



Sales Q3 2011

October 18th, 2011





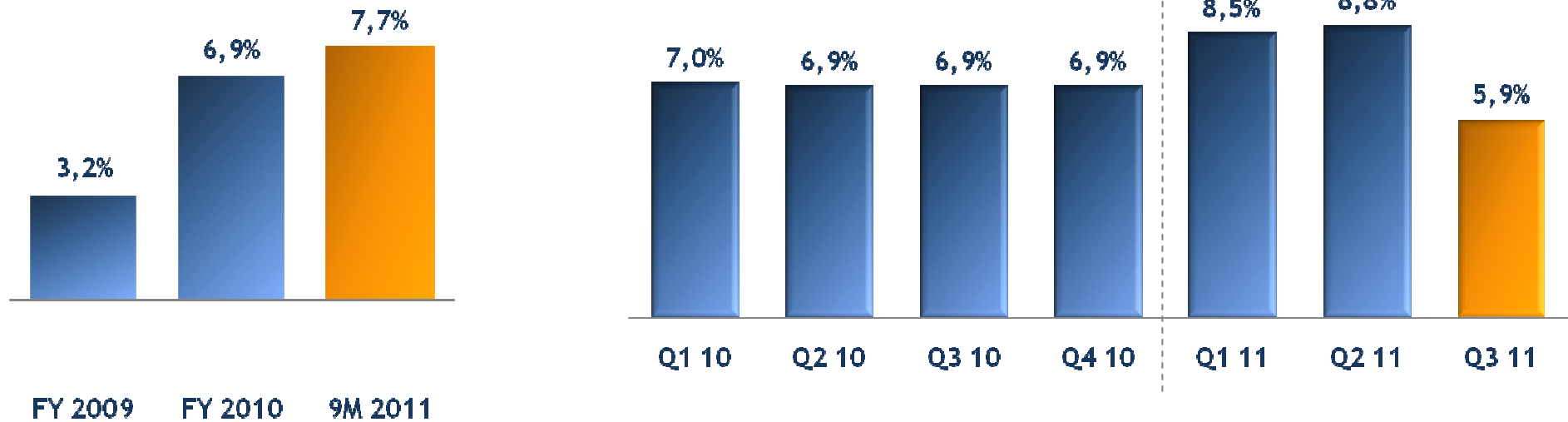
Disclaimer

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.



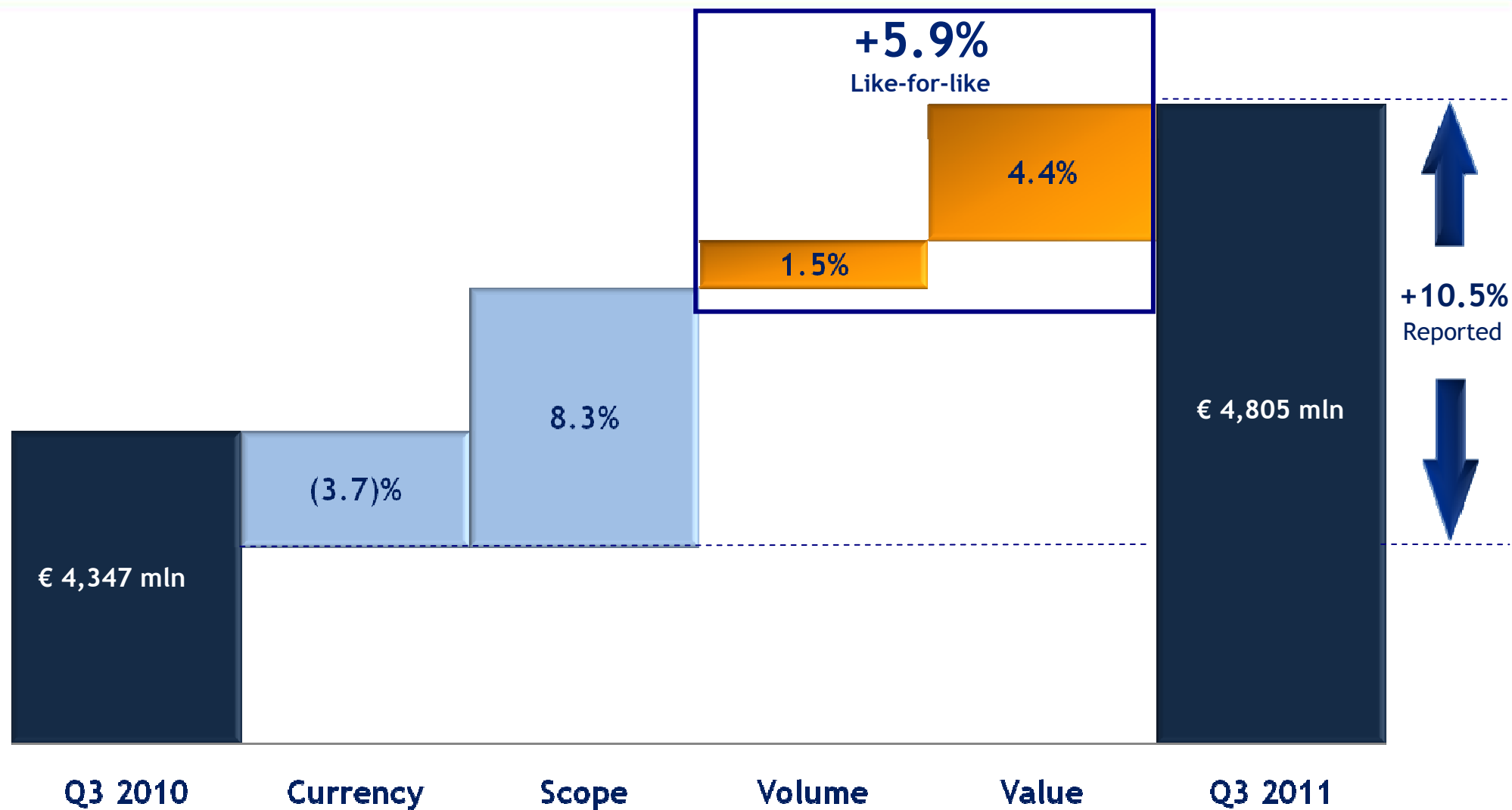
Total Group : Q3 sales growth of 5.9% like-for-like

