



DANONE

Emmanuel Faber
Vice-Chairman – Chief Operating Officer

Morgan Stanley – Global Consumer Conference

New York – November 20th, 2013



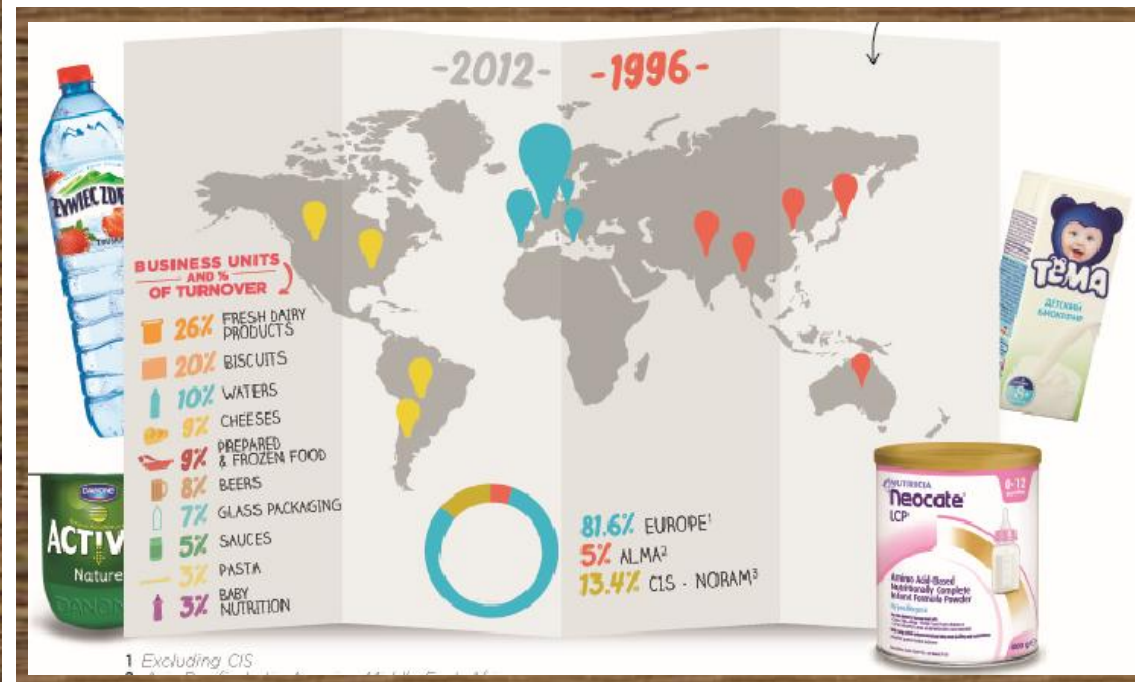
Disclaimer

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



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

2 tier momentum 9M sales growth : +5.5%

9M 2013 Sales figures

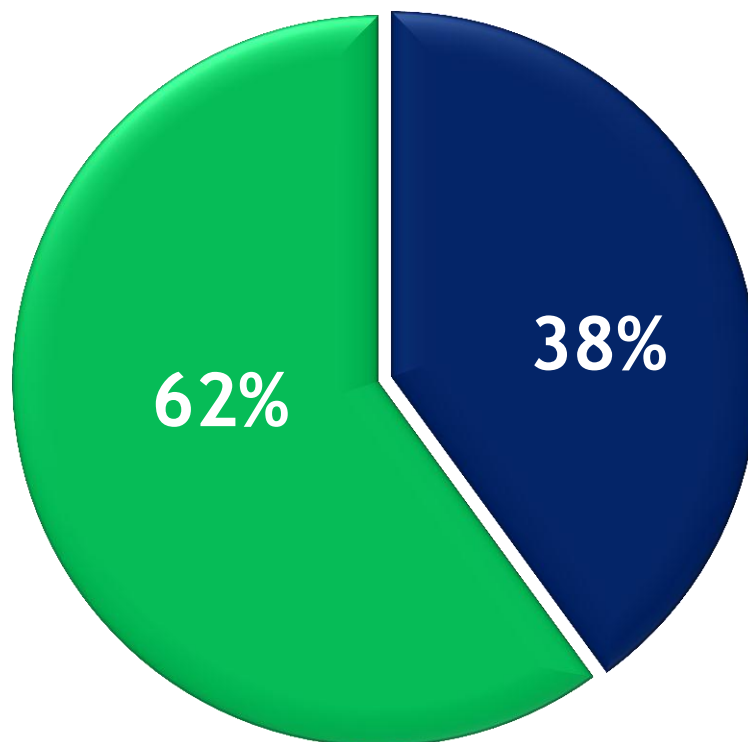
Growth Markets

Sales

10.1 bn

+11.7% like-for-like⁽¹⁾

Sales breakdown



Europe

Sales

6.2 bn

-3.0% like-for-like⁽¹⁾

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

Clear priorities

Europe :



