



Sales Q3 2010

October 21st, 2010



DANONE



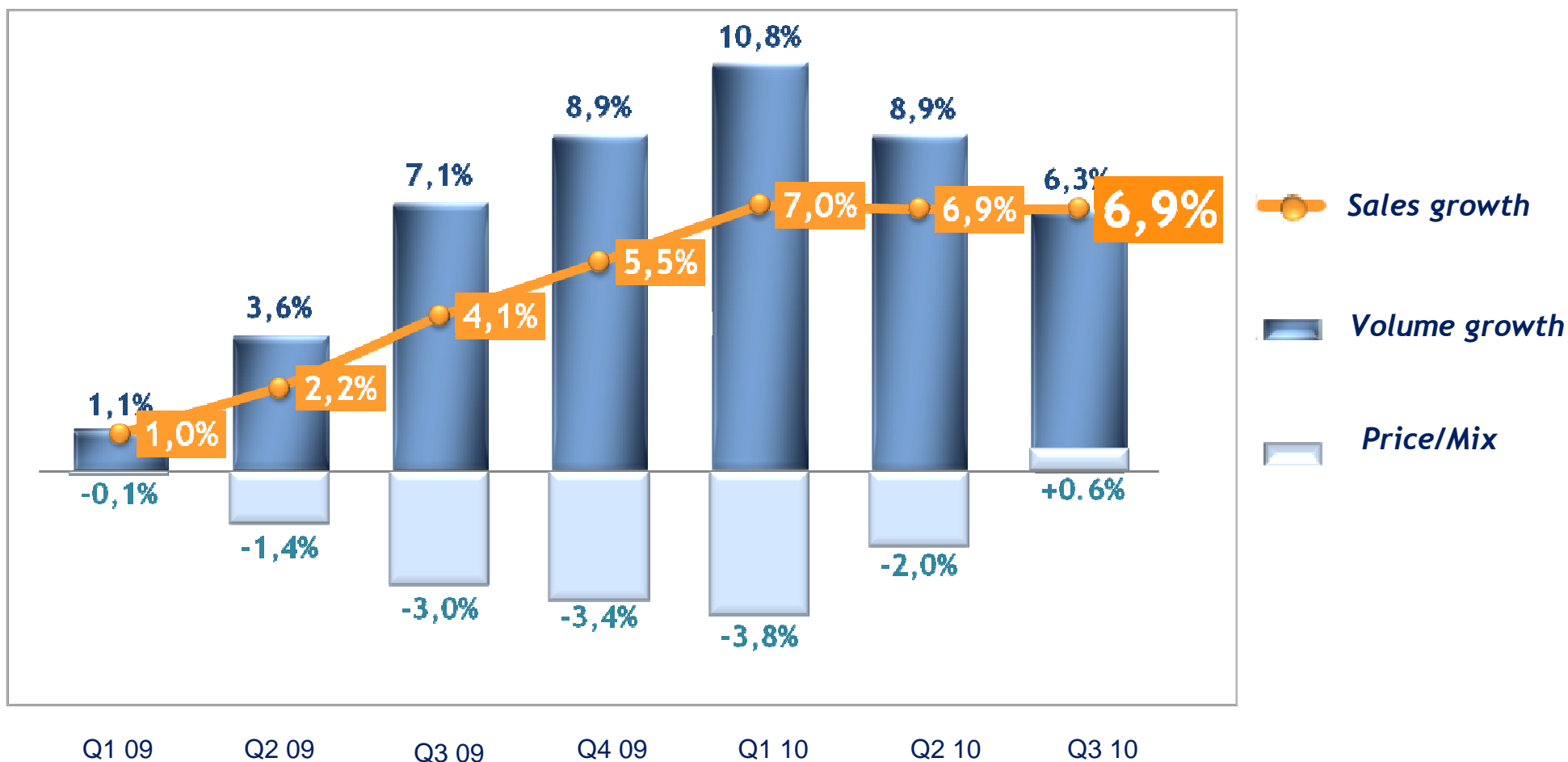
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Solid Q3 sales growth of 6.9% like-for-like
- in line with H1 trend despite tougher comps
- price/mix effect stabilized

