



Aptamil



Bebelac

Follow-on  
milk



Neocate

LCP



ACTIVIA

AU BIFIDUS ACTIF ESSENTIS

Saveur

Golden Milk



evian

BONAFONT



AQUA

AIR MINUT



NUTRICIA  
Fortime

Protein

High energy,  
high protein

DANONE

danacol



DANONE  
Actimel  
L. CASEI DEFENS.



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# Results FY 2010

February 15<sup>th</sup>, 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](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.*



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# **2010 Highlights**

**Franck Riboud**



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# 2010 : an other year executing our mission

## FRESH DAIRY PRODUCTS

Developing a well being category worldwide



## WATERS

Hydratation and elimination



Bring health through food to the largest number of people

## BABY NUTRITION

Supporting growing children  
Every step of the way



## MEDICAL NUTRITION

Nutritional support  
for persons in fragile health



- 2010 Objectives surpassed
- The Shape is changing
- Unimilk a XXL opportunity
- Developing committed « Danoners »
- In a sustainable & responsible way



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# 2010 : financial objectives surpassed

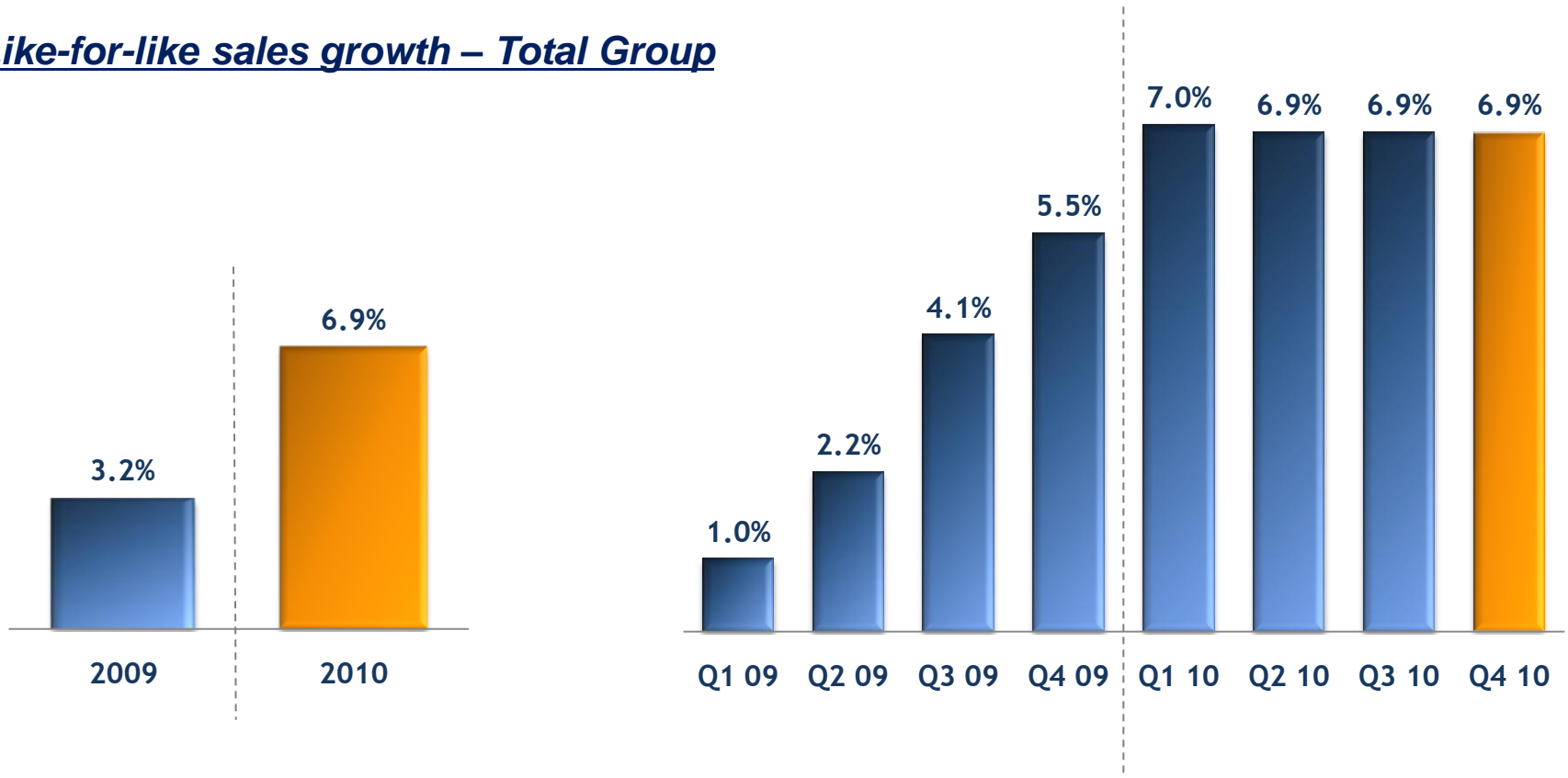
	Reported	Performance stand-alone before Unimilk	Objectives 2010
Sales growth <sup>(1)</sup>	€17,010 mln +6.9%	6.8%	At least +6% ✓
Free cash flow <sup>(2)</sup>	€1,713 mln	+20%	At least +10% ✓
Trading operating margin	15.16%	+3bps <sup>(1)</sup>	Stable margin <sup>(1)</sup> ✓

<sup>(1)</sup> Based on constant scope of consolidation and constant exchange rates

<sup>(2)</sup> Free cash flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees

# 2010 - Superior Top Line Growth Restored ... sustainable performance throughout 2010

## Like-for-like sales growth – Total Group

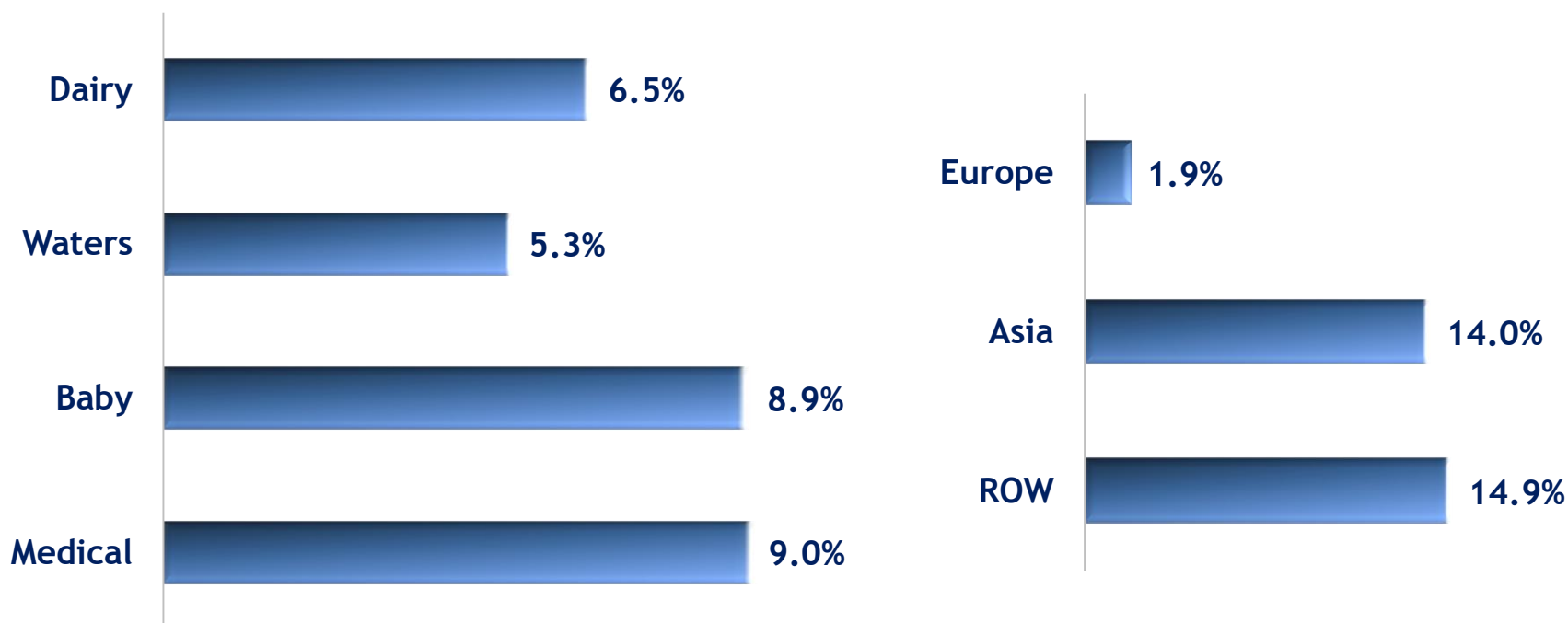


- Consistent superior organic growth, quarter after quarter



# 2010 - Superior Top Line Growth Restored ... all categories & all geographies

## Like-for-like sales growth by division & by region





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# 2010 - Superior Top Line Growth Restored ... supporting our brands