Like-for-like sales growth

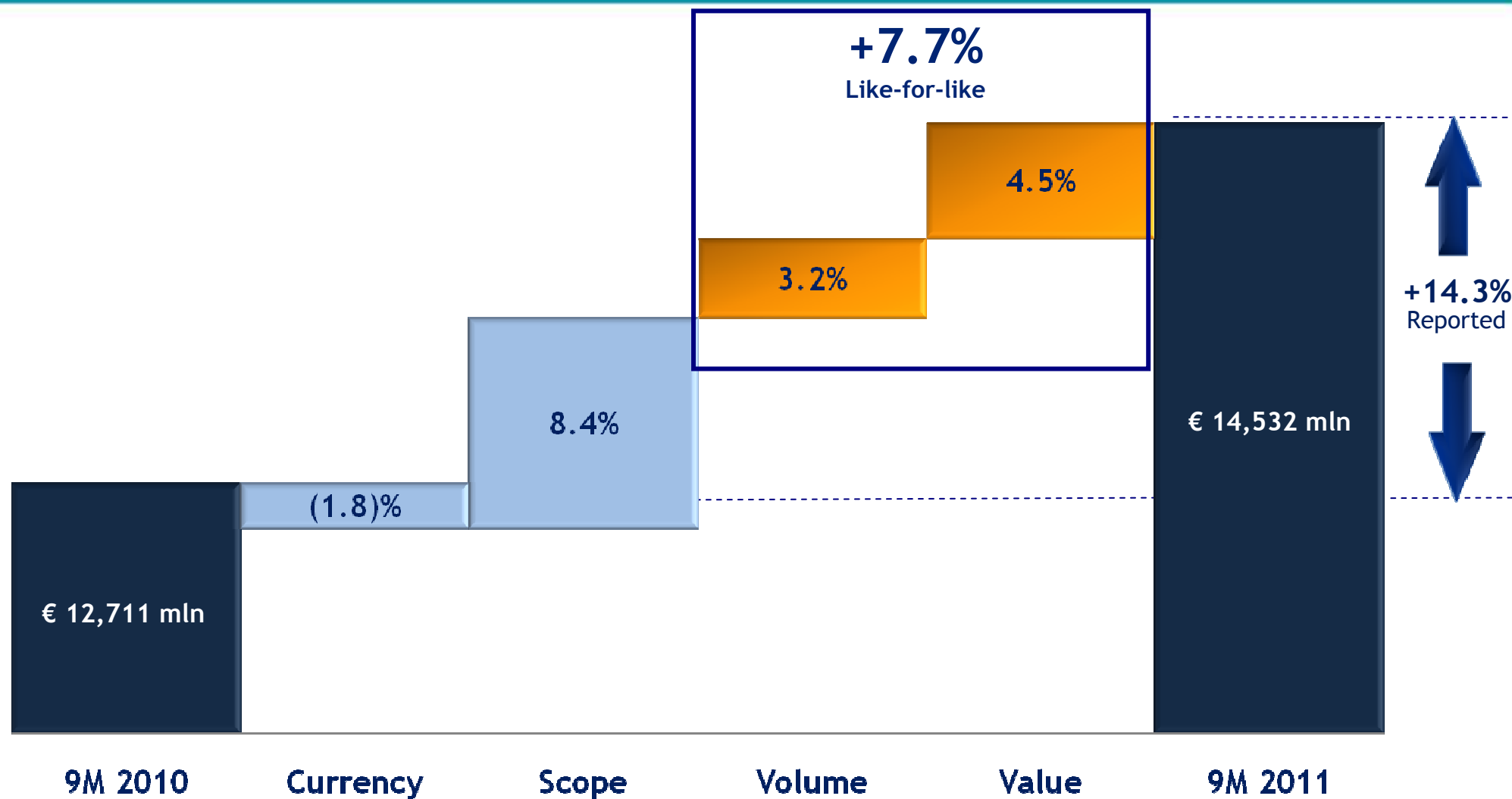


- Continued strong underlying dynamics in all categories
- Unfavorable weather in Western Europe
- Russia & US dairy markets in transitional phase

Sales growth analysis - Q3 11



Sales growth analysis - 9M 2011



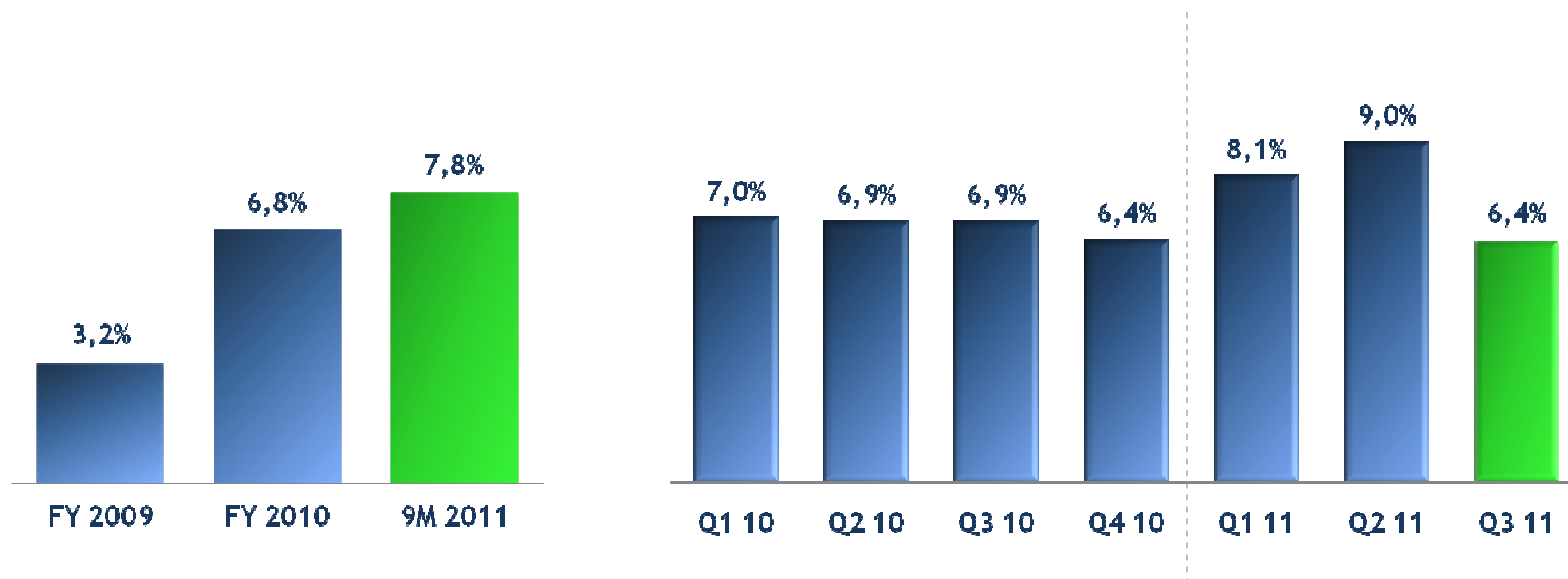


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Stand-alone topline growth: solid performance

Danone stand-alone before Unimilk

Like-for-like sales growth





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Sales performance by division