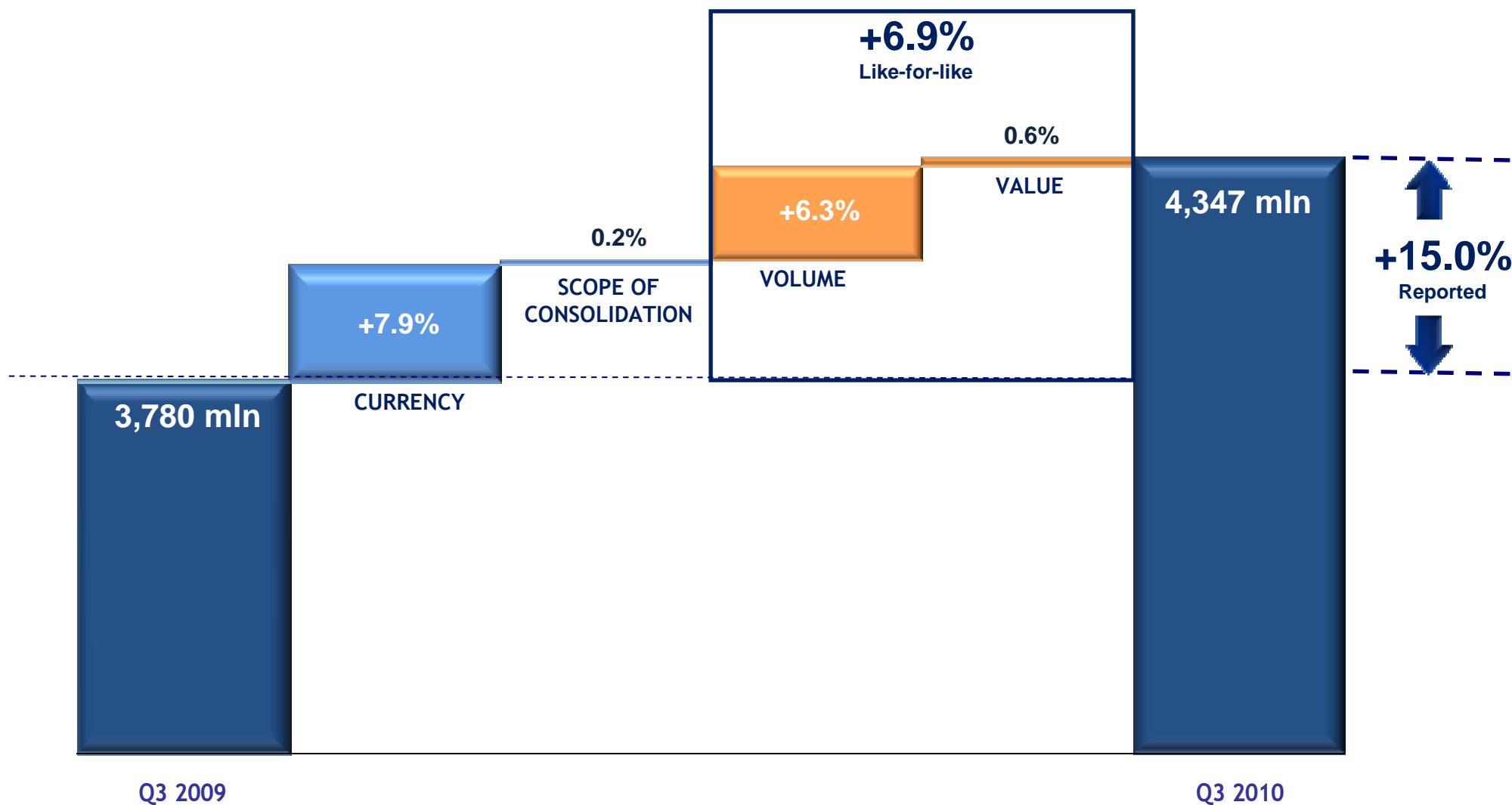
Like-for-like sales growth analysis by quarter





Sales growth analysis - Q3 10

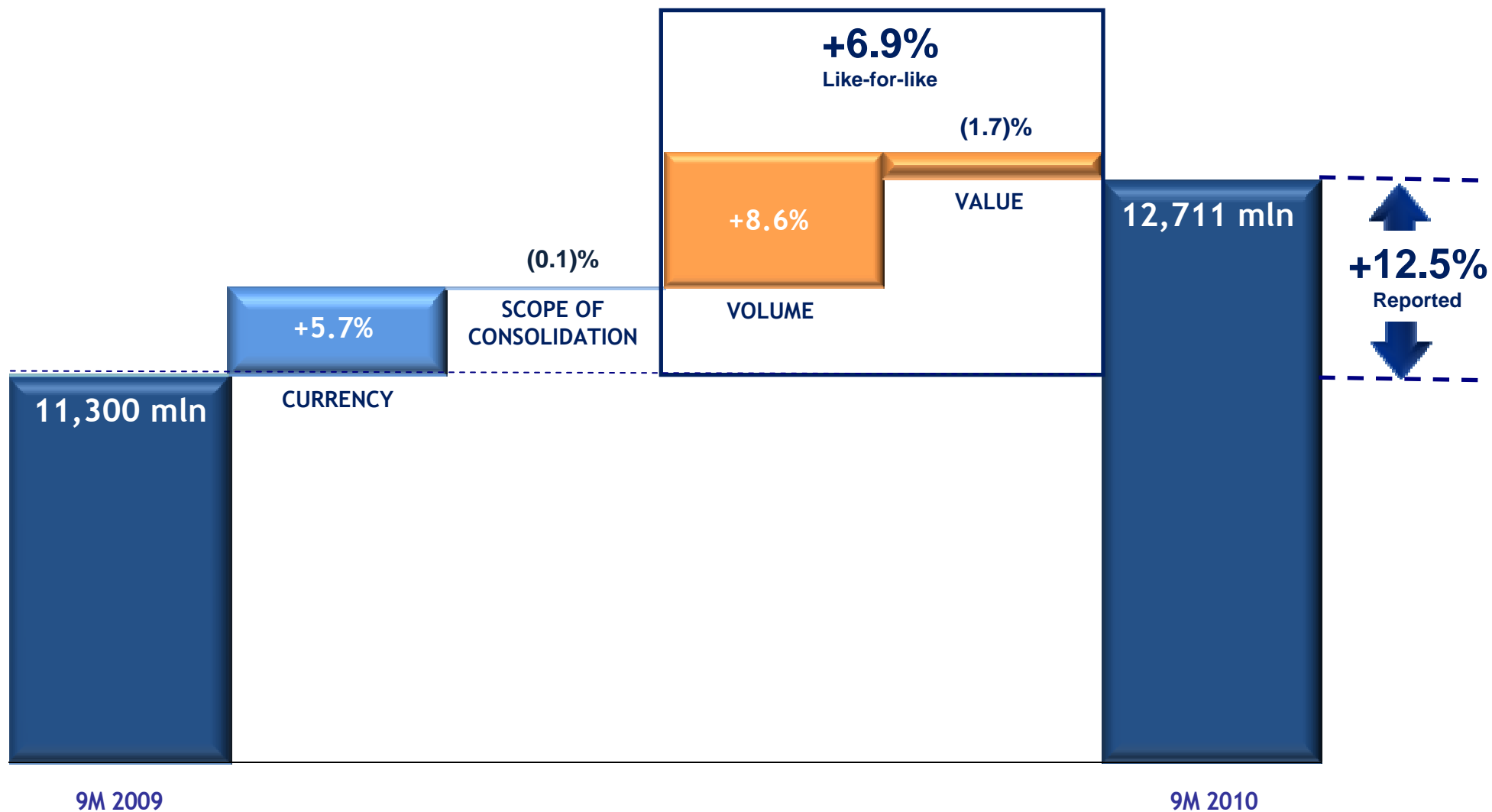
15% reported sales Growth aided by high Forex impact