Value  
market shares<sup>(1)</sup>

Change  
vs last year

*Fresh Dairy*

28%

+0.9pt

*Waters*

22%

+0.9pt

*Baby Nutrition*

27%

+0.1pt

(1) On Danone Universe  
Fresh Dairy : 43 countries  
Waters : 11 countries

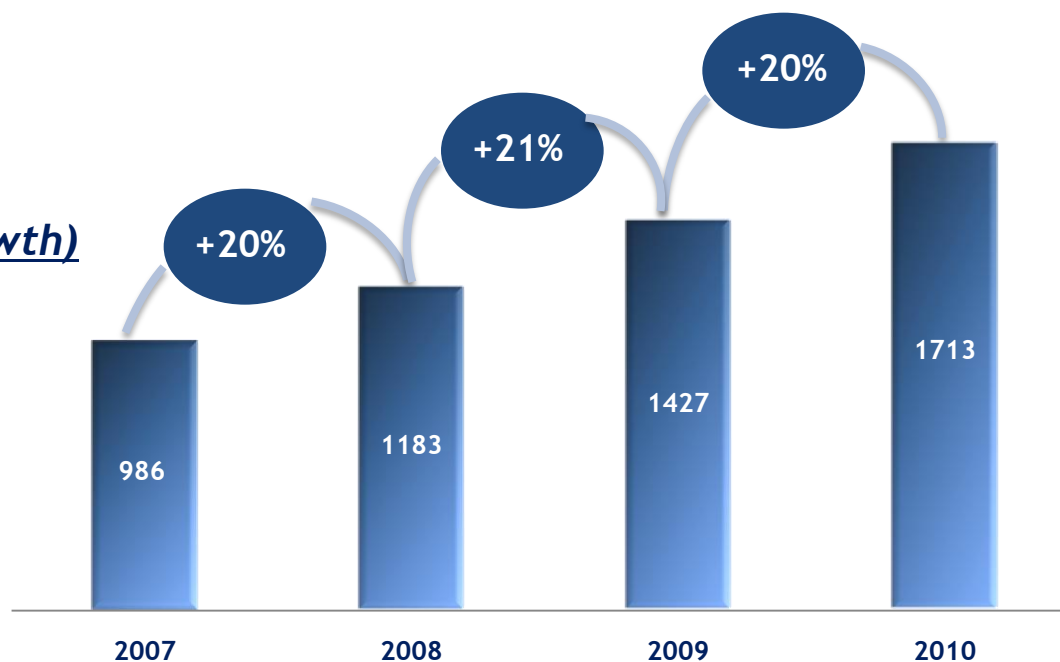
Baby Nutrition : 33 countries

# 2010 - Profitable Growth and superior cash generation

## Trading Operating Margin Like-for-like growth <sup>(1)</sup>



## Free cash flow <sup>(2)</sup> (€ mln and % growth)



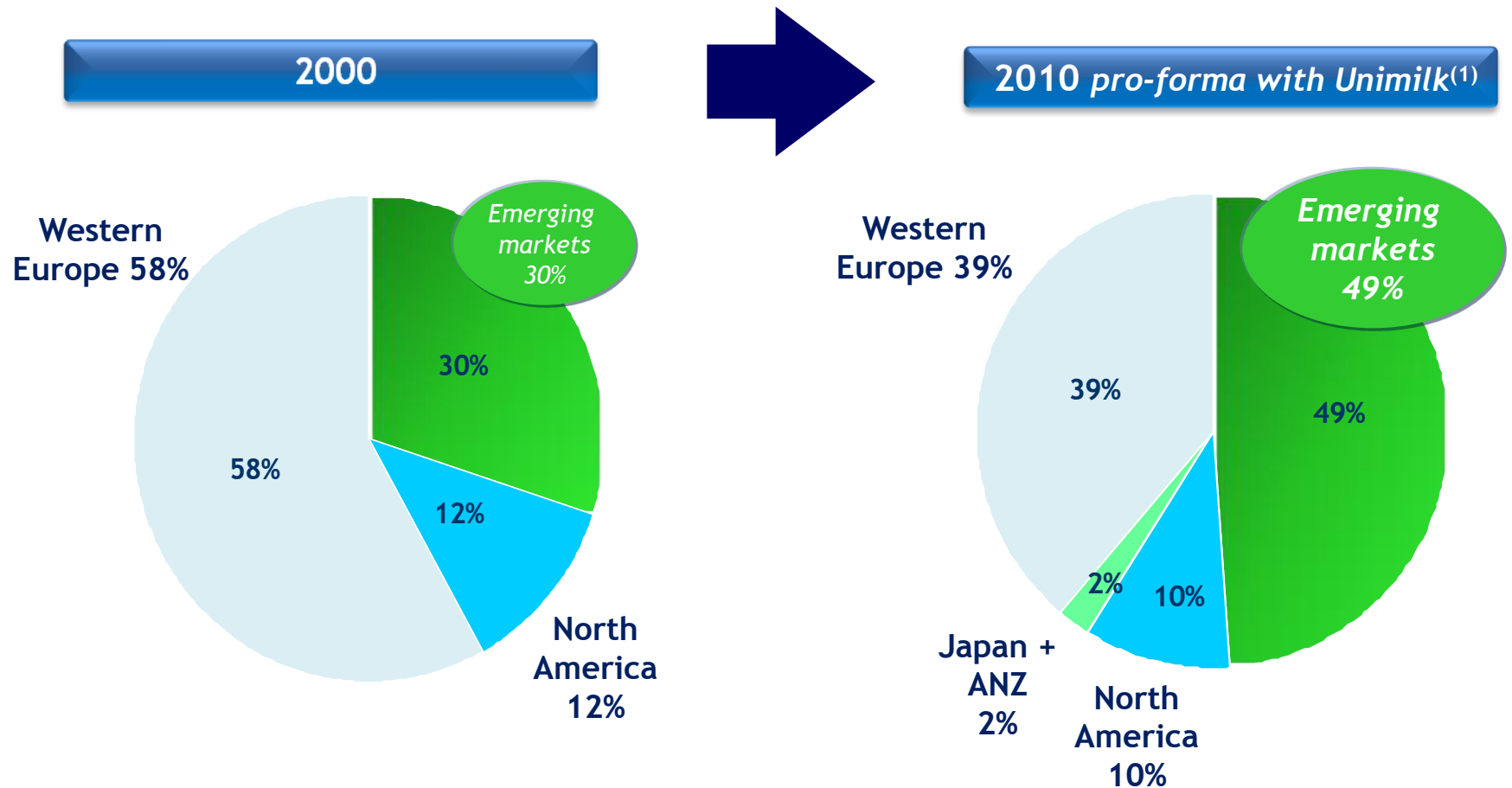
(1) Based on constant scope of consolidation and constant exchange rates

