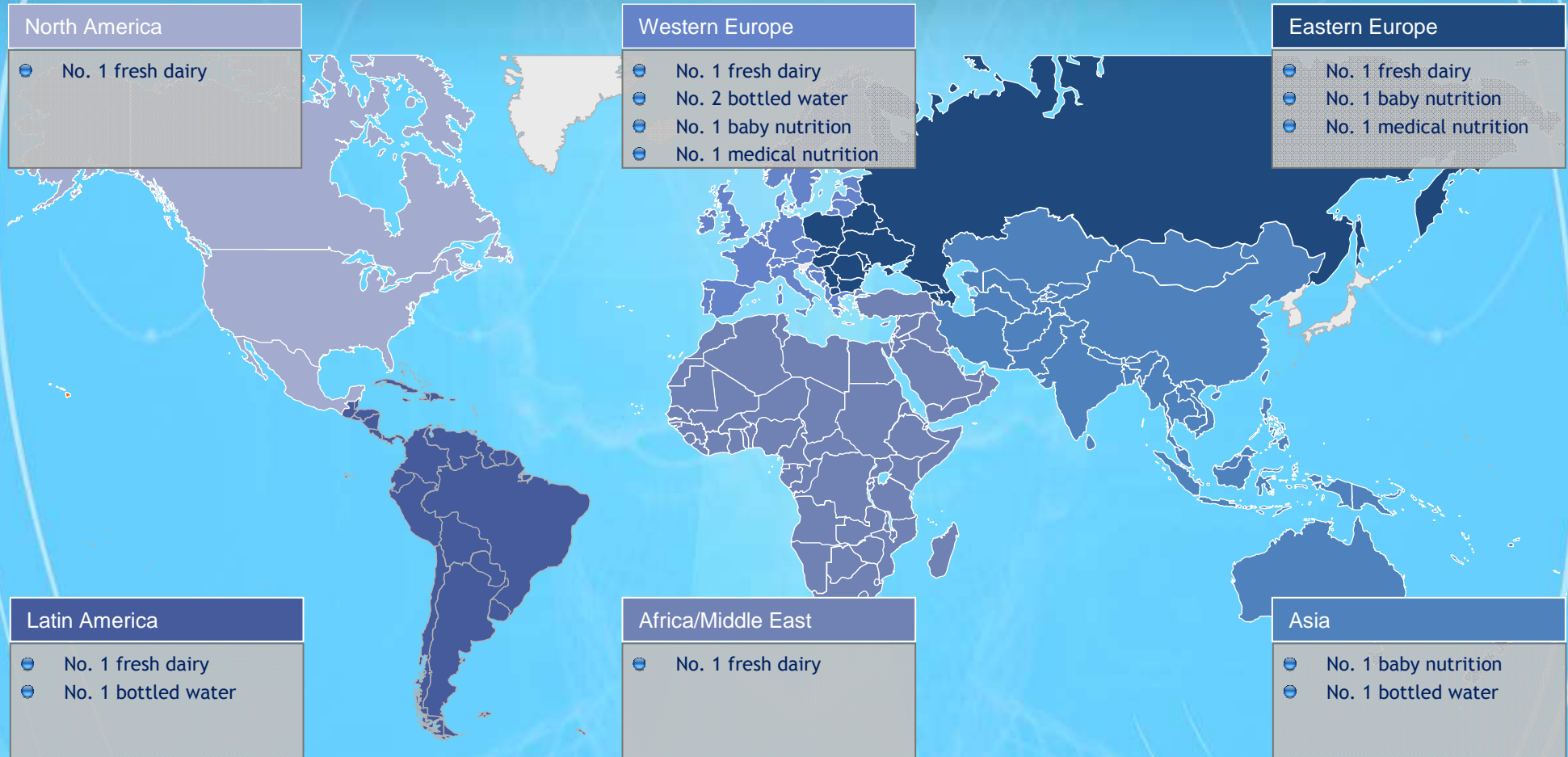
Q2 09 LFL volume growth



Selected F&B peers

\*Incl mix-effect and estimated for Q2

# Our mission and market positions provide a strong platform for continued above-sector growth



To bring health through food to the largest number of people



# Dairy

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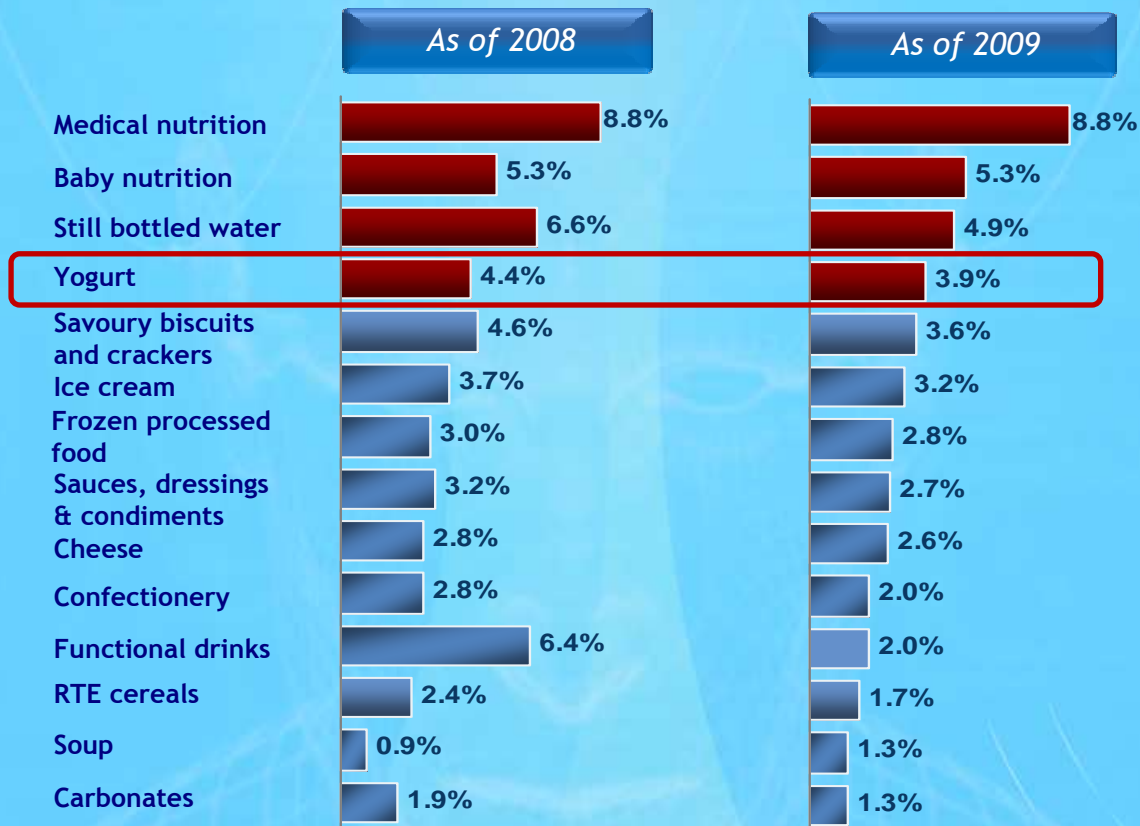
**The Growth Engine of the Company**

# The growth drivers that will continue to drive growth

1. Health focus coupled with superior quality
2. Price Reset Program to adapt to changing consumption patterns
3. Increase penetration/PCC and expand our consumer base
4. Continue to open-up new geographies

# The dairy category is expected to continue to deliver above-average growth

## Faster growing categories 5 - year volume CAGR



Source: Euromonitor

# We offer unparalleled health benefits coupled with superior product quality



- Unrivalled track record of offering measureable health benefits
- Through superior tasting products
- More than 50 clinical studies in 2008
- More than 1,200 employees in R&D