Adapt & fix

- Savings & competitiveness
- Value for consumers

Growth markets :



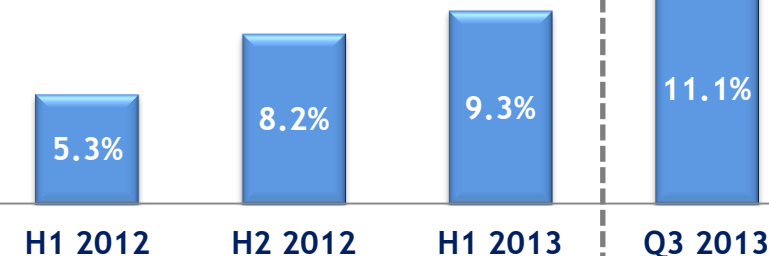
Invest & leverage

Strong underlying growth trends

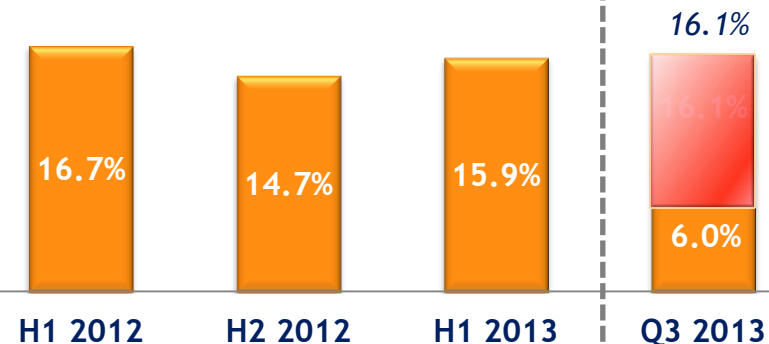
Europe



CIS & NORAM



ALMA*



Actual

Excluding
8 recall markets

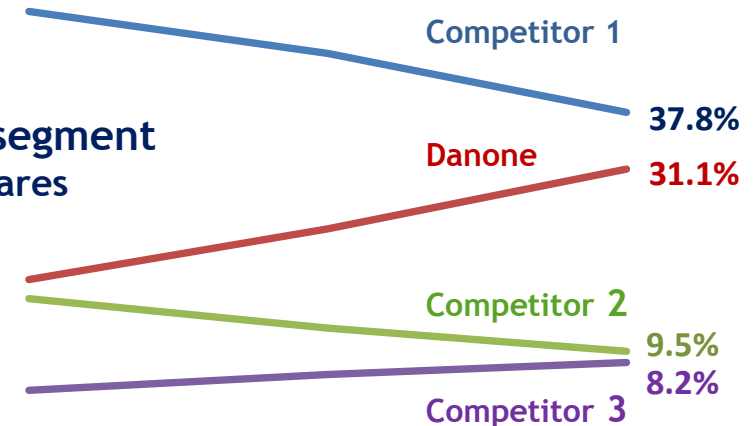
FRESH DAIRY US - Greek yogurt becoming a component of Americans' diet



Greek segment latest innovations



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





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FRESH DAIRY Europe - Improvements confirmed