Sales growth analysis - 9M 2010

Quarter in line with 9M at ca. 7% growth

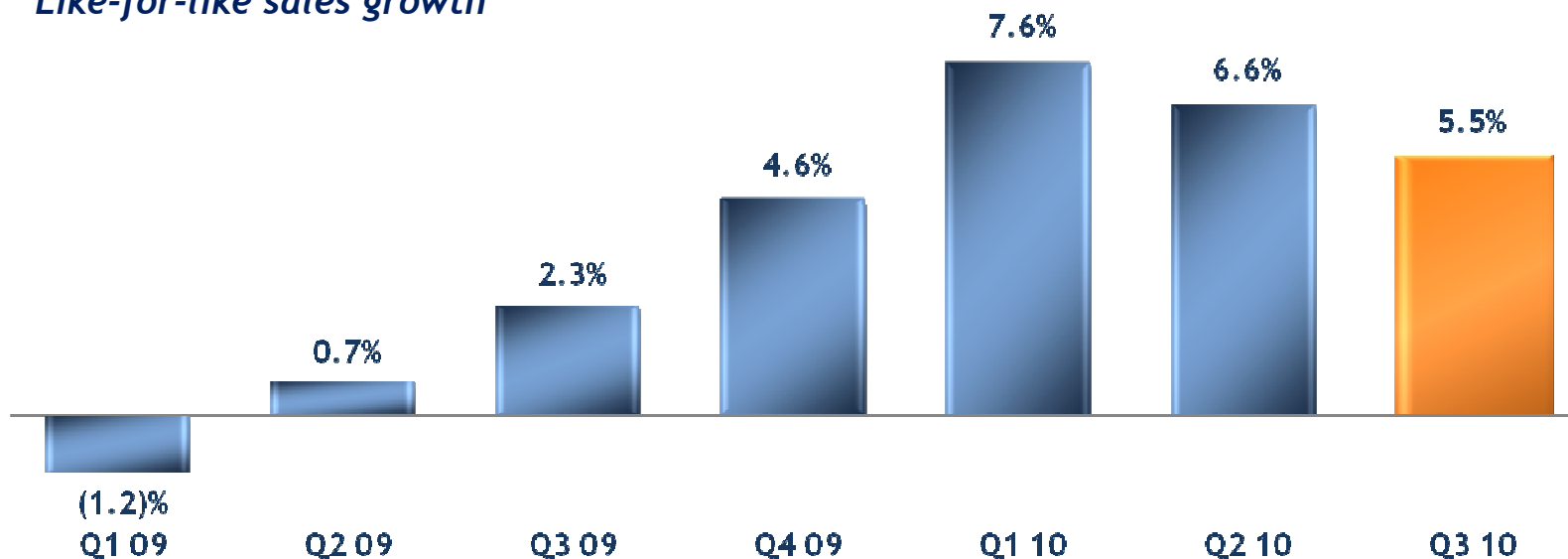


Sales performance by division



FRESH DAIRY - Reset Strategy a Success

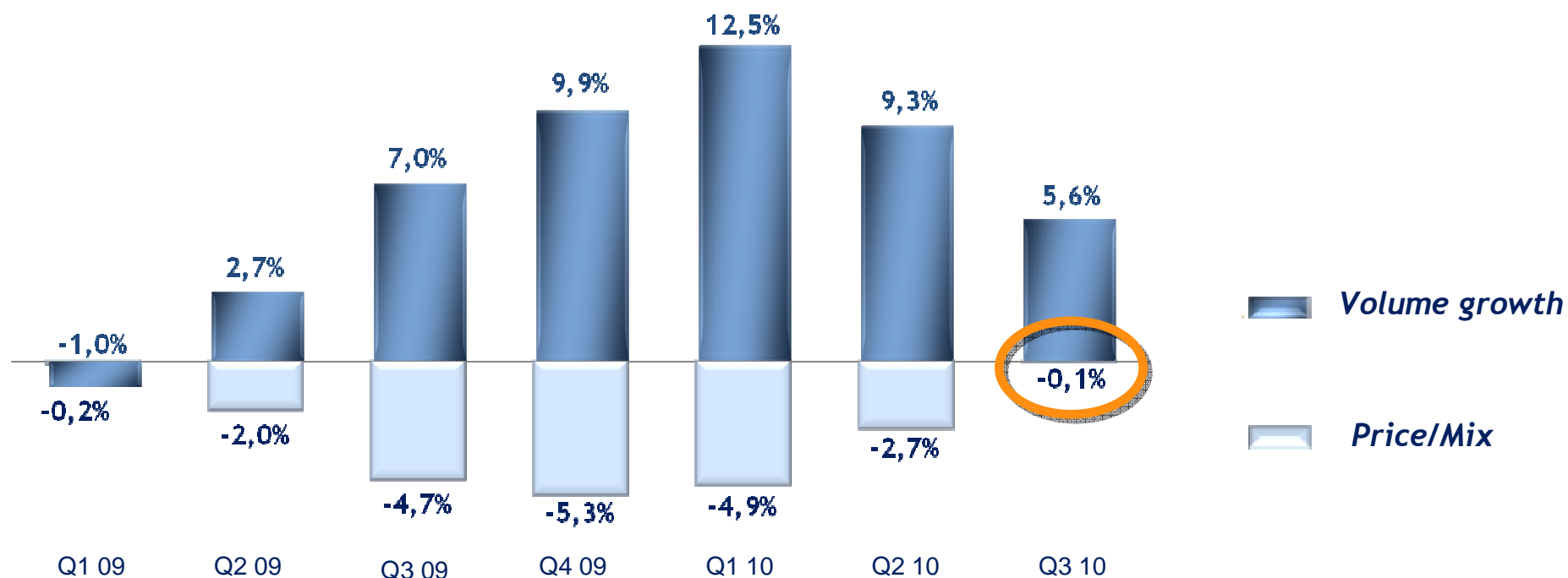
Like-for-like sales growth



- One year after reset, solid volume-driven sales growth despite tougher comps
- Growth primarily driven by our key emerging geographies: US, Brazil, Russia, Saudi Arabia, Mexico
- Continued challenging economic conditions in Southern Europe
- Activia remains the main contributor to growth, representing ca.50% growth