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

# 2010 - The Shape is Changing

## ... already half of business in Emerging Markets

### Sales breakdown by region



(1) With 12 months of Unimilk in the sales

# 2010 - The Shape is Changing

## ... Fast growing profitable Emerging Markets platforms

### Top 10 countries 2000

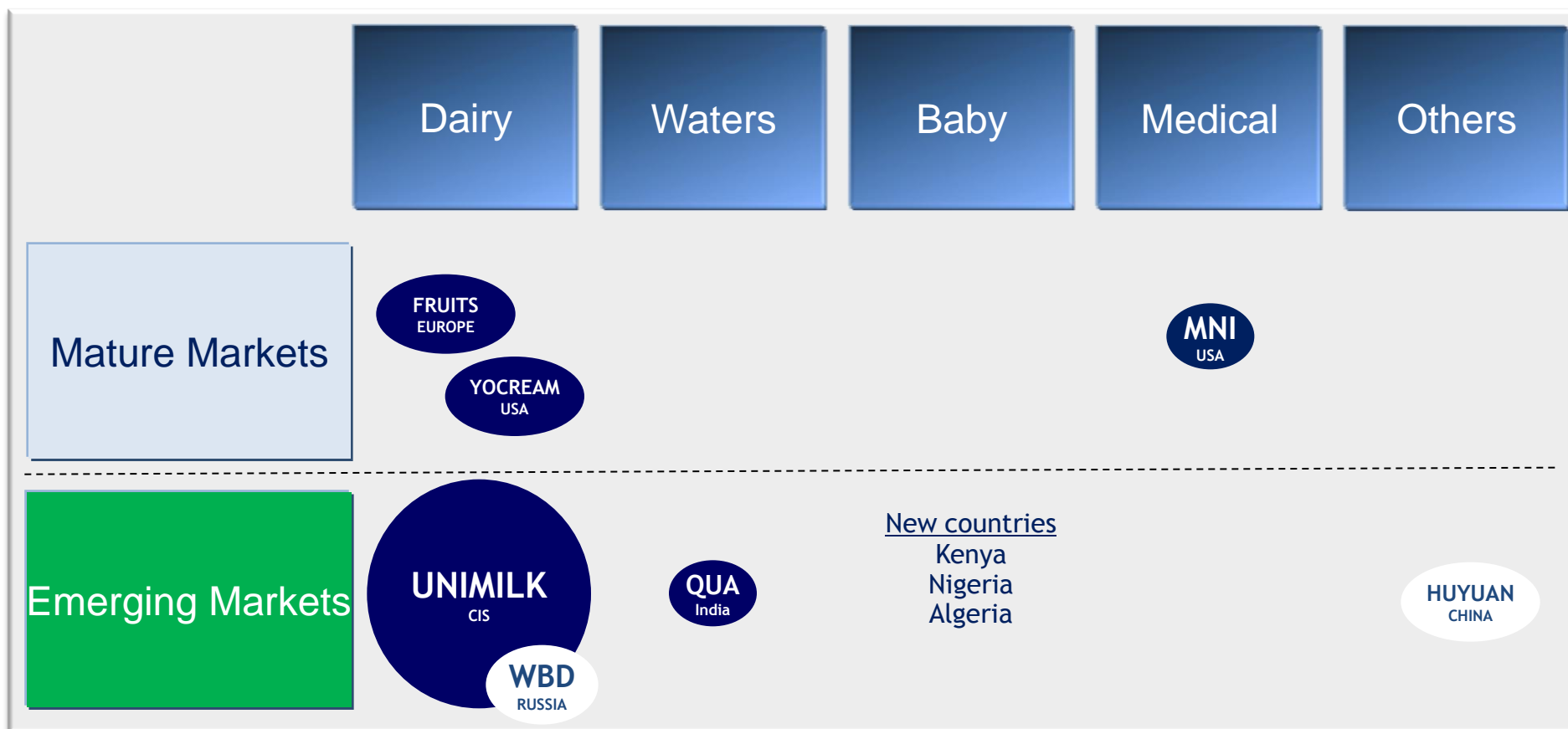
		% total sales
1	France	24%
2	Italy	11%
3	USA	11%
4	Spain	8%
5	China	8%
6	UK	6%
7	Argentina	5%
8	Benelux	3%
9	Mexico	3%
10	Germany	3%

### Top 10 countries FY 2010<sup>(1)</sup> (pro-forma Unimilk)

		% total sales
1	France	11%
2	Russia pro-forma	11%
3	Spain	8%
4	USA	8%
5	Mexico	5%
6	Germany	5%
7	Indonesia	5%
8	UK	5%
9	China	4%
10	Argentina	4%

(1) With 12 months of Unimilk in the sales

# 2010 Active M&A serving our Development strategy

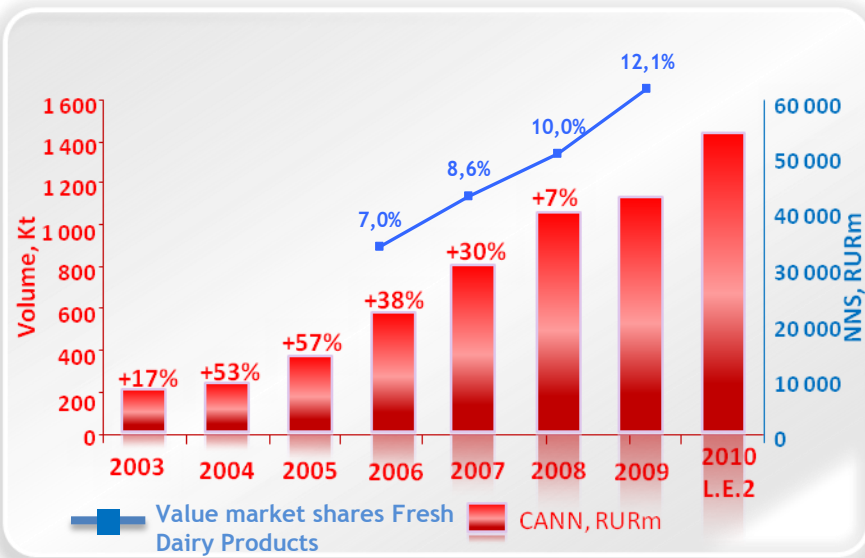


# JV Danone-Unimilk : an XXL opportunity

## ... The right partner in the right market



**Founded in 2002**  
**#3 position** in Russian fresh dairy products market



Traditional Dairy



Modern Dairy



Baby Food



National well-known brands

Rapid trading up of the portfolio

# JV Danone-Unimilk : an XXL opportunity

## ... Story of value creation : Growth and Leverage



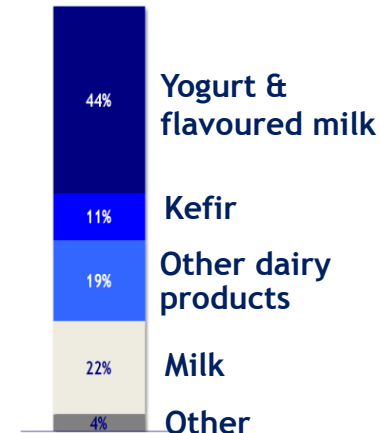
A powerful platform, covering all CIS geographies and channels



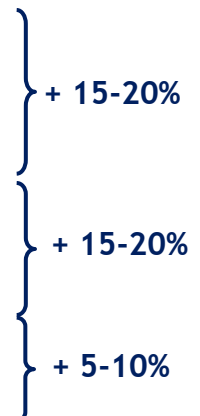
+50-100bps to Group organic growth : value & volume

Strong profitability step-up in the 3 coming years

Combined portfolio  
(2009 base)



Combined sales growth  
(CAGR2010-2014)



# 2010 - the most valuable asset : our employees !



The Danone employees' engagement rate is 87%,

Our employees are trained to leadership from the top management to the factory employees,