EUROPE - 26 countries



SAVINGS

€200mln



ADAPT &
SIMPLIFY

ORGANISATION
& PROCESSES

REGAIN COMPETITIVE EDGE

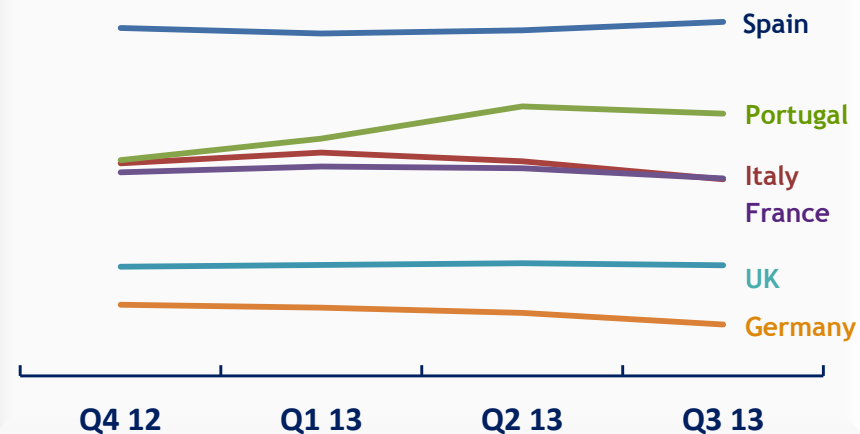


Integrated management
as of January 1st 2014

Breakdown volume / value growth (%)

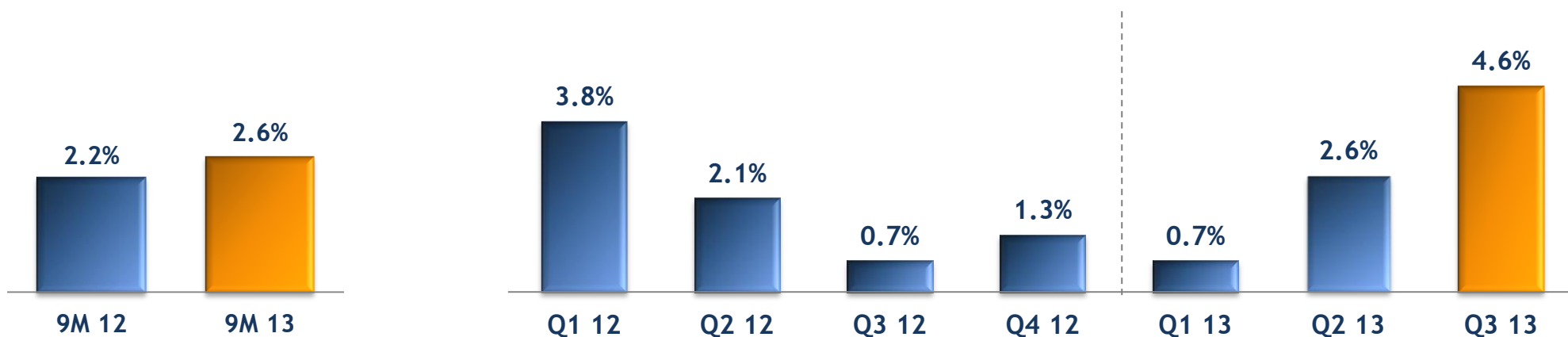


Value market shares



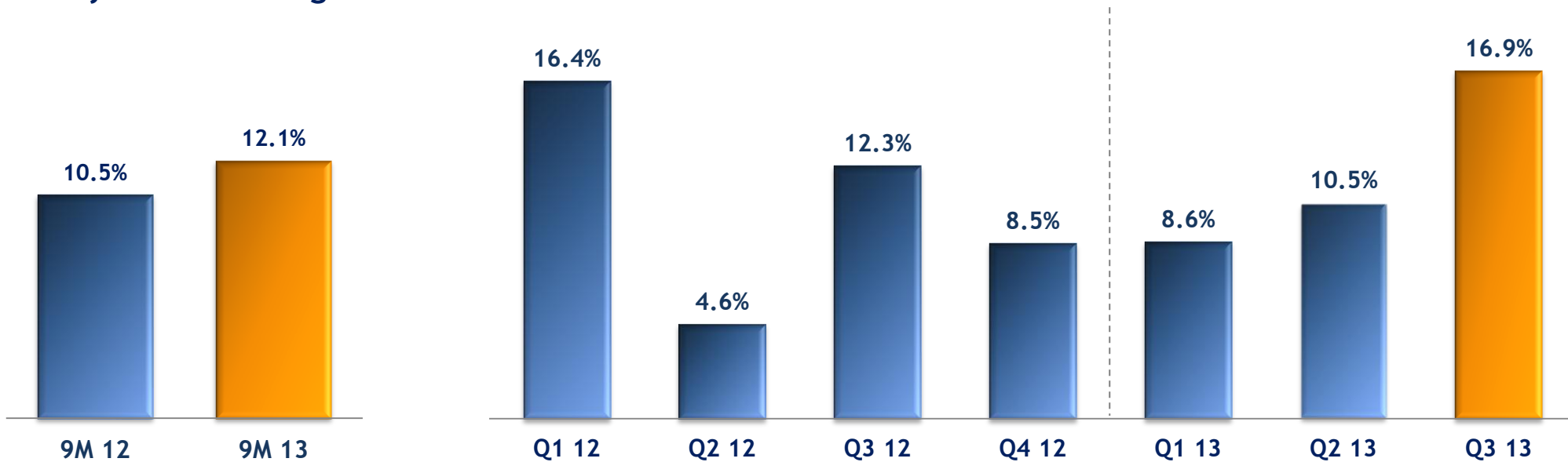
FRESH DAIRY PRODUCTS - Further improvement across geographies