FRESH DAIRY - Price/Mix effect back to neutral

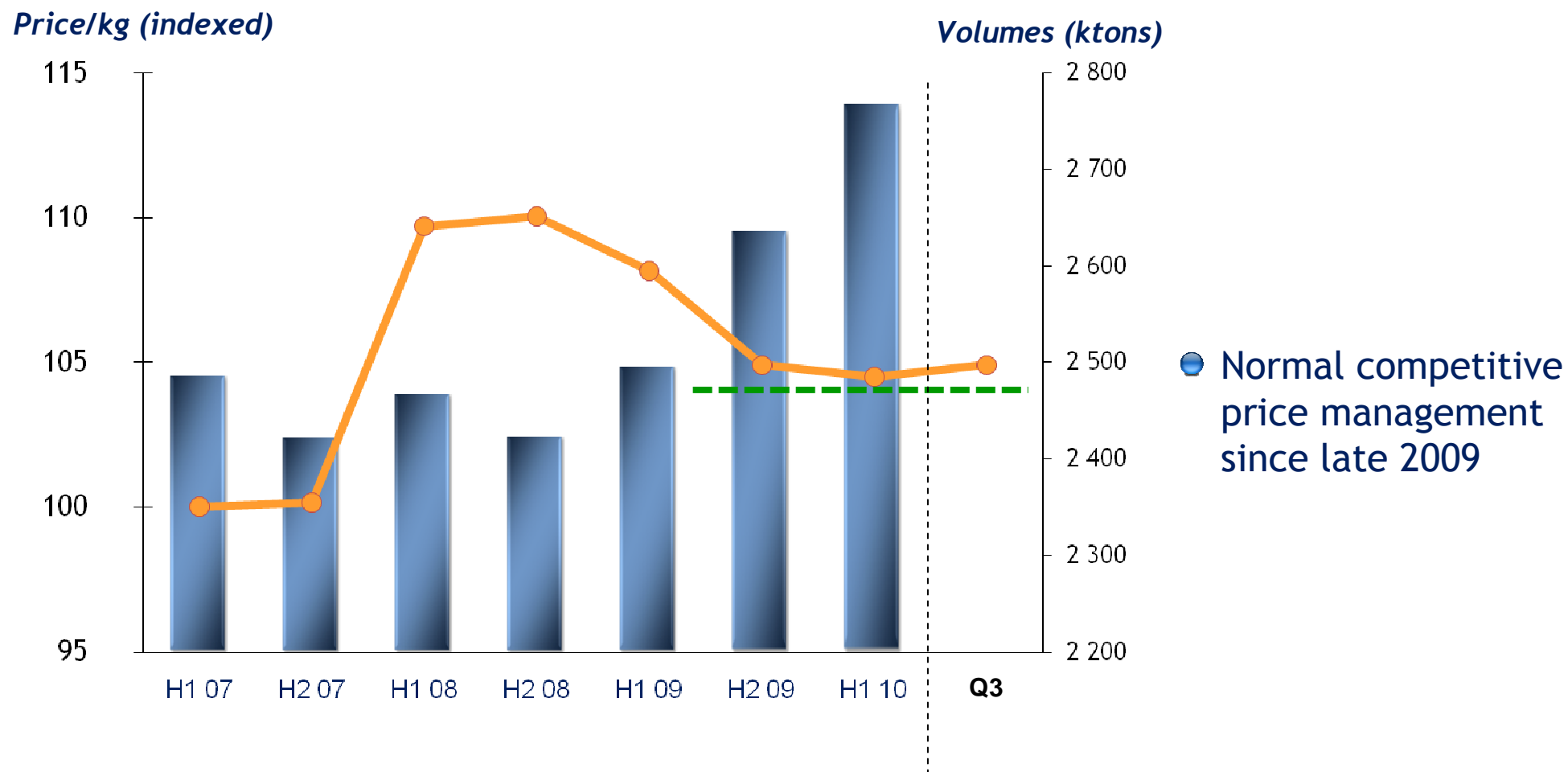
Volume and Price/Mix growth by quarter



- Negative price impact from reset has disappeared
- H2 will show positive value impact