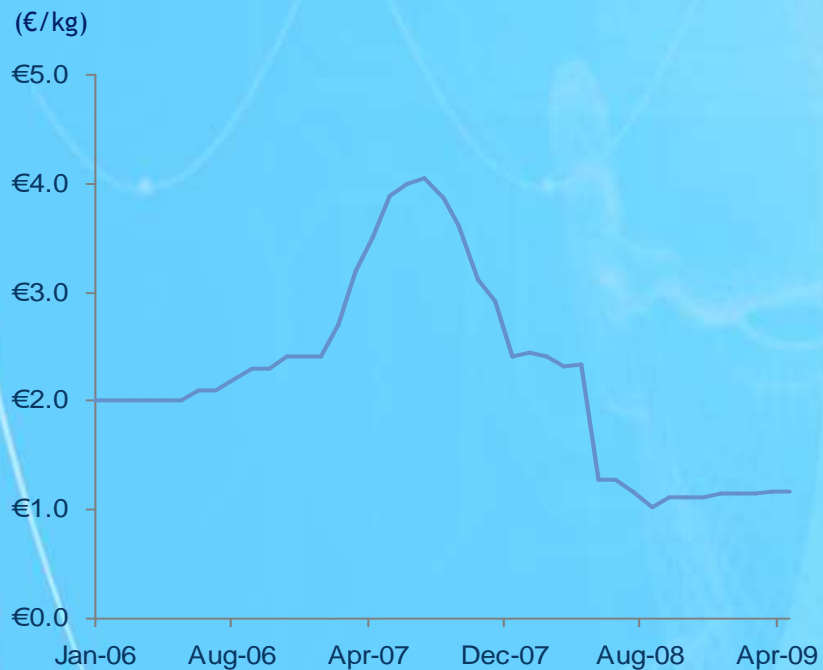
# Growth Driver 2:

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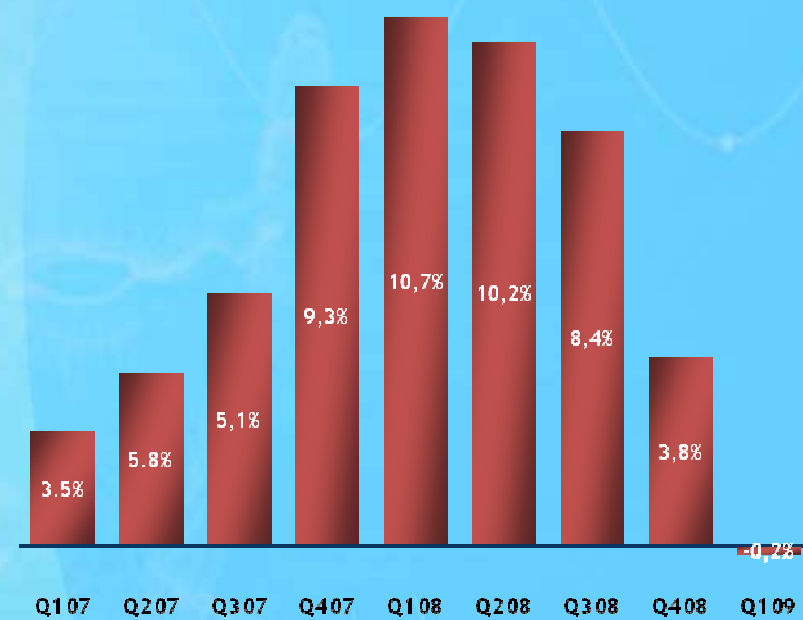
Price Reset Program to adapt to changing consumption patterns

# Evolution of milk price drove up price/mix effect

Evolution of milk commodities and milk prices (EU SMP)



Quarterly price/mix effect on like-for-like growth

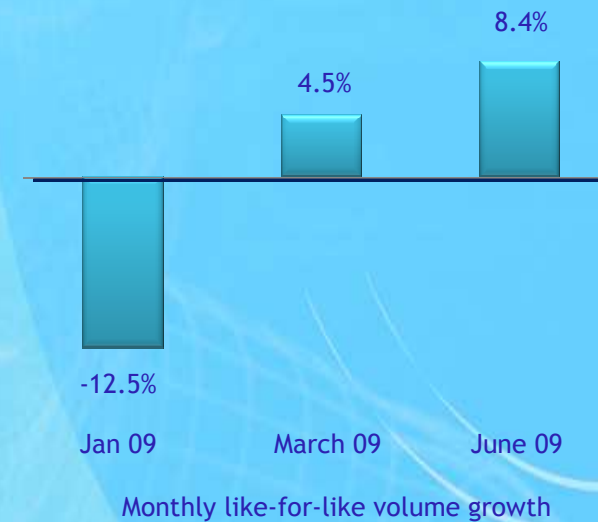
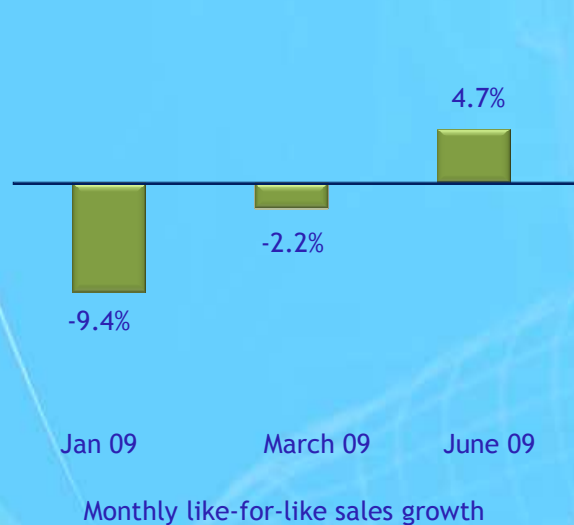