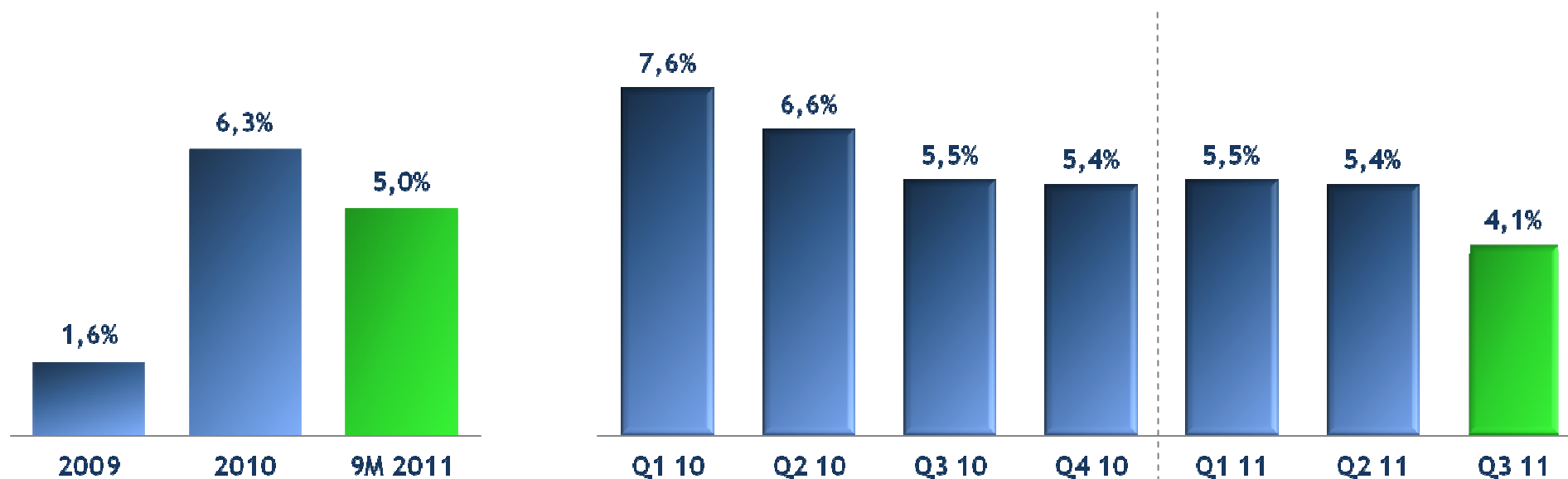


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FRESH DAIRY stand-alone

Danone stand-alone before Unimilk

Like-for like sales growth



- Latam and AME growing double digit, Europe remains stable
- Soft performance in US & Russia
- Activia & Indulgence the main contributors

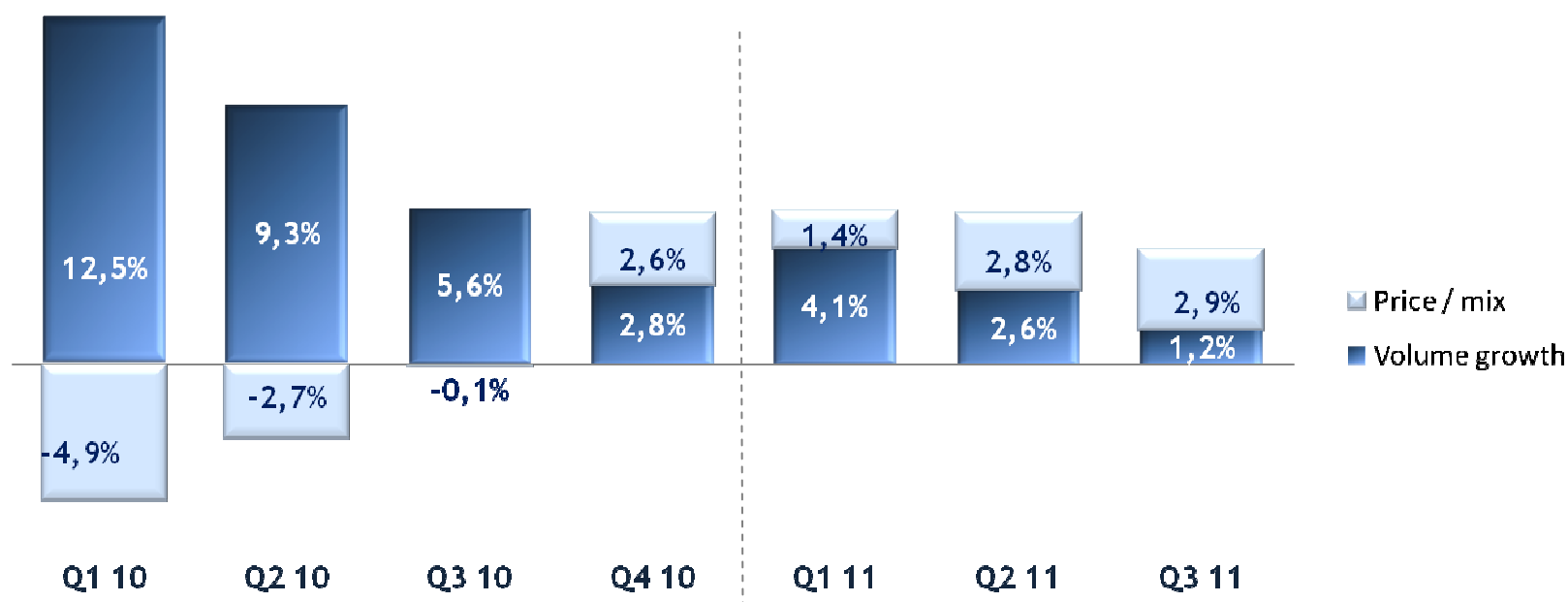


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FRESH DAIRY stand-alone - Healthy price-mix growth

Danone stand-alone before Unimilk

Volume and Price/mix growth



- Full effect of Q1 & Q2 price increases
- Healthy volume growth in most markets, weighted down by US and Russia



FRESH DAIRY- Selected innovations



Tëma Yogurts (Russia)



Activia Pur (Germany)



Activia Frozen Yogurt (USA)