FRESH DAIRY - Pricing stabilized

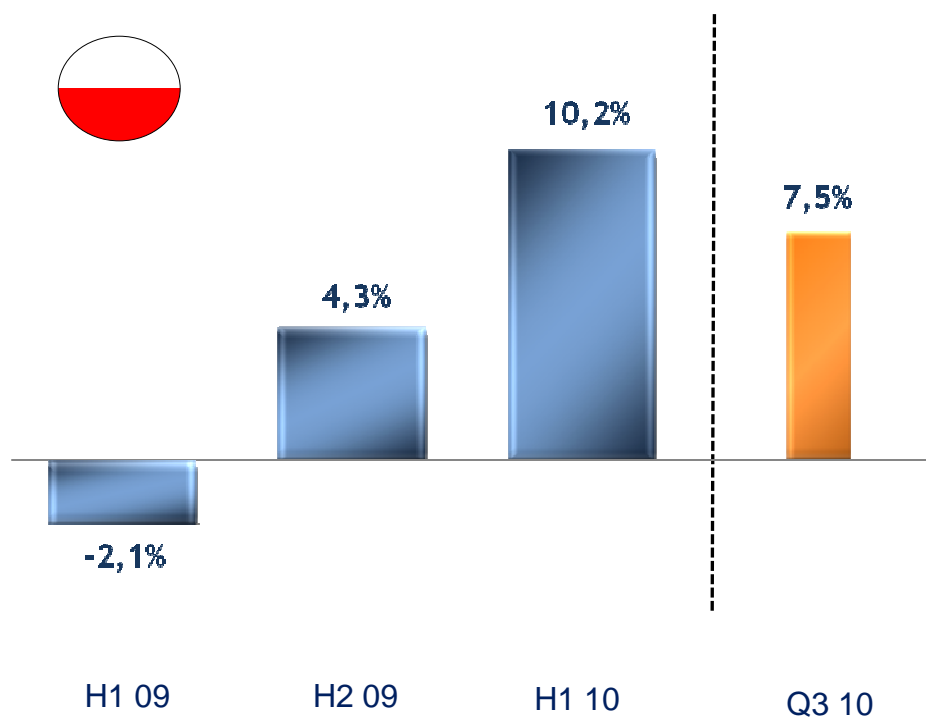




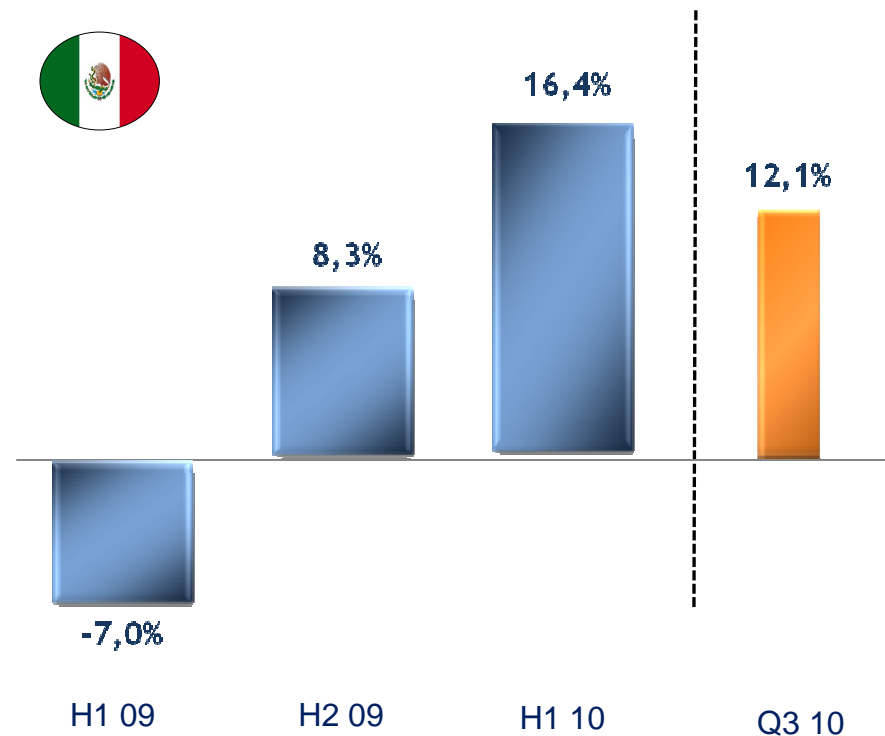
FRESH DAIRY

Sustained growth 12 months after reset : 2 examples

Poland - Sales growth



Mexico - Sales growth





FRESH DAIRY- Developing the Category

Selected innovations

Extending consumption methods & occasions on Activia



Activia Pouring
(UK)

Activia dessert
(US)



Innovating the core business

Whey drink (Russia)



Fantasia
(France)



Exploring the healthy world of fruit

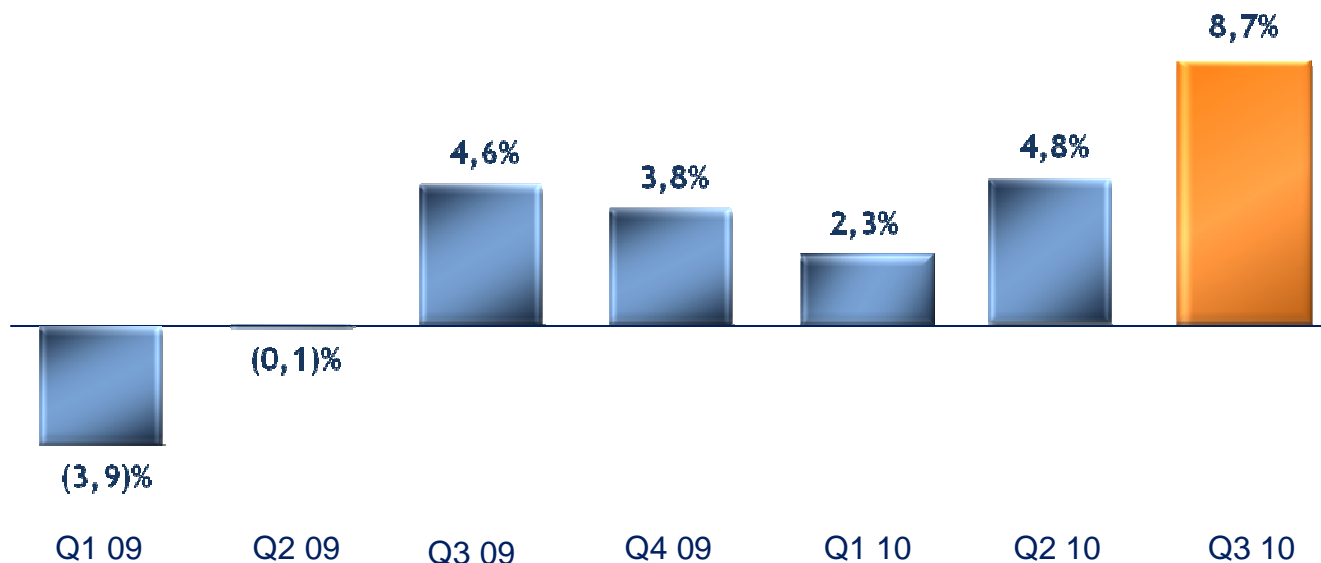


C-Optima
(Belgium & Germany)