Like-for-like sales growth



WATERS - Outstanding performance in Q3

Like-for-like sales growth



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

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



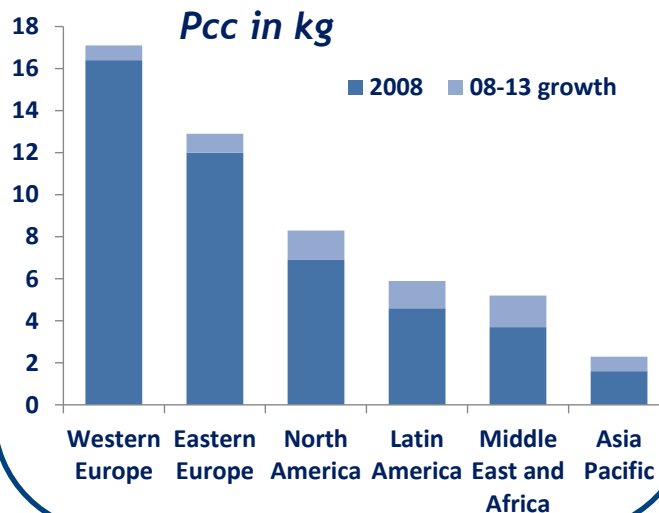
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Building the future

**Winning
over
7 bn
consumers**

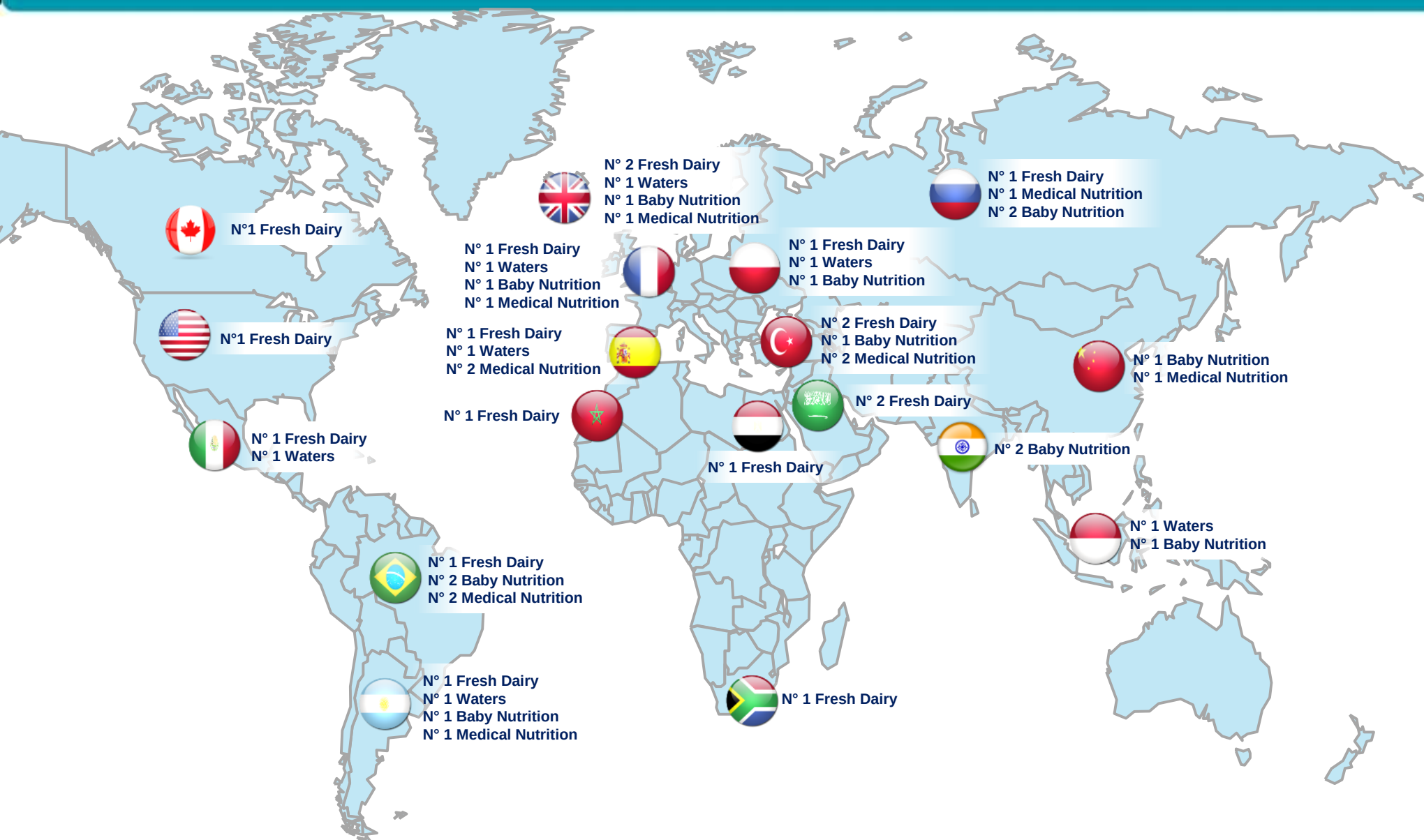


The right model to develop categories

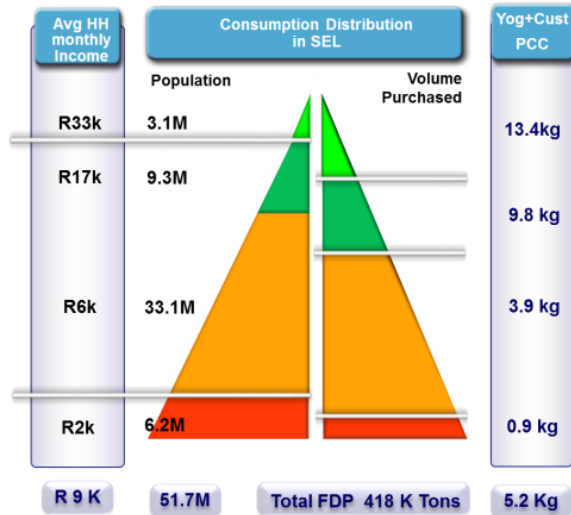


Nutricia Research in Utrecht - Opening a new global research centre