# The Price Reset Program entails the full 360° degree marketing circle



# The Price Reset Program – UNITED STATES

- Various product launches/extensions in “Health” & Core
- Focused promotion strategy limited to 3 price points & increased discount levels
- Switched focus to couponing instead of sampling
- Full Q1 advertising support + implementation of new 60 sec TV spots (DanActive)
- Celebrity testimonials





# France /Danette – Successfully adapting the product and marketing mix

## The Danette example

- Price positioning vs PLs over the last 9 months → index from 135 to 124
- “La Danette des Français” campaign
  - big buzz success, €1.6 mln videos viewed on the web
  - +40% volumes vs the '08 campaign
- Dedicated 6-pack offer for hard discount



# The Price Reset Program – MEXICO

## Before

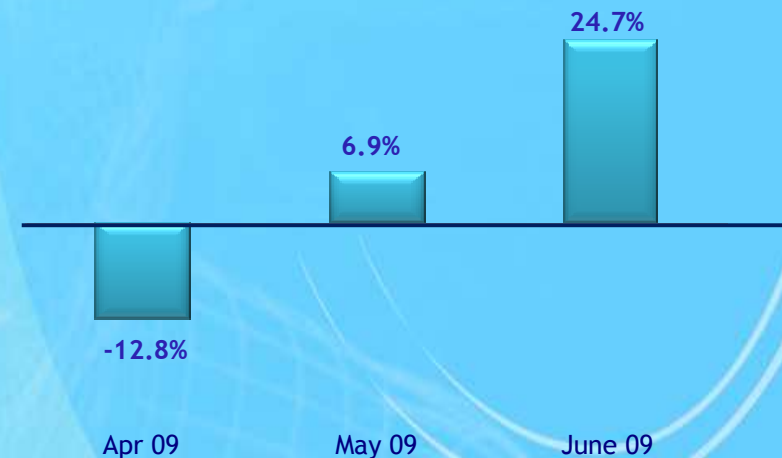
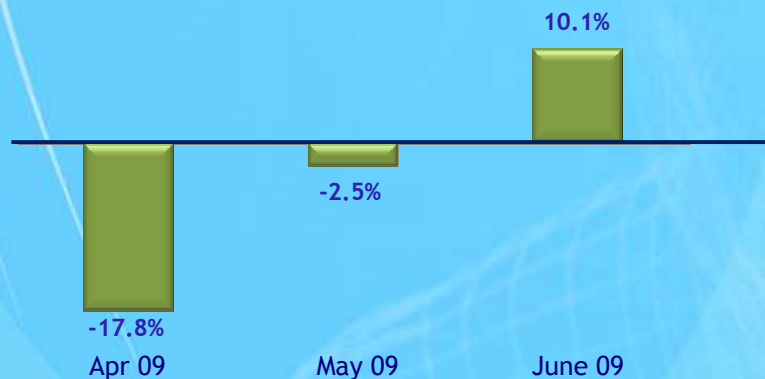


- Brand: NutriPLUS by Danone
- Added-value nutrition
- Premium pricing: +16% vs competition
- Yellow color code

## After



- Brand: DANONE 90 years
- Yoghurt expertise
- Affordable price: -15% vs. competition
- Blue color code