WATERS - Best sales growth performance since Q4 07

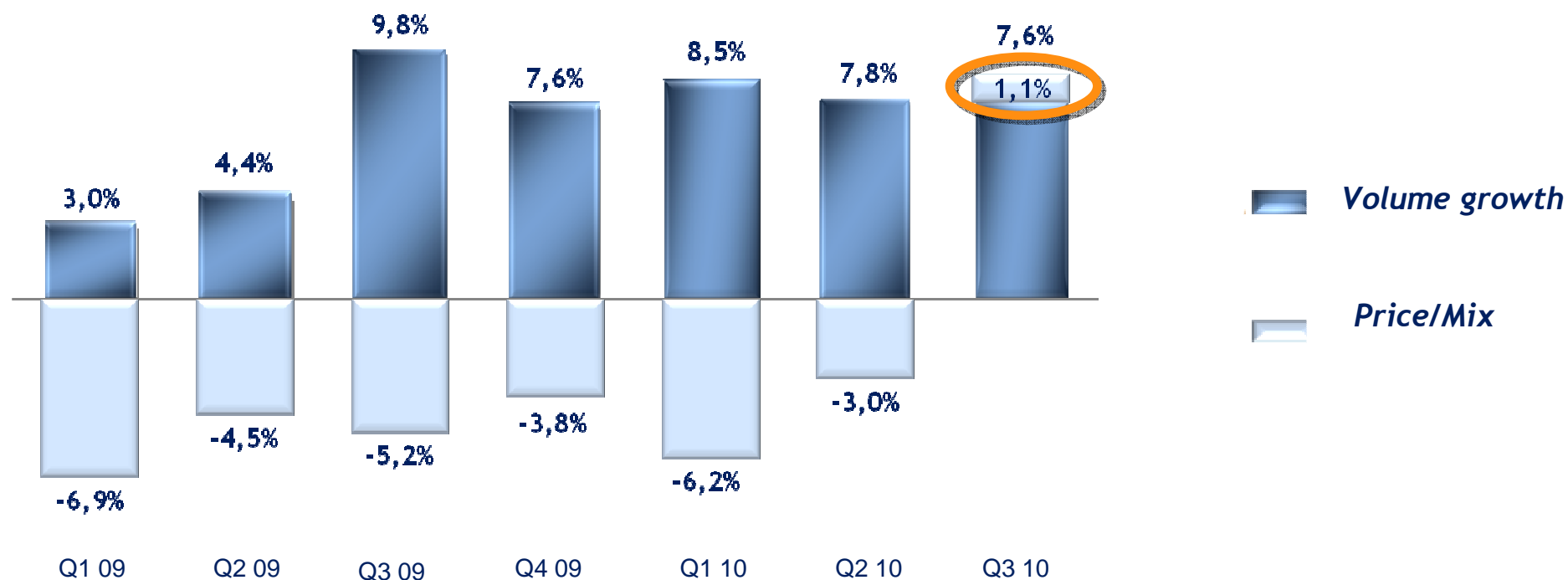
Like-for-like sales growth



- Best sales growth since Q4 2007
- Continued, broad-based, mid-teens growth in developing countries
- One-time effect of hot summer in Japan and Europe, leading to temporary positive value growth.

WATERS - Temporary positive value growth

Volume and Price/Mix growth by quarter



WATERS - Sustainability with concrete initiatives



25%

of R PET

Total bottle
weight reduction

-13%

20%

from vegetal
origin

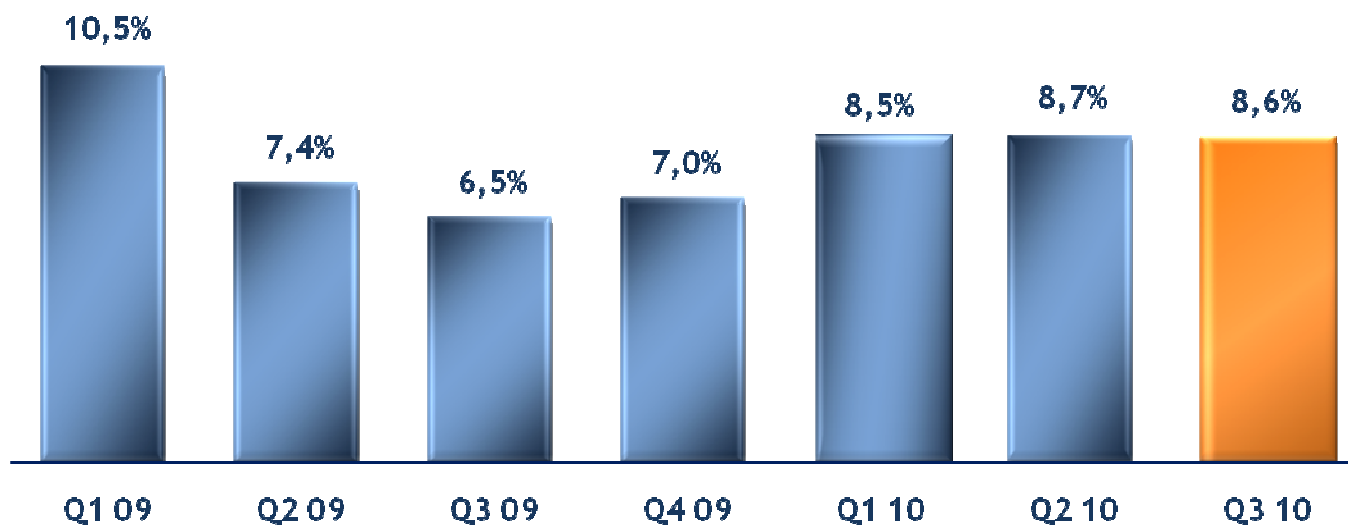
100%

recyclable



BABY NUTRITION - Continued strong performance

Like-for-like sales growth



- Resilient high single-digit performance driven by volumes
- All regions growing, with China, Indonesia and the UK still the main drivers
- Continued double-digit growth of Milks, while weaning food category slightly declines