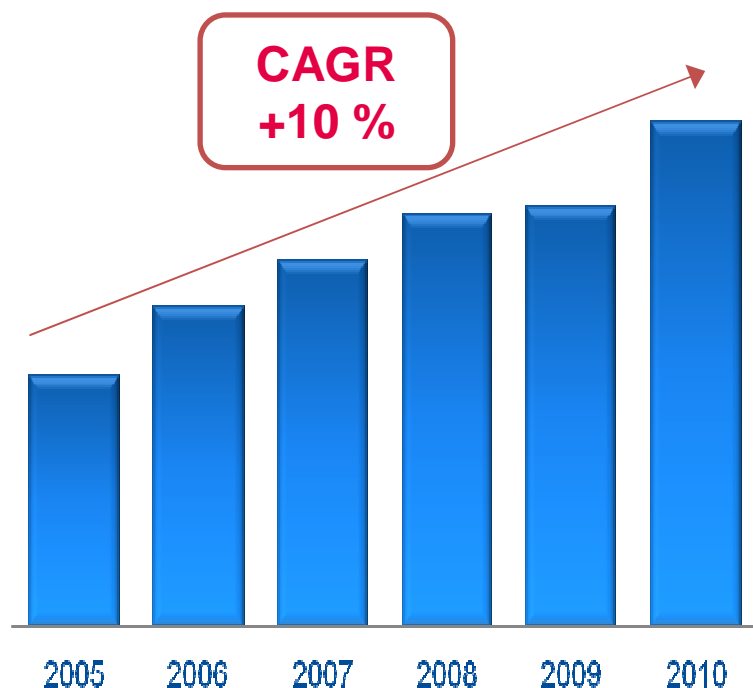




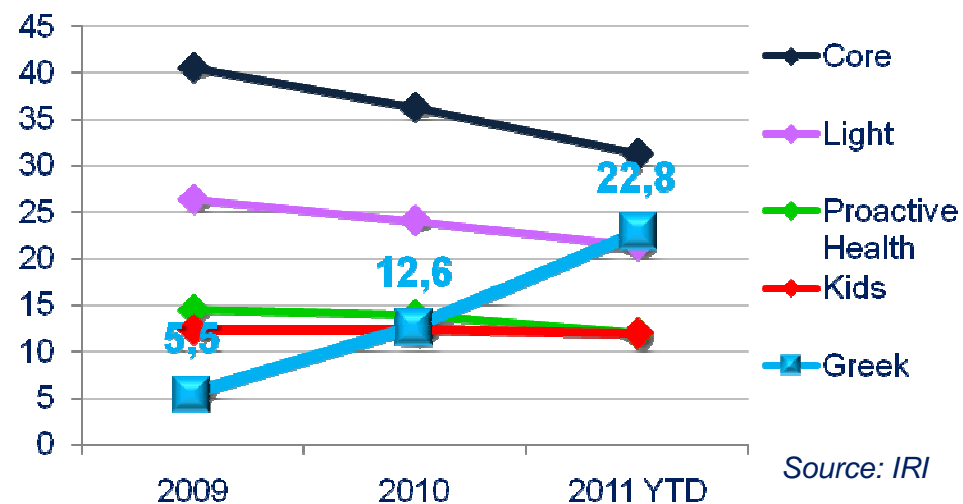
FRESH DAIRY US : adjusting the model

Sales - Danone Fresh Dairy Products*

*Includes Danone US [Ex-Frusion & LaCreme] & Stonyfield



Market Share by Segment



Danone Oikos preferred to competitor





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FRESH DAIRY - Continuous outstanding growth in Latam



Source : Nielsen - Latest data available

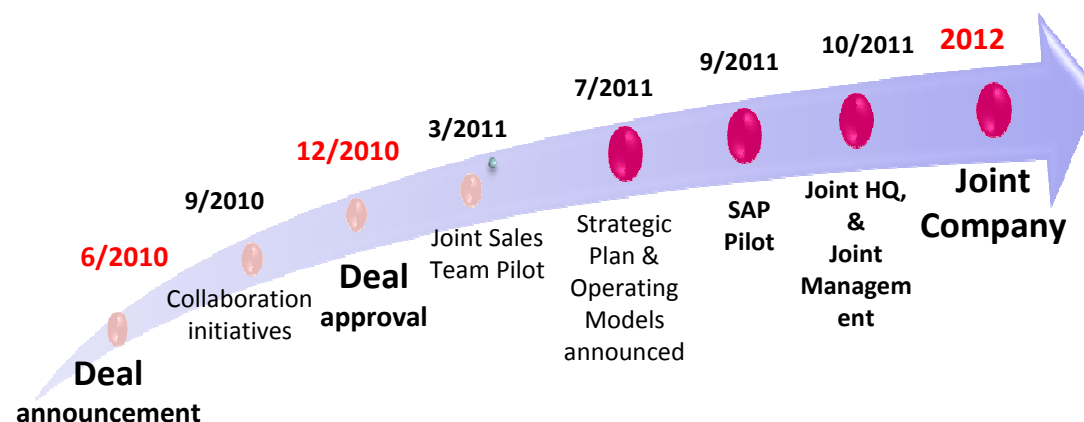


Unimilk - Integration proceeding as planned

2011 priorities

- ✓ Segment the portfolio
- ✓ Drive efficiency to invest behind brands
- ✓ Integration

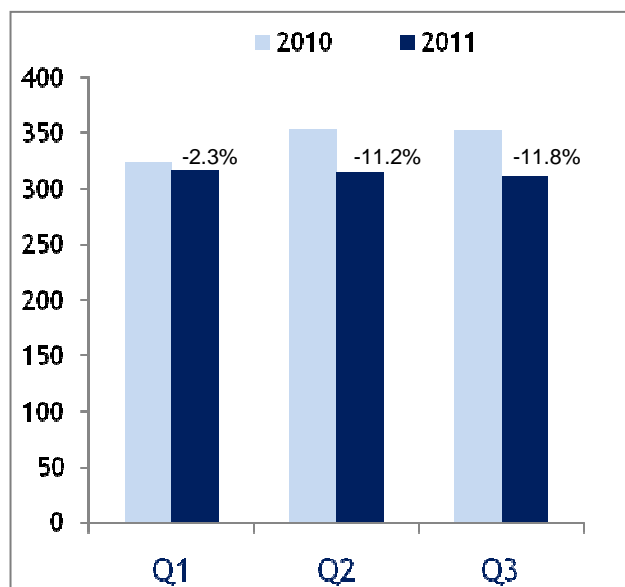
Integration milestones



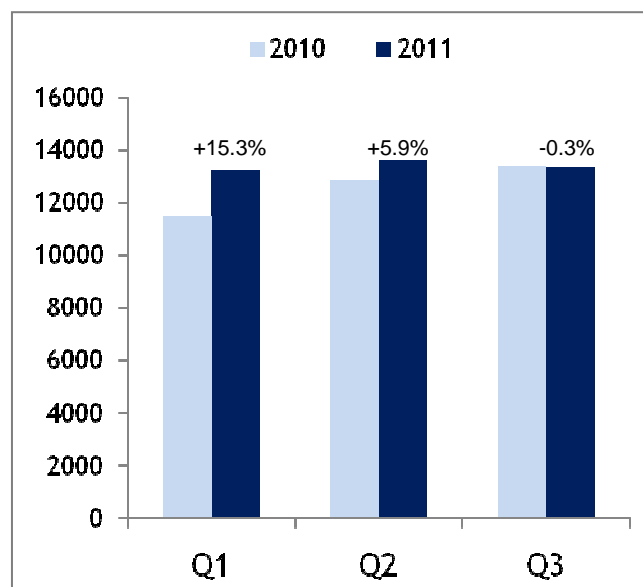
- Integration plans on-track : One merged Danone-Unimilk company on 1 January 2012
- Unimilk performing as expected, with focus on profitability improvement