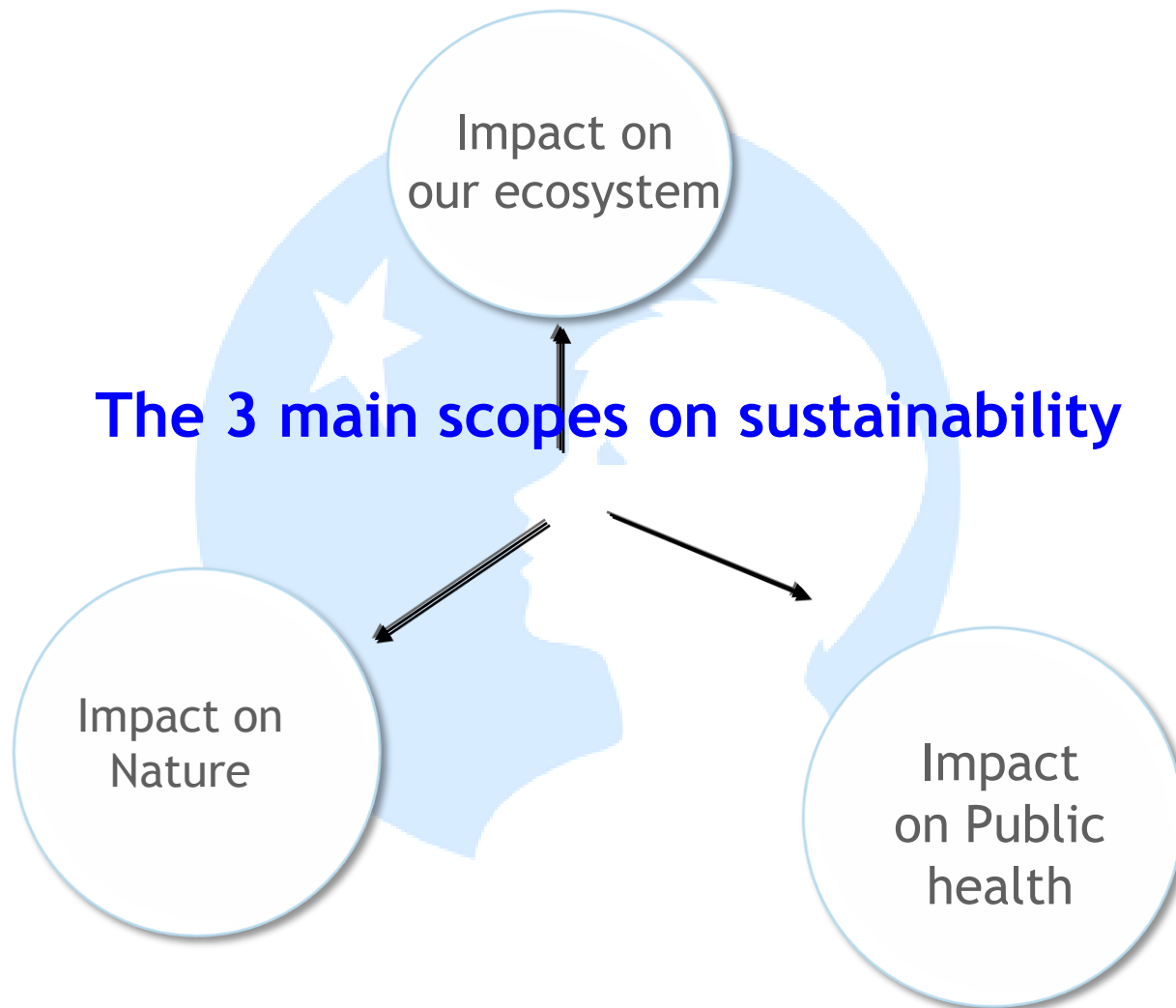
91% of Danone employees are proud to work for Danone (+6pts vs High Performing Companies norm)

89% of Danone employees would recommend Danone as a good place to work ( +4pts vs High Performing Companies norm / +9pts vs FMCG norm).



Towers Watson- Danone employees survey 2010

# 2010 - key steps towards sustainability

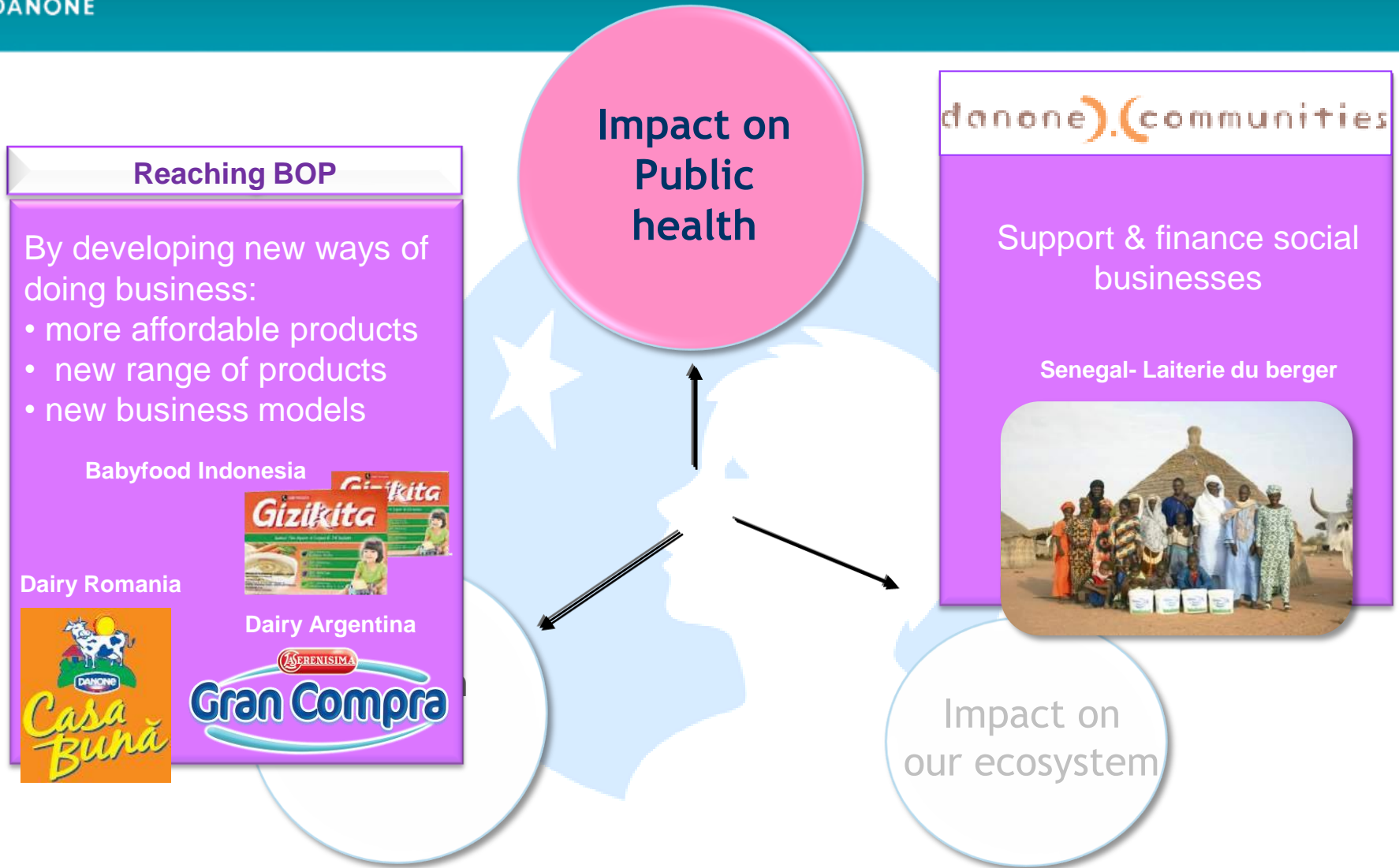


→ The environmental and societal dimensions are at the core of Danone's business model, totally integrated into the strategy



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# 2010 - key steps towards sustainability





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# 2010 - key steps towards sustainability

## PACKAGING

Mexico: 100% recyclable Bonafont  
4L bottle

France: Partially plant-based  
bottle Volvic

France: cardboard sleeve removed



## PROMO

Brazil: plant a tree



## LINK TO BUSINESS

Impact on  
Our  
ecosystem

## UPSTREAM NATURALITY

France: « Lait de  
nos éleveurs »



## Impact on Nature

## WATER FOOTPRINT

First pilot implementation  
in Evian

WATER

CO2

CO2 INTENSITY (CO2 gr/kg of sold product)