BABY NUTRITION - Selected innovations

Continued roll-out of 'Complete Care' concept (Australia & New Zealand)



Continued renovation of weaning food range (France)



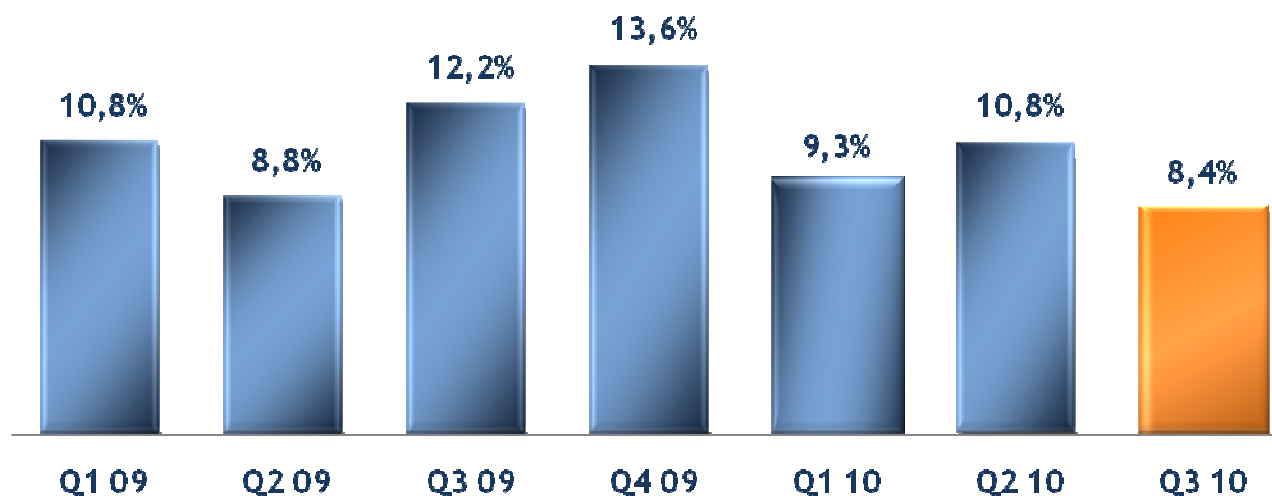
Dairy range:
8 new skus



Meals:
4 new skus

MEDICAL NUTRITION - Ongoing strong performance

Like-for-like sales growth



- Solid high-single digit sales growth against high H2 2009 comps
- Performance continues to be broad-based across regions and across product groups
- Pediatrics and the gastro intestinal allergy product range continue to outgrow the divisional average

MEDICAL NUTRITION - Selected innovations



Nutri Drink Smoothie

Real fruit smoothie for better taste and compliance in children with faltering growth (UK, Netherlands)

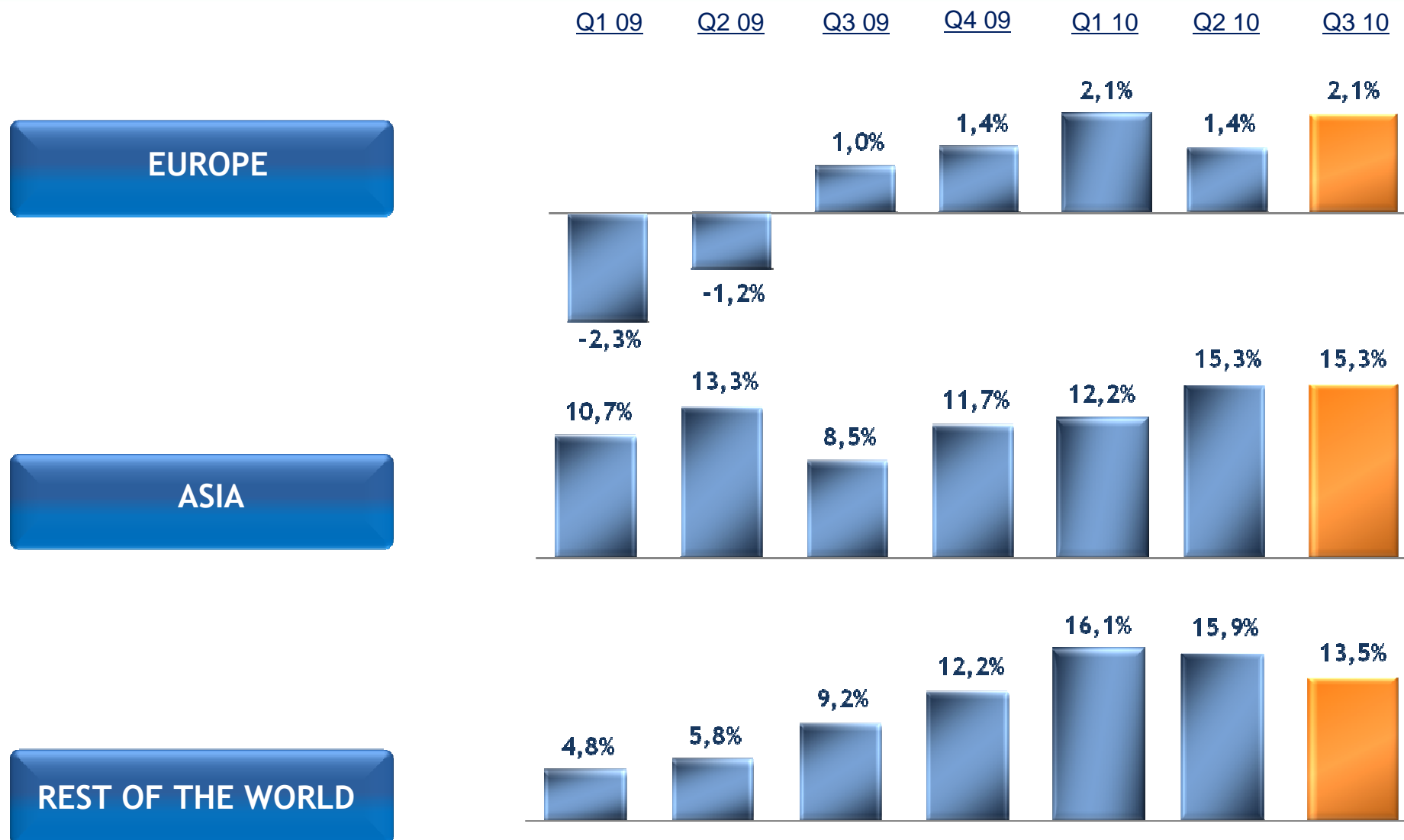


Pro-Stat (acquisition)