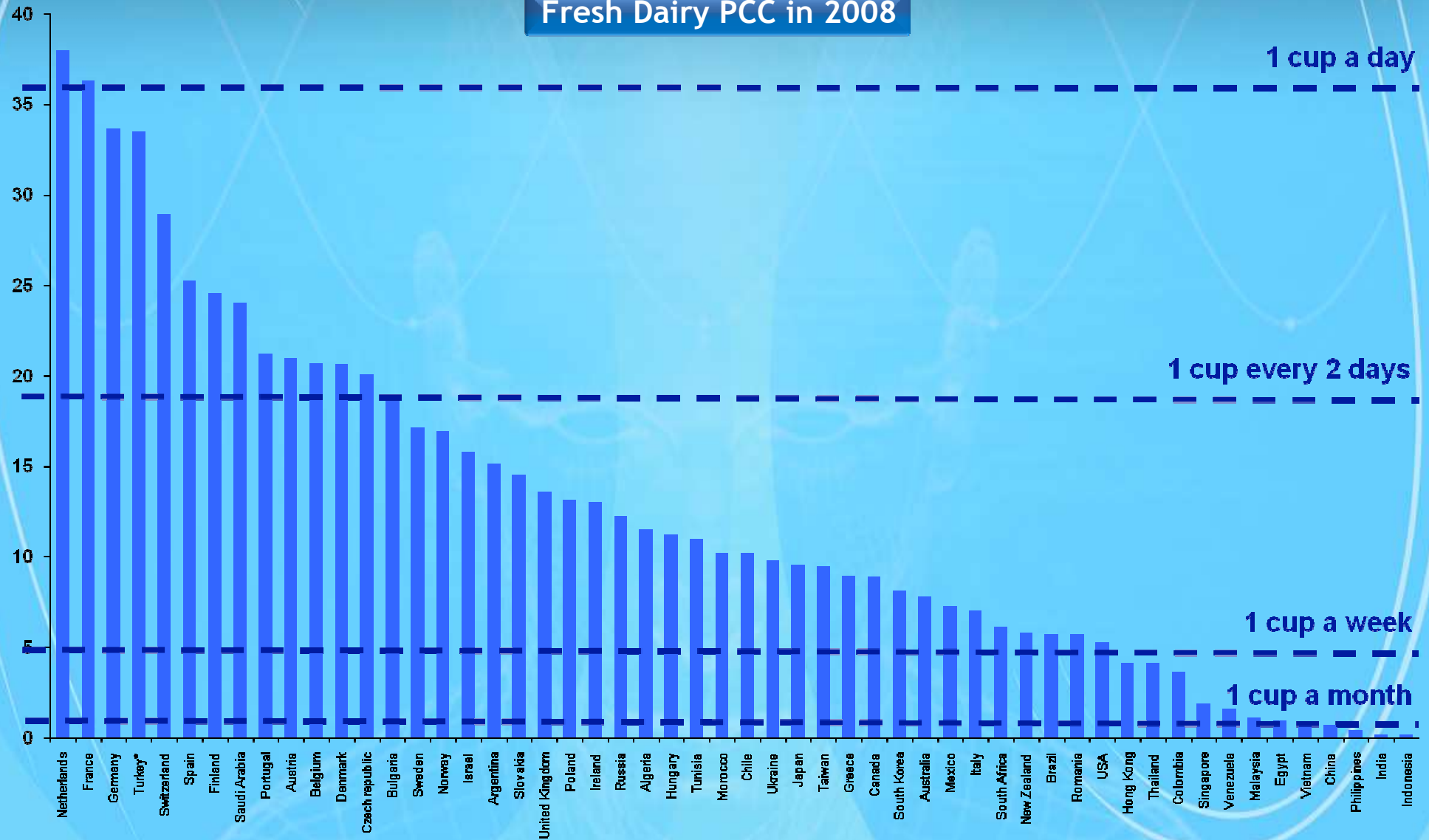
# **Growth Driver 3:**

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**Increase penetration/PCC and  
expand our consumer base**