Quarterly volume (ktons)



Quarterly sales (kRUB)



Brand portfolio dynamics

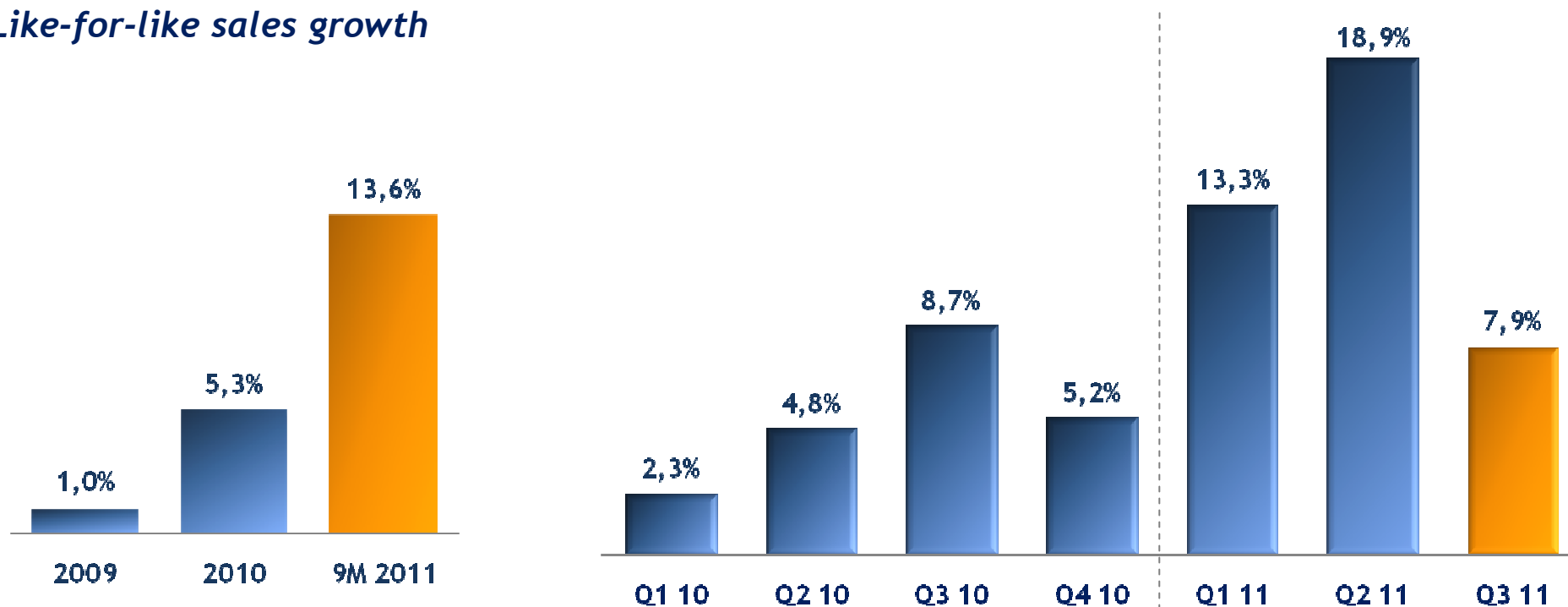
Q3 2011		Sales %Growth
	Modern Dairy	+7%
	Baby & Kids	+7%
	Traditional Dairy	-15%

- Volume stable quarter by quarter
- Q3 sales stable vs. LY as expected



WATERS - Solid high single digit performance despite unfavorable weather in Western Europe

Like-for-like sales growth

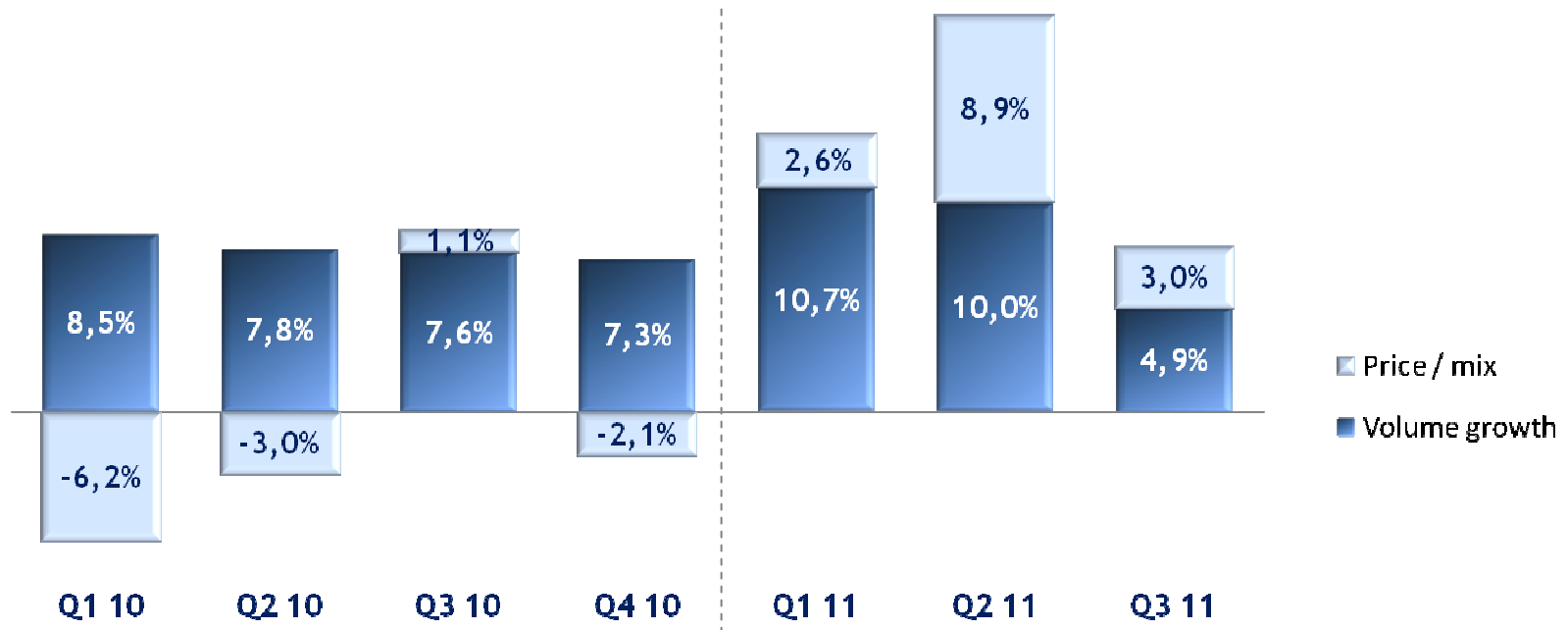


- Latam and Asia continue steady double digit growth
- H1 one-off factors not repeated in Q3. Japan back to normal
- Unfavorable Jul/Aug weather driving negative volume growth in Western Europe