Protein supplement shot for prevention and healing of pressure ulcers, for patients in hospitals and long-term care environments (USA)



Positive growth in Europe despite economic conditions Asia and Rest of the World growing in the mid-teens





Other significant events

- Joint-Venture Danone-Unimilk
 - Antitrust approval : 4 out of 5 notifications received
 - → Closing expected before the end of the year
- Disposal of non-strategic assets
 - Huiyuan : Proceeds from sales already received = around € 200 mln
 - Wimm Bill Dann : Proceeds expected before year-end = USD 470 mln



One-time share buy-back

- Upon receipt of Huiyuan and Wimm Bill Dann proceeds (around € 500 mln),
- Share buy-back for an equivalent amount

OUTLOOK



Outlook 2010

Full-year Guidance unchanged

	Objectives 2010
Sales growth ¹	At least +6%
EBIT margin ¹	Stable margin
Free cash flow	At least +10%

¹ Based on constant scope of consolidation and constant exchange rates

H2 2010 margin to turn positive

H1 2010		H2 2010
Pricing - 2,4		Comps → positive
Input cost - 1,0		Higher headwinds
Country mix - 0,2		Similar trend
Productivity + 1,3		Similar trend
A&P + 0,6		In line with 2009
Leverage + 1,0		Positive
TOTAL -0,7		POSITIVE



Q3 Results - Conclusion

- ca. 7% sales growth maintained in 3rd quarter
- Price/Mix stabilization
- FY targets confirmed

APPENDIX



Impact of currencies and scope - Q3 2010

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
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Reported sales growth	+13.7%	+17.6%	+16.5%	+15.0%	+15.0%
Currency	+7.8%	+8.5%	+8.6%	+5.1%	+7.9%
Scope of consolidation	+0.4 %	+0.4%	(0.7)%	+1.5%	+0.2%

Like-for-like sales growth	+5.5%	+8.7%	+8.6%	+8.4%	+6.9%
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Impact of currencies and scope - 9M 2010

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
Reported sales growth	+12.3%	+10.7%	+14.1%	+14.3%	+12.5%
Currency	+5.5%	+6.3%	+6.3%	+4.2%	+5.7%
Scope of consolidation	+0.2%	(1.0)%	(0.8)%	+0.6%	(0.1)%
Like-for-like sales growth	+6.6%	+5.4%	+8.6%	+9.5%	+6.9%



Sales by business & geographical area - Q3 2010

€ mln	Q3 2009	Q3 2010	Like-for-like sales growth
Fresh Dairy Products	2,151	2,446	+5.5%
Waters	670	786	+8.7%
Baby Nutrition	725	845	+8.6%
Medical Nutrition	234	270	+8.4%
Europe	2,258	2,366	+2.1%
Asia	474	636	+15.3%
Rest of World	1,048	1,345	+13.5%
GROUP	3,780	4,347	+6.9%



Sales by business & geographical area - 9M 2010

€ mln	9M 2009	9M 2010	Like-for-like sales growth
Fresh Dairy Products	6,413	7,201	+6.6%
Waters	2,019	2,234	+5.4%
Baby Nutrition	2,189	2,499	+8.6%
Medical Nutrition	679	777	+9.5%
Europe	6,775	7,061	+1.8%
Asia	1,424	1,798	+14.3%
Rest of World	3,101	3,852	+15.1%
GROUP	11,300	12,711	+6.9%



Like-for-like sales growth - Q3 2010

Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	+5.6%	(0.1)%	+5.5%
Waters	+7.6%	+1.1%	+8.7%
Baby Nutrition	+6.7%	+1.9%	+8.6%
Medical Nutrition	+7.8%	+0.6%	+8.4%
Europe	+2.9%	(1.2)%	+2.1%
Asia	+12.3%	+3.0%	+15.3%
Rest of World	+9.2%	+4.3%	+13.5%
GROUP	+6.3%	+0.6%	+6.9%



Like-for-like sales growth - 9M 2010

Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	+9.1%	(2.5)%	+6.6%
Waters	+7.9%	(2.5)%	+5.4%
Baby Nutrition	+8.0%	+0.6%	+8.6%
Medical Nutrition	+8.8%	+0.7%	+9.5%
Europe	+4.8%	(3.0)%	+1.8%
Asia	+13.6%	+0.7%	+14.3%
Rest of World	+12.7%	+2.4%	+15.1%
GROUP	+8.6%	(1.7)%	+6.9%



Changes in exchange rates 38% of sales denominated in €

	% total 9M 10 sales	9M 10 vs 9M 09 (avg)	Q3 10 vs Q3 09 (avg)
US Dollar	9%	+4%	+9%
Mexican Peso	6%	+12%	+14%
British Pound	5%	+4%	+5%
Argentinean Peso	4%	(1)%	+6%
Chinese yuan	5%	+4%	+11%
Russian Ruble	4%	+11%	+12%
Indonesian rupee	5%	+21%	+21%
Polish Zloty	4%	+9%	+4%
Brazilian Real	4%	+21%	+16%
Canadian Dollar	2%	+17%	+14%
Turkish Lira	2%	+7%	+9%