# The growth potential remains huge

Fresh Dairy PCC in 2008



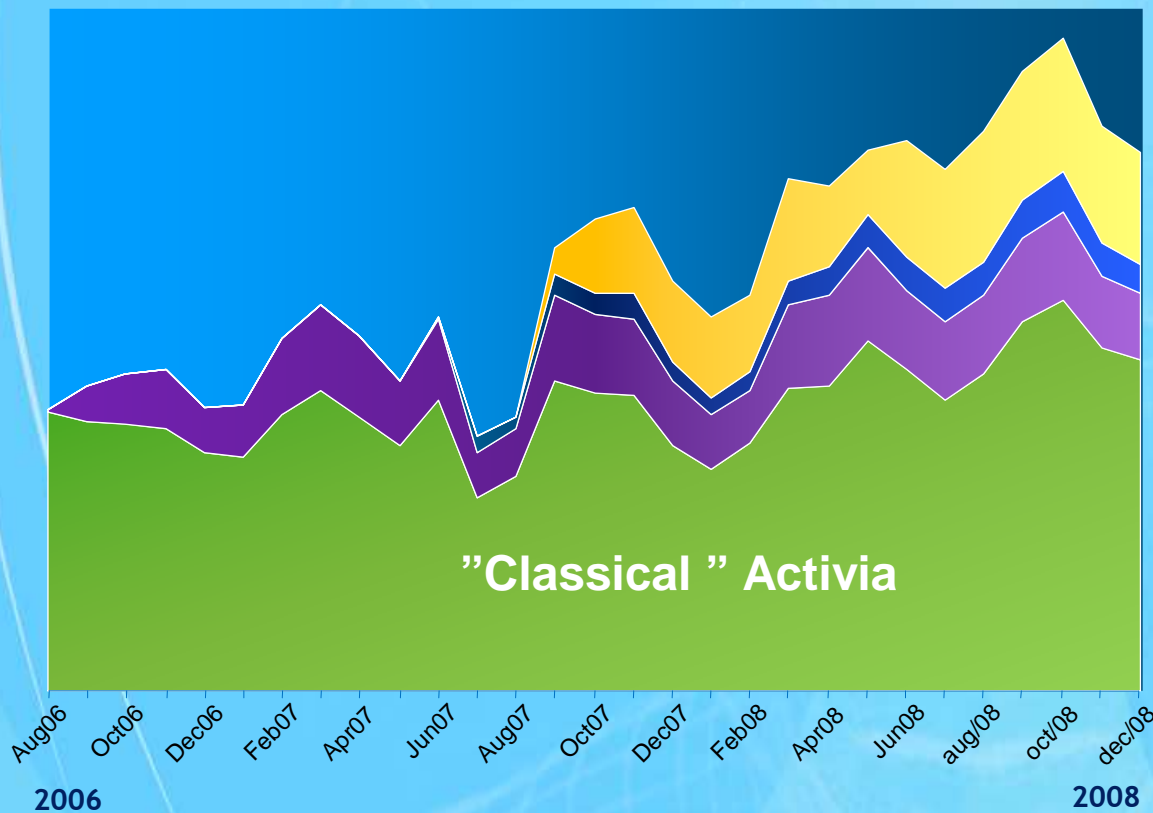
## 4 key strategies to expand our consumer base

- Affordability: one brand across different price points
- Expand fresh dairy products' penetration through lower price points
- New product forms under existing brands
- Develop operations in new geographies



# Activia for the C/D/E classes in Brazil

Volume evolution



The affordable range is 25% less expensive than the classic range





# Laboratories



**>1000 tons/month**  
**Price index 71**  
**vs classical yoghurt**



**>2500 tons/month**  
**Price index 61**  
**vs classical yoghurt**

**Launch of affordable/accessible products**

# Growth Driver 4:

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Continue to open-up new geographies



# New geographies continue to provide high-growth potential



Egypt

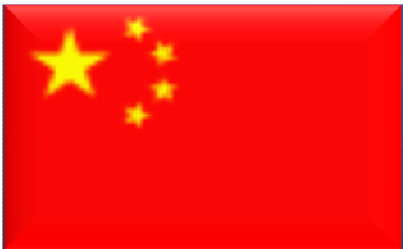
Population:	74 mln people and dairy PCC <sup>1</sup> of 1 kg
Launch:	Market entry 2005, Activia launched in May-08
Sales growth:	+77% in 2008
Market Share:	+7.7 pts to 28% in 2008