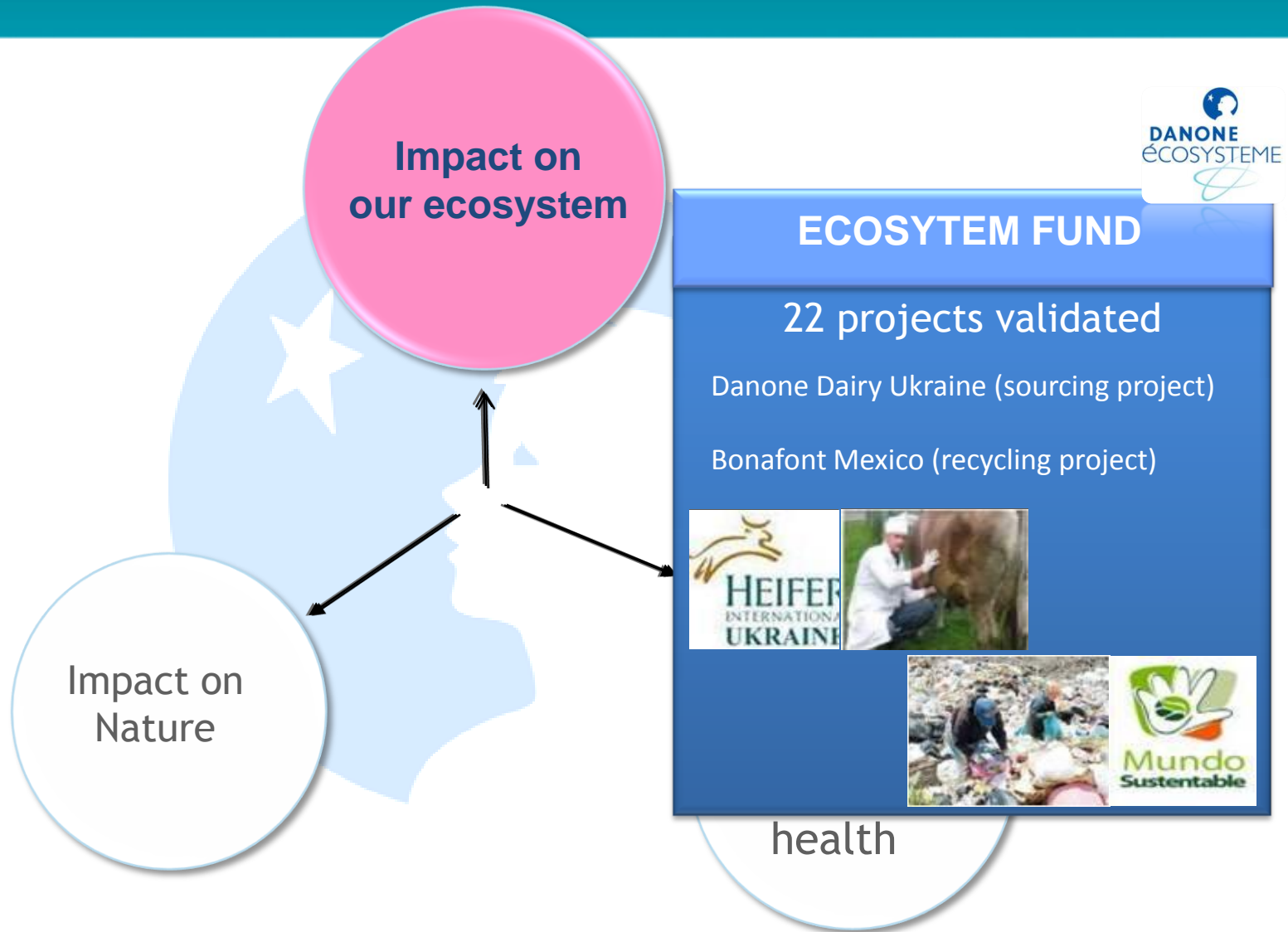
-22% CO2 gr/kg over the period 2008-2010  
(vs 2008-2012 plan target -30%)

First 3 CBUs calculation integrated into SAP

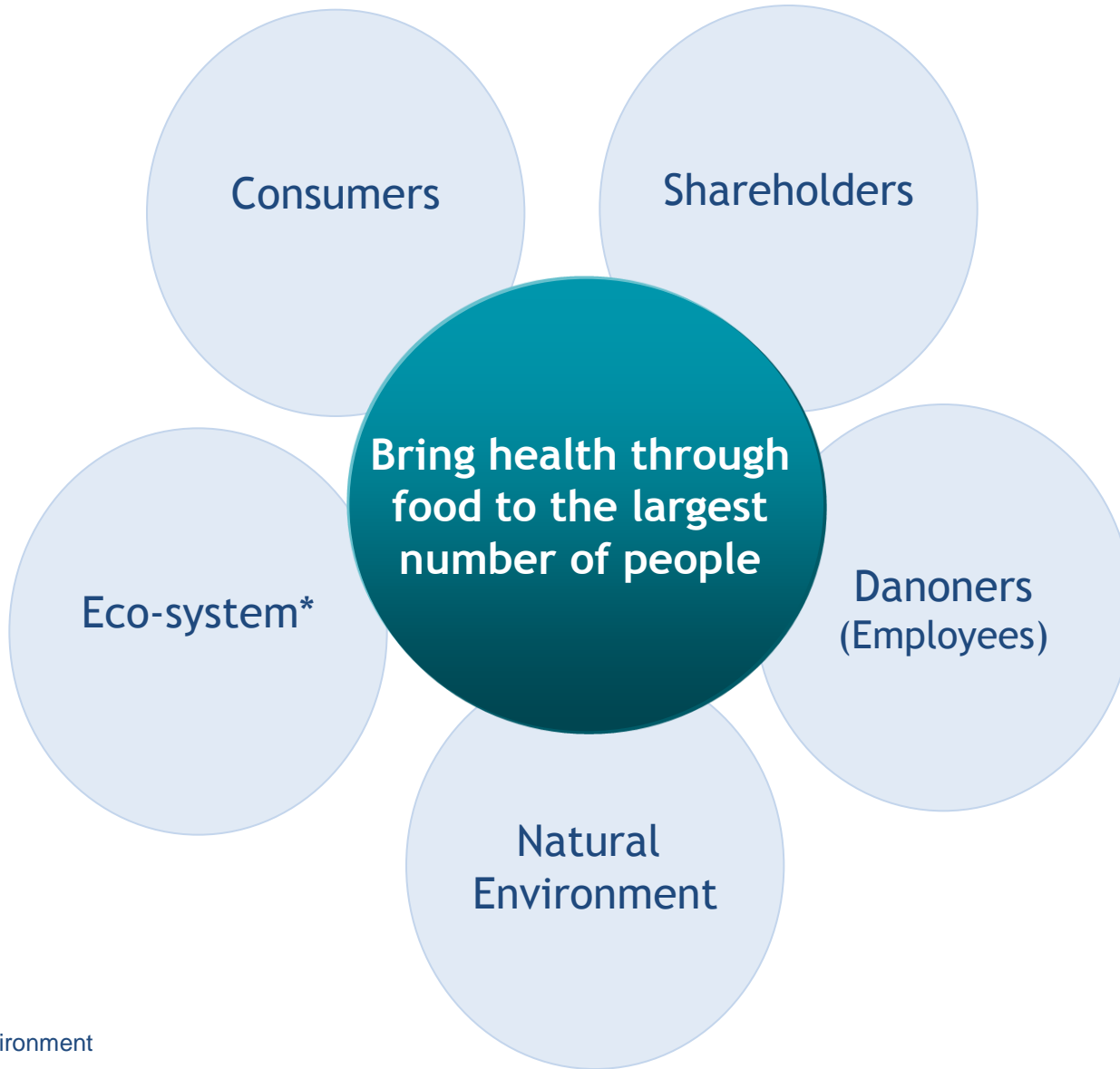


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# 2010 - key steps towards sustainability