WATERS - Balanced growth

Volume and Price/mix growth

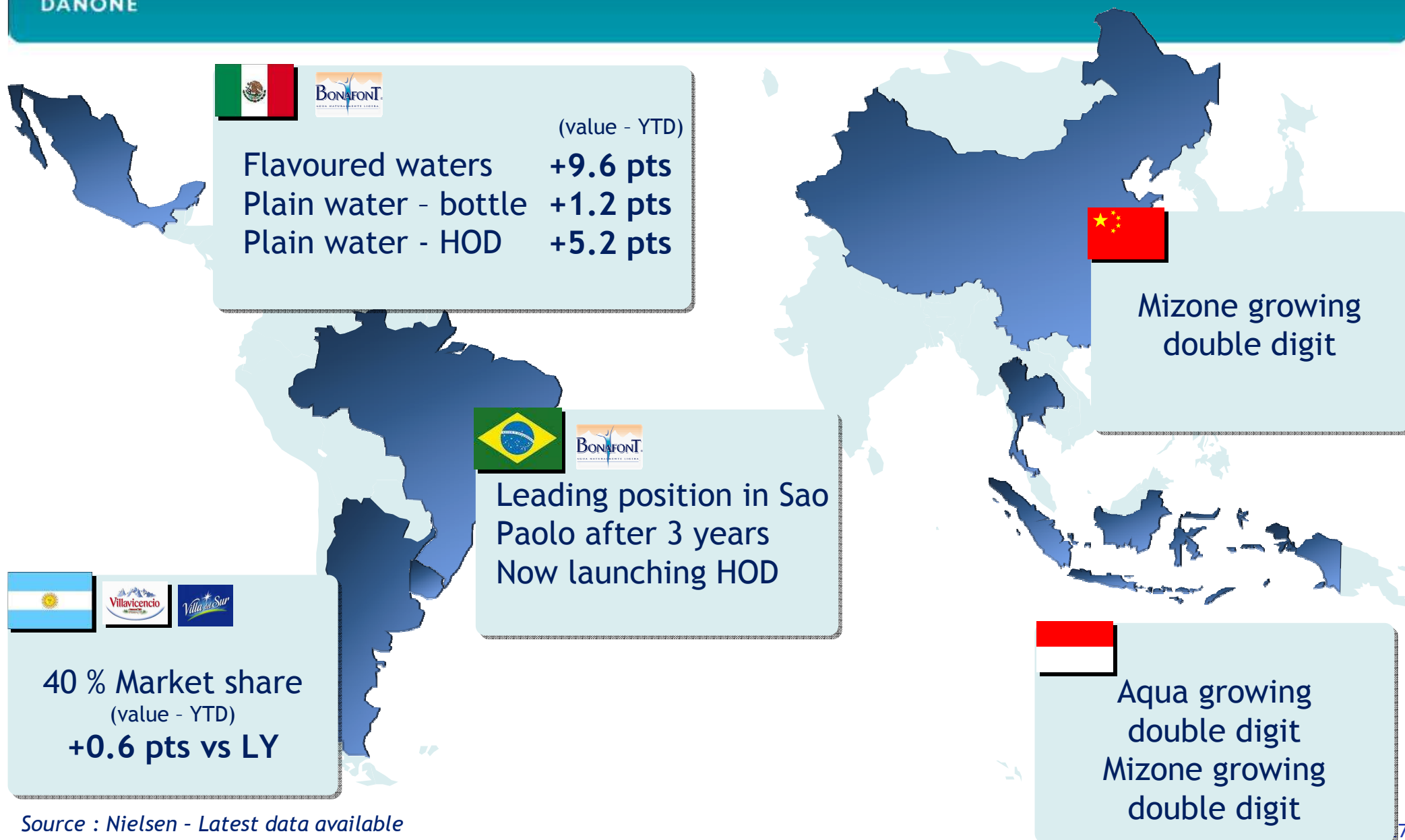


- Aquadrinks delivering continued positive product mix
- Poor weather in Western Europe driving unfavorable country mix



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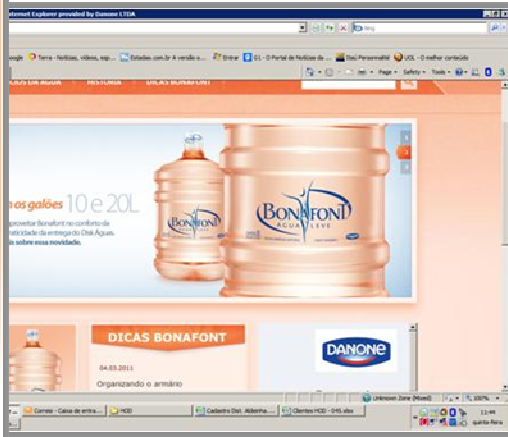
WATERS - Continuous outstanding growth in Latam & Asia



Source : Nielsen - Latest data available

WATERS - Selected innovations

Bonafont HOD (Brazil)



Bonafont Kids (Mexico)



Ser Citrus Pasion (Argentina)