Plenty of growth opportunities for now and the future



PCC potential down the pyramid



Export to 10 countries



Relevant innovation

Ultramel : 7 months shelf-life



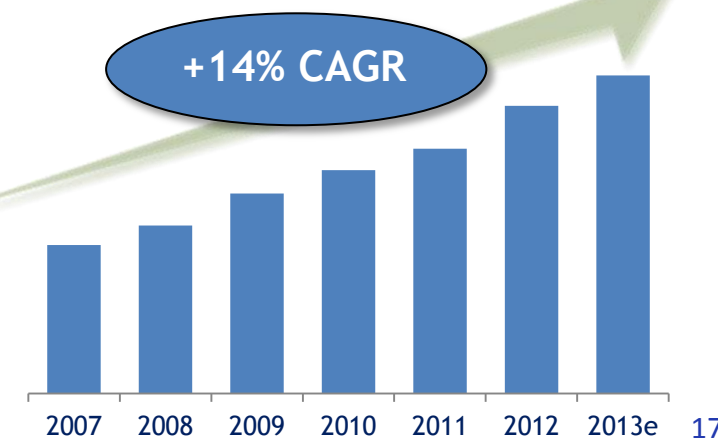
NutriDay :
3 months shelf-life



Mayo (adults):
3 months shelf-life



Sales evolution

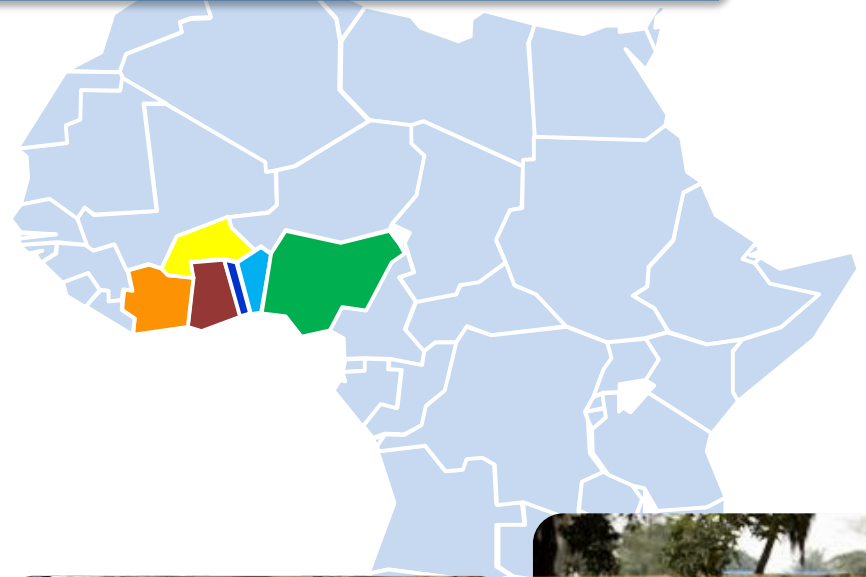


Fan Milk : A strategic partnership to enter West Africa



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



Africa : Invent new models to leverage Danone social project



Senegal : Mangrove restoration - Oceanium