# Danone committed to all its stakeholders





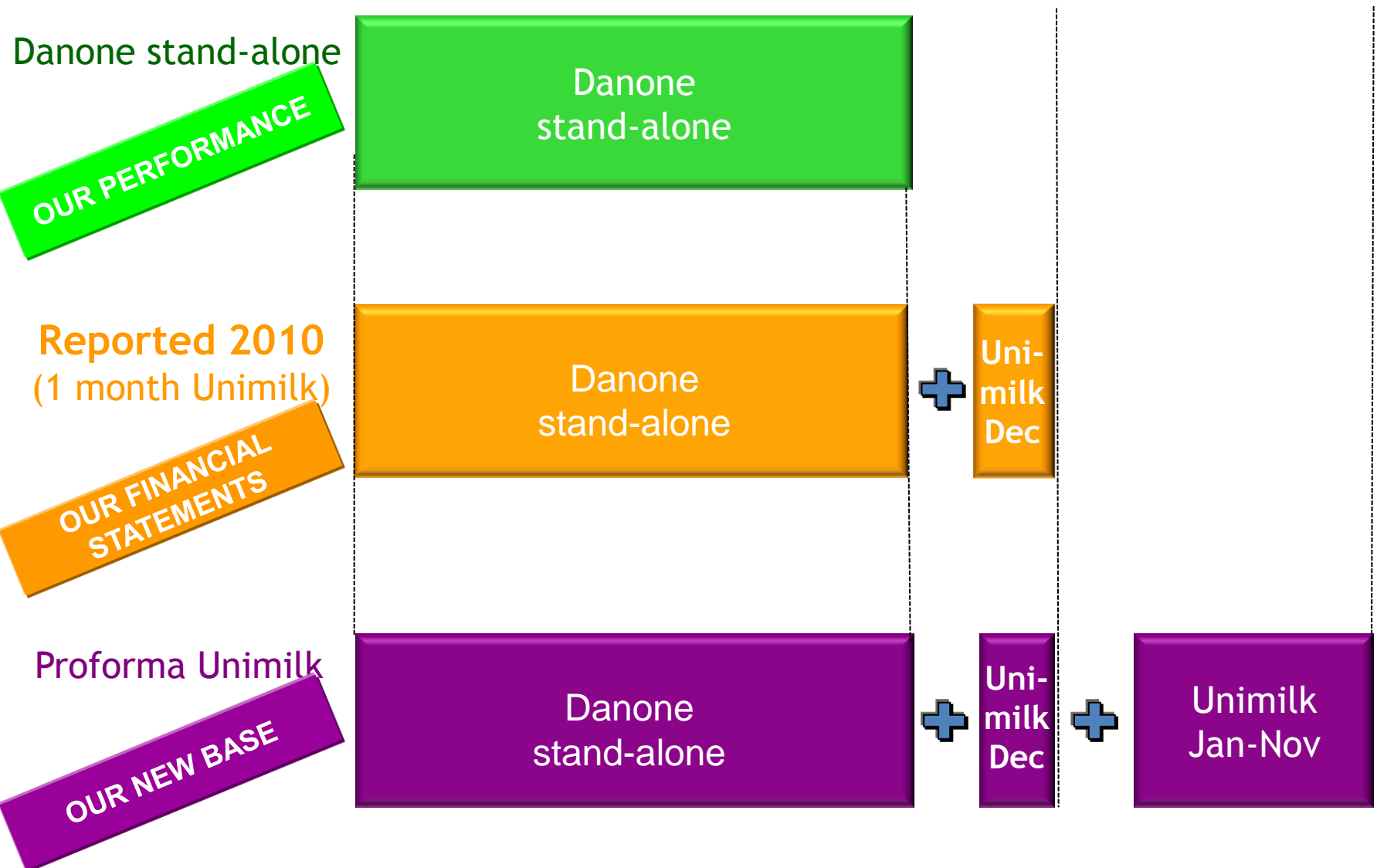
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# **2010 Financials**

**Pierre-André Terisse**

# 2010 Scope Evolution

## The new shape of the business



## ● Key figures

- Danone stand-alone : Sales and margin performance
- 2010 Unimilk performance and Danone Proforma with Unimilk
- Danone reported : Sales, P&L, balance sheet & cash flow statement

# KEY FIGURES - FY 10

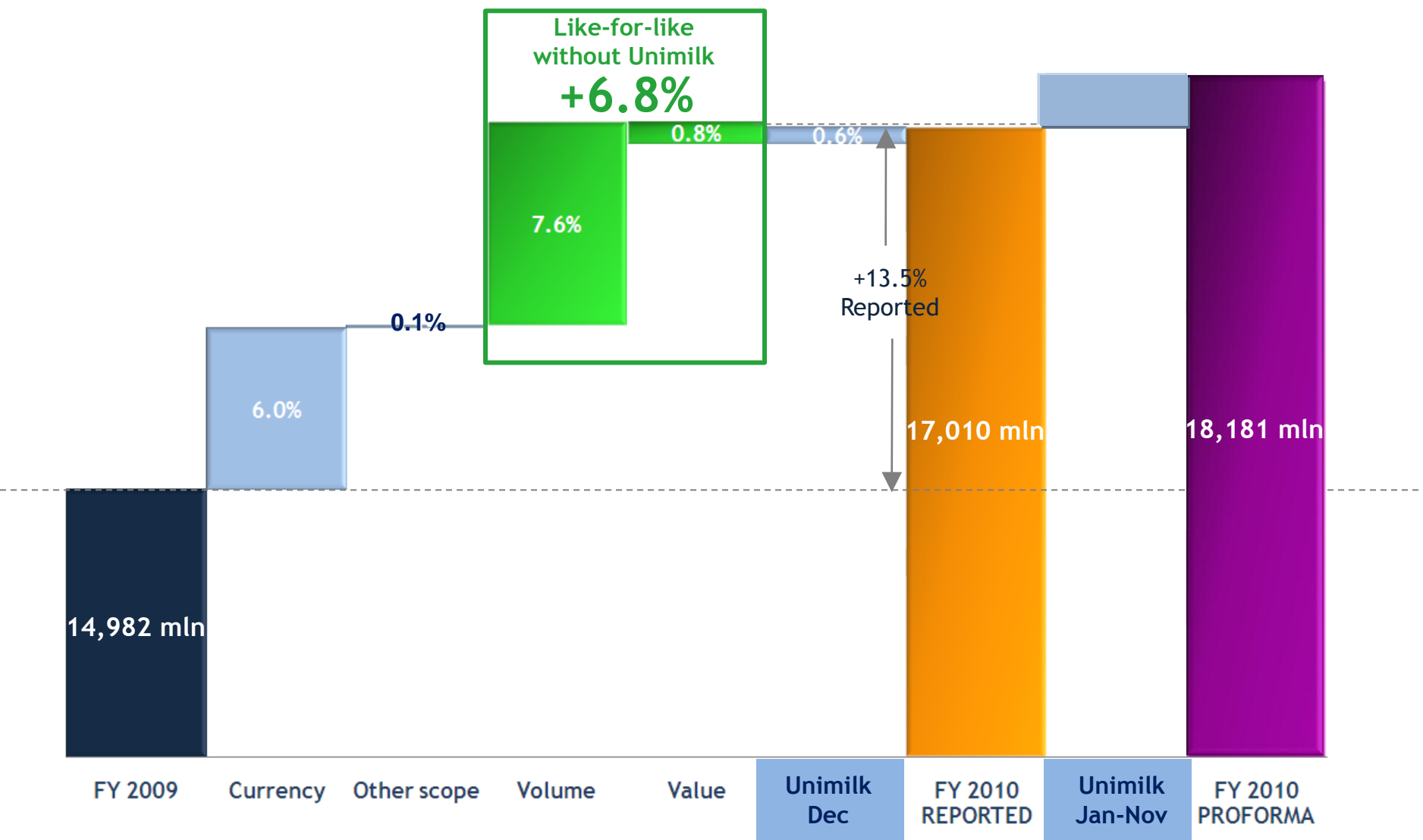
	<i>Danone stand alone</i>	<i>Unimilk December</i>	<i>Reported (1 month Unimilk)</i>	<i>Unimilk Jan-Nov</i>	<i>Proforma (12 months Unimilk)</i>
<b>Sales</b>	16,889	121	17,010	1,171	18,181
<i>Like-for-like</i> <sup>(1)</sup>	+6.8%	+0.1%	+6.9%		
<b>Operating Margin</b>	15.25%	-9bps	15.16%	-84bps	14.32%
<i>Like-for-like</i> <sup>(1)</sup>	+3bps	0	+3bps		
<b>FCF</b> <sup>(2)</sup>	1,713	0	1,713		
<b>Underlying EPS</b> <sup>(3)</sup>	2.71	0	2.71		
<i>Reported growth</i> <sup>(3)</sup>	+8.5%	0	+8.6%		