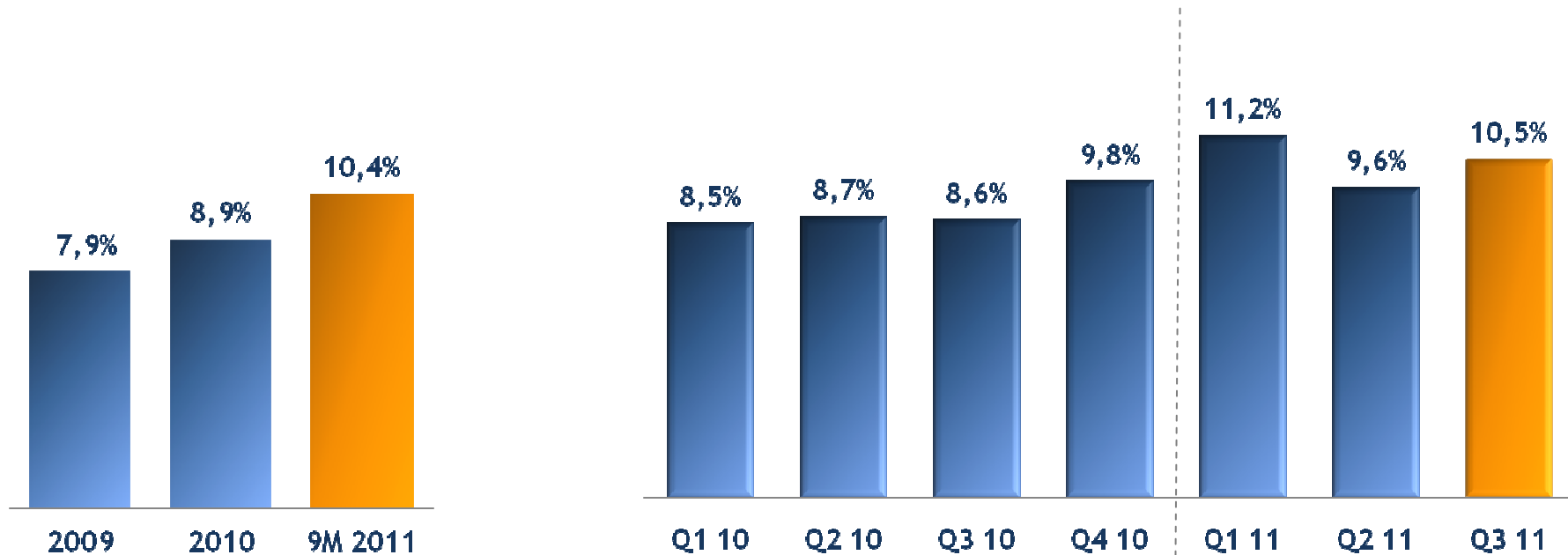
Hydrastation summer campaign (France)





BABY NUTRITION - Continued strong performance

Like-for-like sales growth



- Continued volume-driven growth in all regions
 - led by Asia, Middle East, Russia, Turkey and UK
- Strong performance of Cereals



BABY NUTRITION - Continuous outstanding growth in Asia

Agreement for
the acquisition
of Wockhardt
Nutrition



14 % Market share
(value - MAT July2011)
+0.6 pts vs LY



30 % Market share
(value - MAT)
+1.6 pts vs LY



38% Market share
(value - MAT)
+3.3 pts vs LY

Super
premium

Dumex Gold

Premium

Bebelac

Dumex Standard

Standard

Nutrilon

Bebelac

*SGM
Gizikita*

Standard



BABY NUTRITION - Selected innovations

Launch of Karicare in Hong Kong



New cereals in Russia



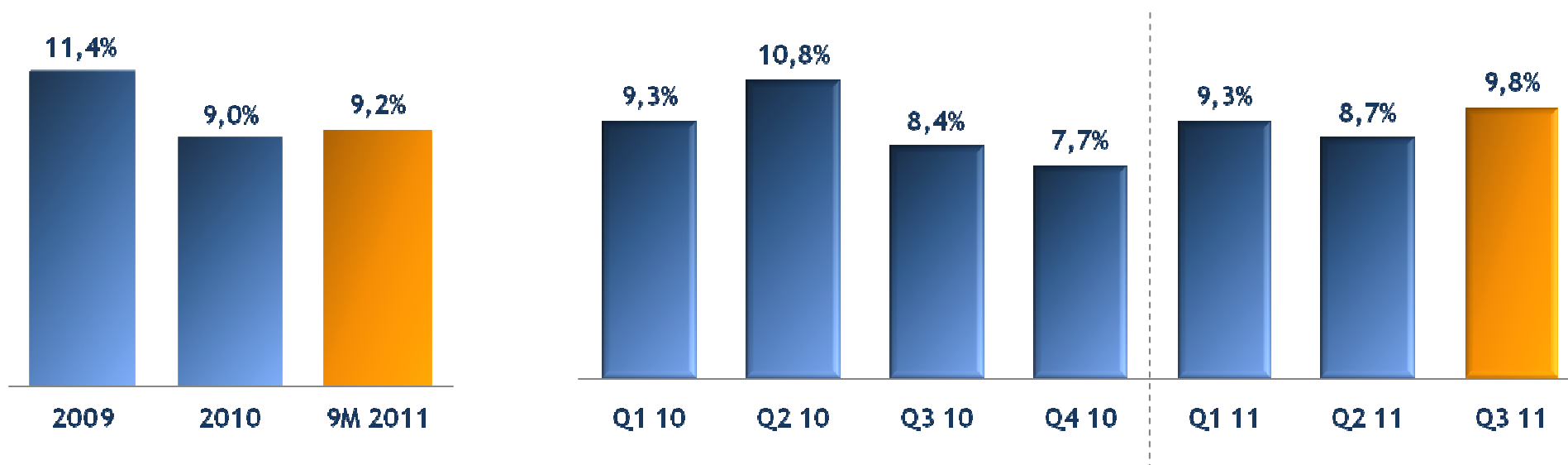
RTF (nutritionally complete formula for preterm and low birth weight) in UK, Switzerland, Germany and Italy





MEDICAL NUTRITION - Continued solid growth

Like-for-like sales growth



- Sustained volume-driven growth fueled by all geographies
- All categories growing, pediatrics being particularly strong

MEDICAL NUTRITION - Selected innovations

Fortimel Max (France)



Milupa PKU 2 Fruta (France)