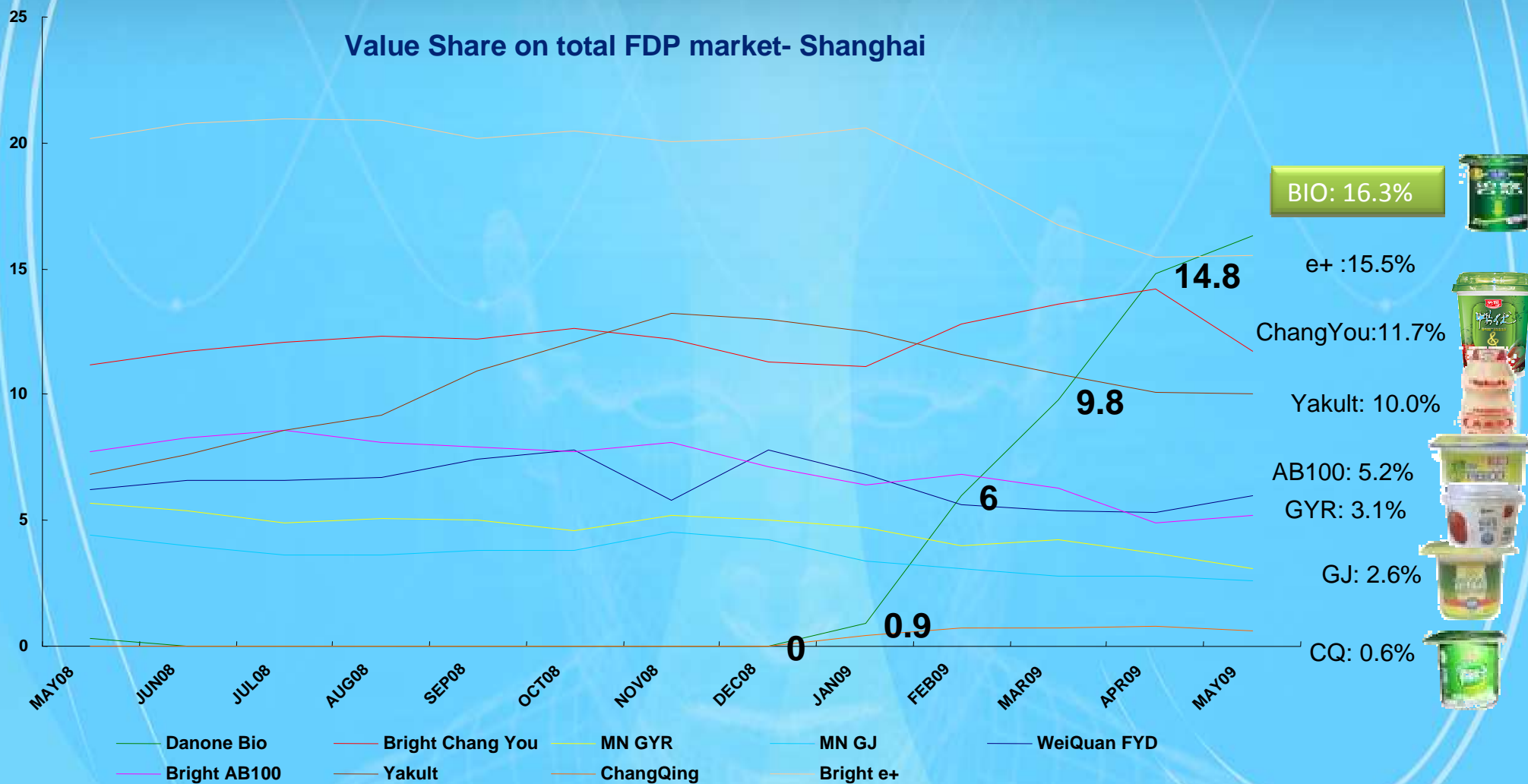
Chile

Population:	17 mln people and dairy PCC <sup>1</sup> of 10 kg
Launch:	Market entry Jun-07, Activia launched in Sep-07
Sales growth:	+27% in 2008
Market Share:	+4.3 pts to 19% in 2008