(1) At constant scope of consolidation and constant exchange rates

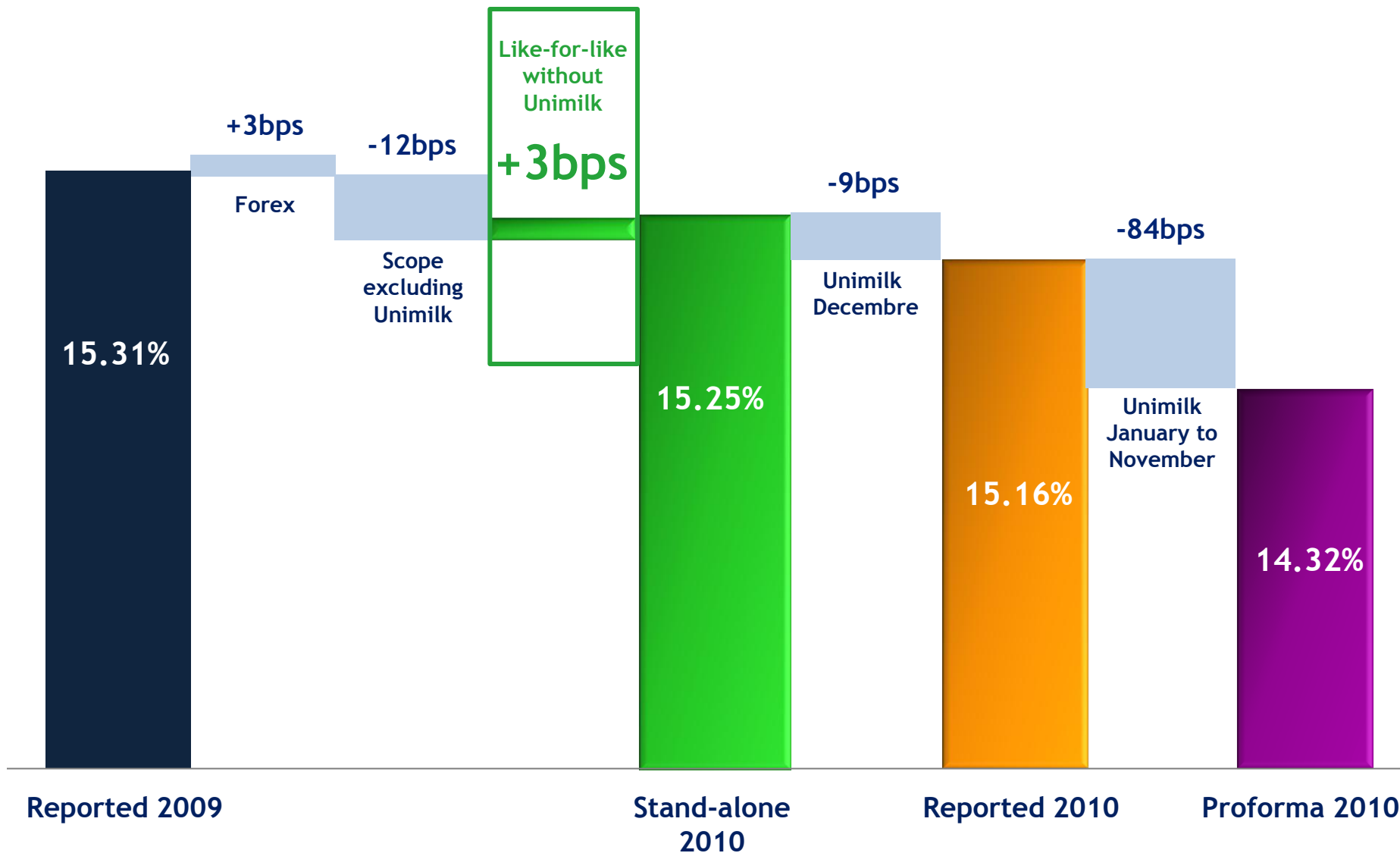
(2) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) ) and excluding business combinations fees

(3) Excluding exceptionals and TERP adjusted

# Sales growth analysis - FY 10



# 2010 Margin Evolution



- Key figures

- Danone stand-alone : Sales and margin performance

- 2010 Unimilk performance and Danone Proforma with Unimilk

- 2010 Reported : Sales, P&L, balance sheet & cash flow statement



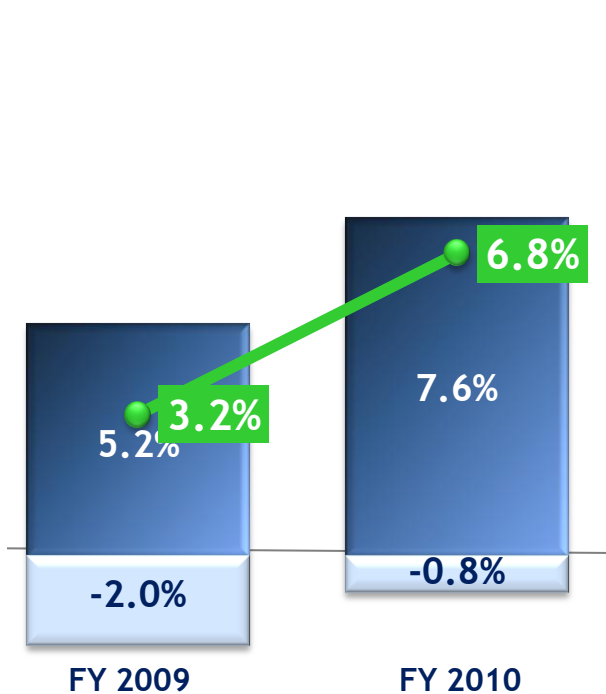
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# FY 10: TopLine growth restored

## Q4 10: Continued solid volume growth against tougher comps & strong positive price/mix

*Danone stand-alone before Unimilk*

*Like-for-like sales growth analysis*



*Like-for-like sales growth analysis by quarter*



*Sales growth*



*Volume growth*



*Price/Mix*



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*Danone stand-alone before Unimilk*

## Sales performance by division

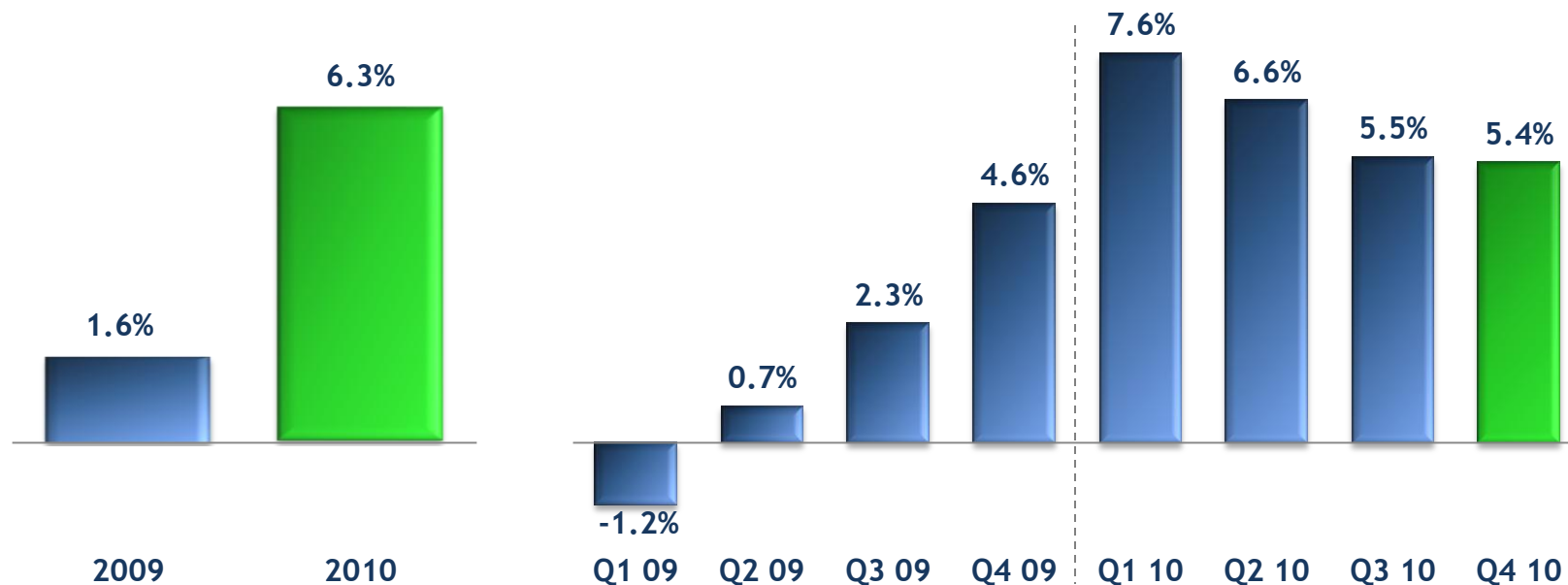


# FRESH DAIRY - Reset Strategy a Success

## Q4 keeping solid momentum despite tougher comps

*Danone stand-alone before Unimilk*

*Like-for-like growth - Fresh Dairy without Unimilk*



- Q4 growth primarily driven by key emerging markets : US, Russia, Brazil, Mexico
- Good performance in France and UK, balanced by Southern Europe remaining tough
- Activia remains the main contributor to growth, growing double digit and representing ca.50% of growth