-35% in CO₂ emissions between 2008 and 2012



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



Senegal : La Laiterie du Berger

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



Population

1.3 bn

240 mln

1.2 bn

Births/year

15 mln

4 mln

25 mln

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



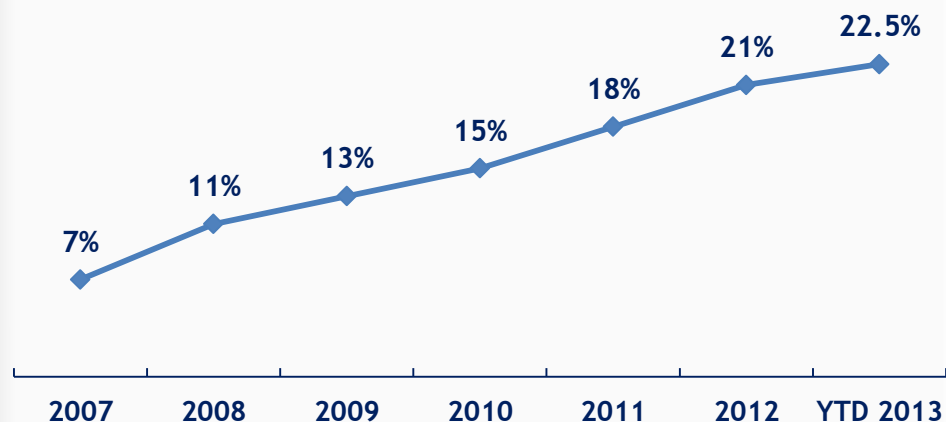
2007-2013 action plan

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

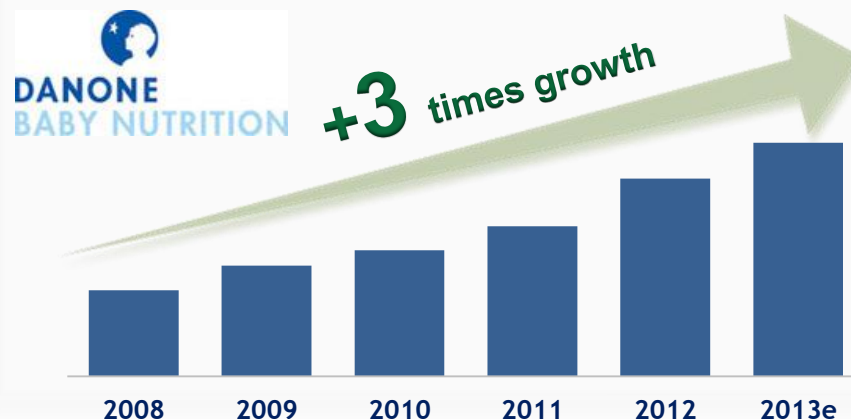


2007-2013 achievements

DBN value market share