Break-even level generally reached within approx. 3 years



# China: Bio has become the leader in Shanghai within 5 months after launch



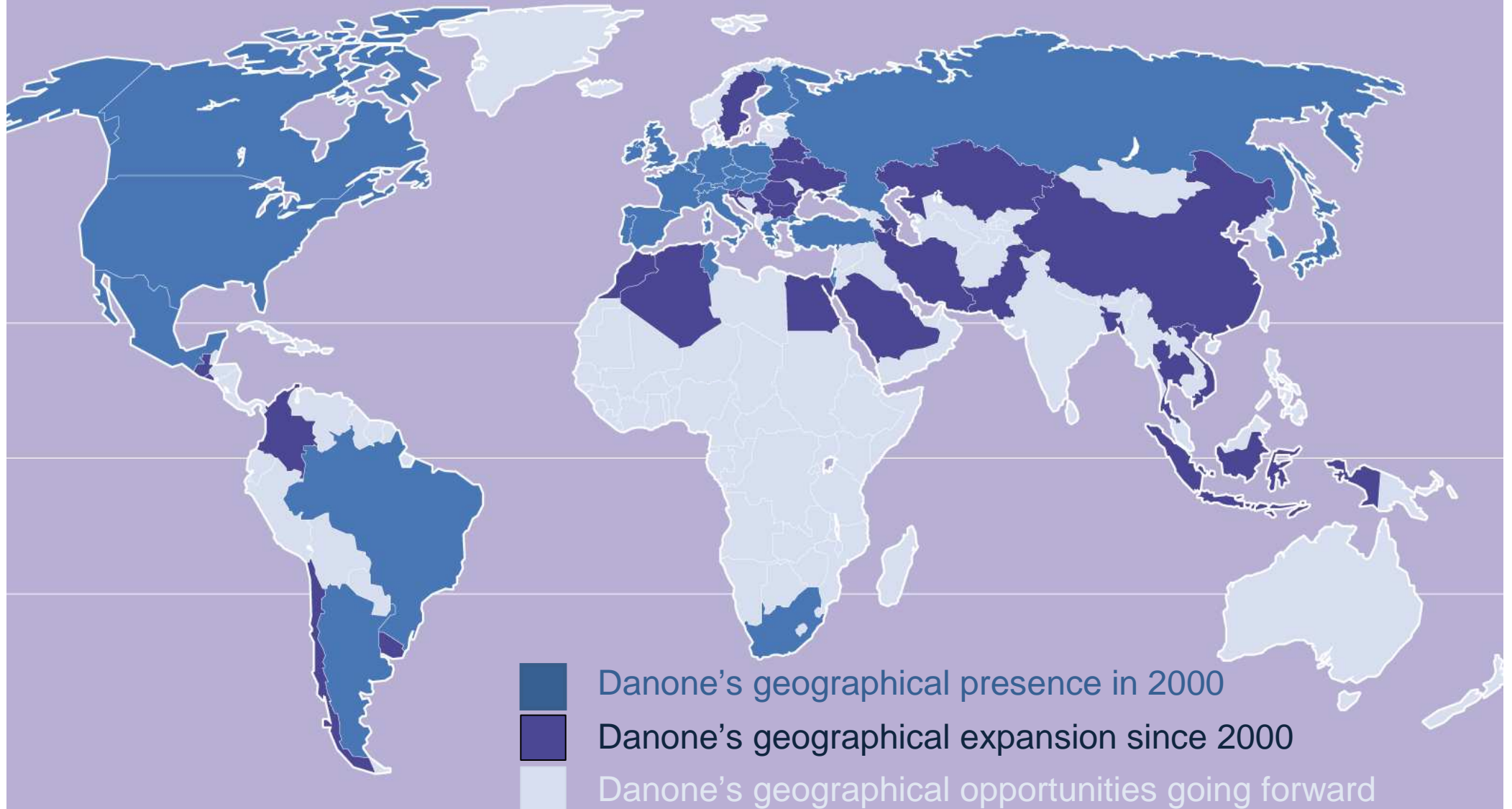


## We just entered S-Korea through the launch of Activia in the first week of September

- S-Korean dairy market is highly functional and segmented
- PCC of only 8 kg
- Drinkable and spoonable Activia launched
- Through organised trade, 13k stores, selling with LG, the #1 FMCG company in S-Korea
- Factory built 250km south of Seoul and R&D center at Korea University Campus



# The “World” continues to offer substantial potential to increase our worldwide footprint



# Notes

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