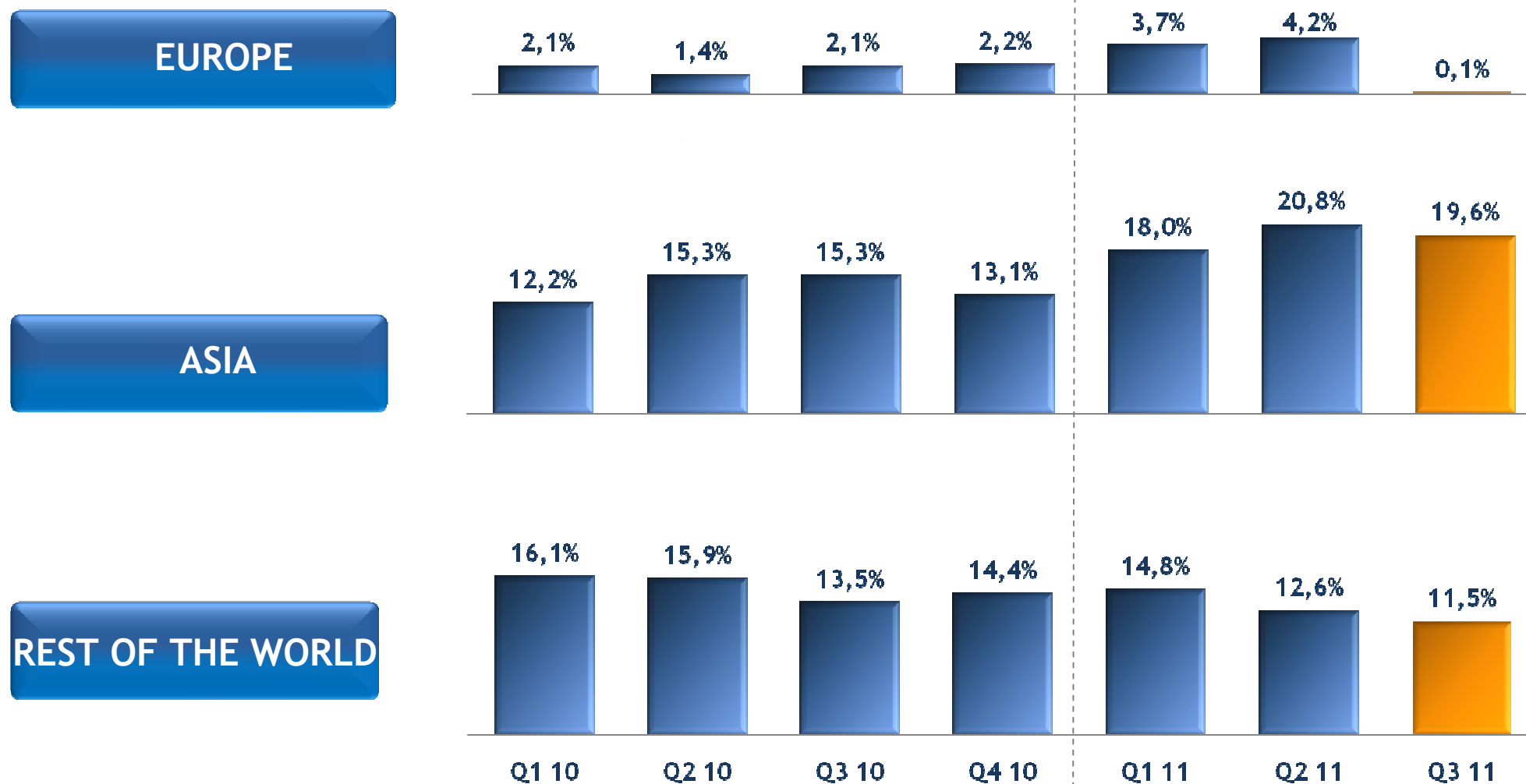


Neocate Junior with Prebiotics (US)



Broad-based geographic growth

Like-for-like sales growth by region



OUTLOOK



Outlook 2011

Objectives 2011

Sales growth ⁽¹⁾

6-8%

Free Cash Flow ⁽²⁾

Towards € 2 bn in 2012

**Trading Operating
Margin**

around +20 bps ⁽¹⁾

(1) Like-for-like : Based on constant scope of consolidation (including 12 months Unimilk) and constant exchange rates)

(2) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees

APPENDIX



Impact of currency and scope - Q3 11

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
Reported sales growth	+13.8%	+3.7%	+7.2%	+10.7%	+10.5%
Currency	(4.0)%	(3.6)%	(3.2)%	(2.4)%	(3.7)%
Scope of consolidation	+14.3%	(0.6)%	(0.1)%	+3.3%	+8.3%
Like-for-like sales growth	+3.5%	+7.9%	+10.5%	+9.8%	+5.9%



Impact of currency and scope - 9M 2011

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
Reported sales growth	+17.4%	+11.1%	+9.0%	+12.0%	+14.3%
Currency	(2.0)%	(1.8)%	(1.5)%	(0.8)%	(1.8)%
Scope of consolidation	+14.2%	(0.7)%	+0.1%	+3.6%	+8.4%
Like-for-like sales growth	+5.2%	+13.6%	+10.4%	+9.2%	+7.7%



Q3 2011 sales by business & geographical area

€ mln	Q3 2010	Q3 2011	Like-for-like sales growth
Fresh Dairy Products	2,446	2,785	+3.5%
Waters	786	816	+7.9%
Baby Nutrition	845	906	+10.5%
Medical Nutrition	270	298	+9.8%
Europe	2,366	2,661	+0.1%
Asia	636	740	+19.6%
Rest of World	1,345	1,404	+11.5%
GROUP	4,347	4,805	+5.9%



Q3 2011 like-for-like sales growth Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	(1.5)%	+5.0%	+3.5%
Waters	+4.9%	+3.0%	+7.9%
Baby Nutrition	+5.5%	+5.0%	+10.5%
Medical Nutrition	+9.4%	+0.4%	+9.8%
Europe	(3.9)%	+4.0%	+0.1%
Asia	+13.9%	+5.7%	+19.6%
Rest of World	+4.5%	+7.0%	+11.5%
GROUP	+1.5%	+4.4%	+5.9%



9M 2011 sales by business & geographical area

€ mln	9M 2010	9M 2011	Like-for-like sales growth
Fresh Dairy Products	7,201	8,457	+5.2%
Waters	2,234	2,483	+13.6%
Baby Nutrition	2,499	2,723	+10.4%
Medical Nutrition	777	869	+9.2%
Europe	7,061	8,203	+2.6%
Asia	1,798	2,135	+19.5%
Rest of World	3,852	4,194	+12.9%
GROUP	12,711	14,532	+7.7%



9M 2011 like-for-like sales growth Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	+0.4%	+4.8%	+5.2%
Waters	+8.5%	+5.1%	+13.6%
Baby Nutrition	+5.5%	+4.9%	+10.4%
Medical Nutrition	+9.2%	+0.0%	+9.2%
Europe	(1.5)%	+4.1%	+2.6%
Asia	+14.8%	+4.7%	+19.5%
Rest of World	+6.5%	+6.4%	+12.9%
GROUP	+3.2%	+4.5%	+7.7%



Changes in exchange rates 45% of sales denominated in €

	9M 11 % total sales	9M 11 vs 9M 10 (avg)	Q3 11 vs Q3 10 (avg)
Russian Ruble	10%	(2)%	(4)%
US Dollar	8%	(6)%	(9)%
Mexican Peso	6%	(1)%	(5)%
Indonesian Rupee	5%	(2)%	(5)%
Chinese Yuan	5%	(2)%	(4)%
British Pound	5%	(2)%	(5)%
Argentinean Peso	4%	(11)%	(14)%
Brazilian Real	4%	+2%	(2)%
Polish Zloty	3%	+0%	(3)%
Canadian Dollar	2%	(1)%	(3)%
Turkish Lira	1%	(13)%	(20)%



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