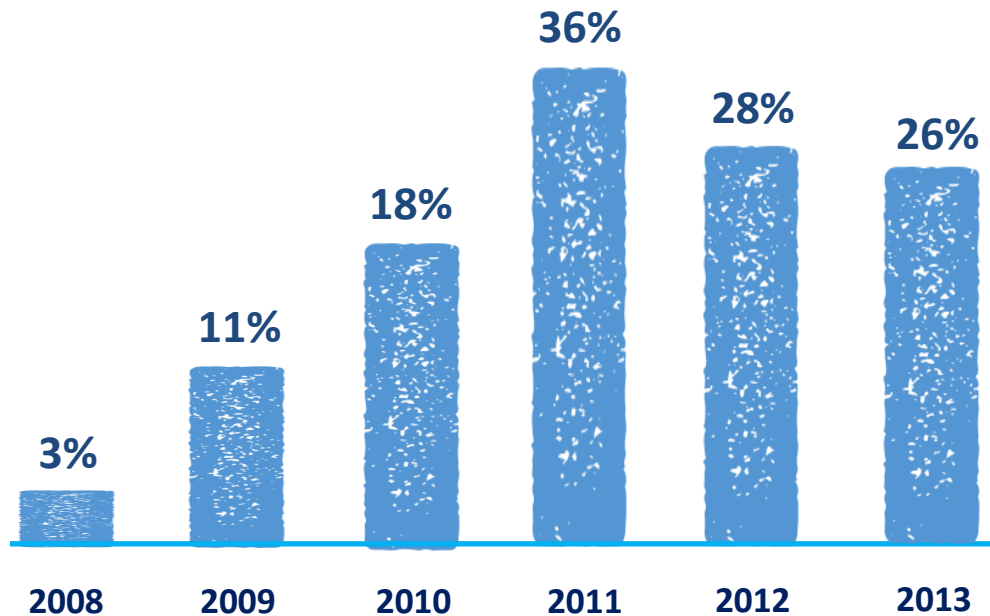


DBN Sales evolution

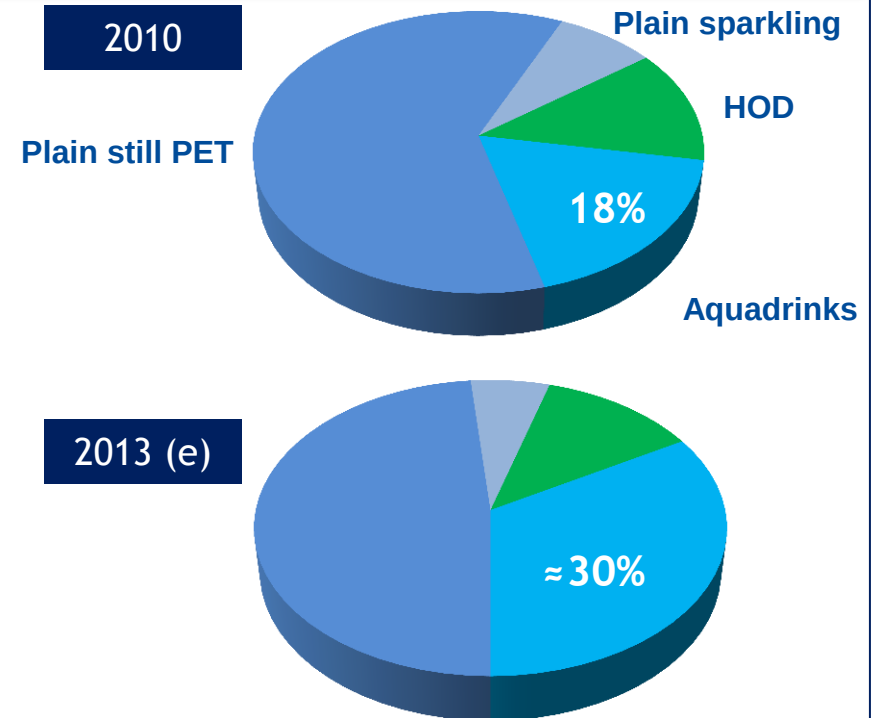


WATERS - Aquadrinks : Create a new category

Aquadrinks sales growth



Sales split



Dairy new segments and moments of consumption



Investing in the fast growing premium organic Baby food





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2013 : New initiatives to support the model





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Danone : a unique model to do business





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