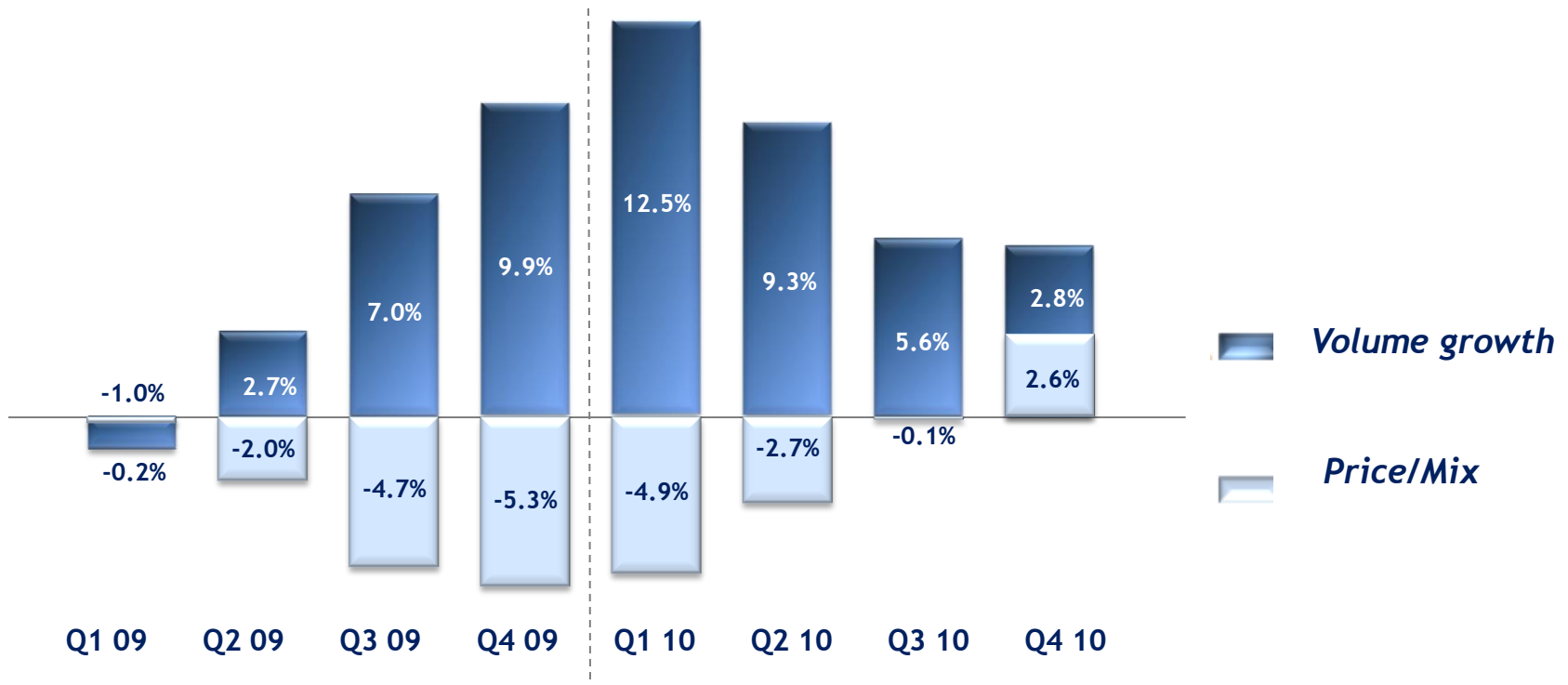


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# FRESH DAIRY - Price/Mix effect turning positive

*Danone stand-alone before Unimilk*

*Volume and Price/Mix growth by quarter - Fresh Dairy without Unimilk*



- Back to normal competitive price management in all geographies
- Price increase in high inflation markets (Argentina, Ukraine, Turkey)
- In Russia, price increases in Q3 and Q4 to offset exceptional milk price increase



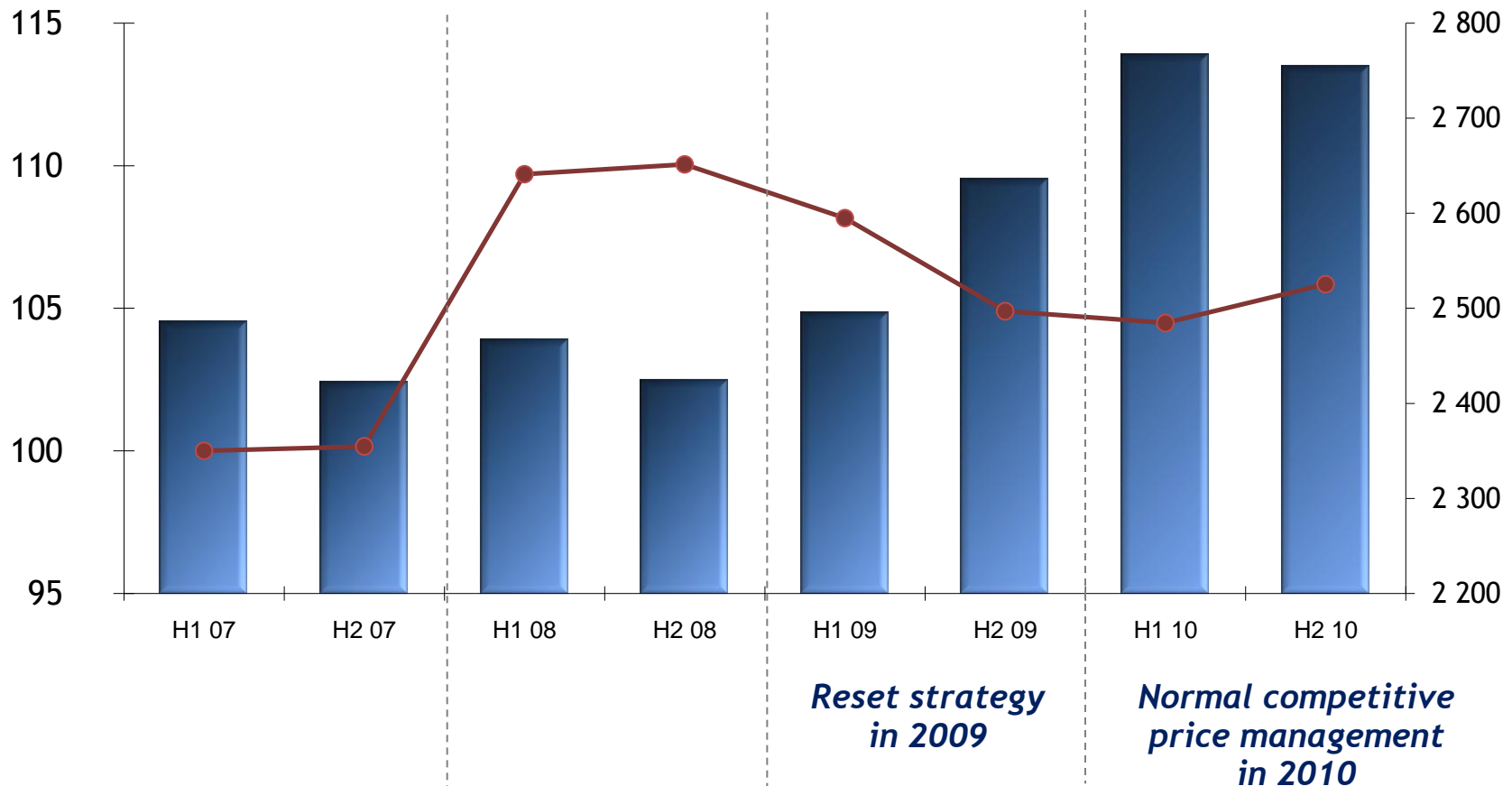
# FRESH DAIRY

## Exiting Resets with increased competitiveness

*Danone stand-alone before Unimilk*

**Price/kg (indexed)**

**Volumes (ktons)**



2010 vs 2007 : +4% price/kg and price index from 126 to 120



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# FRESH DAIRY - Market shares continue to strengthen

*Danone stand-alone before Unimilk*

## Volume market share vs year ago<sup>1</sup>



(1) Year-to-date 2010 - Latest available data



# FRESH DAIRY- Developing the Category

## Key innovations

*Danone stand-alone before Unimilk*

Activia top cup  
(Russia)



'My funny yogurt'  
(France)



Greek yogurt  
(US, Argentina)



Actimel Powerfruit  
(Germany)



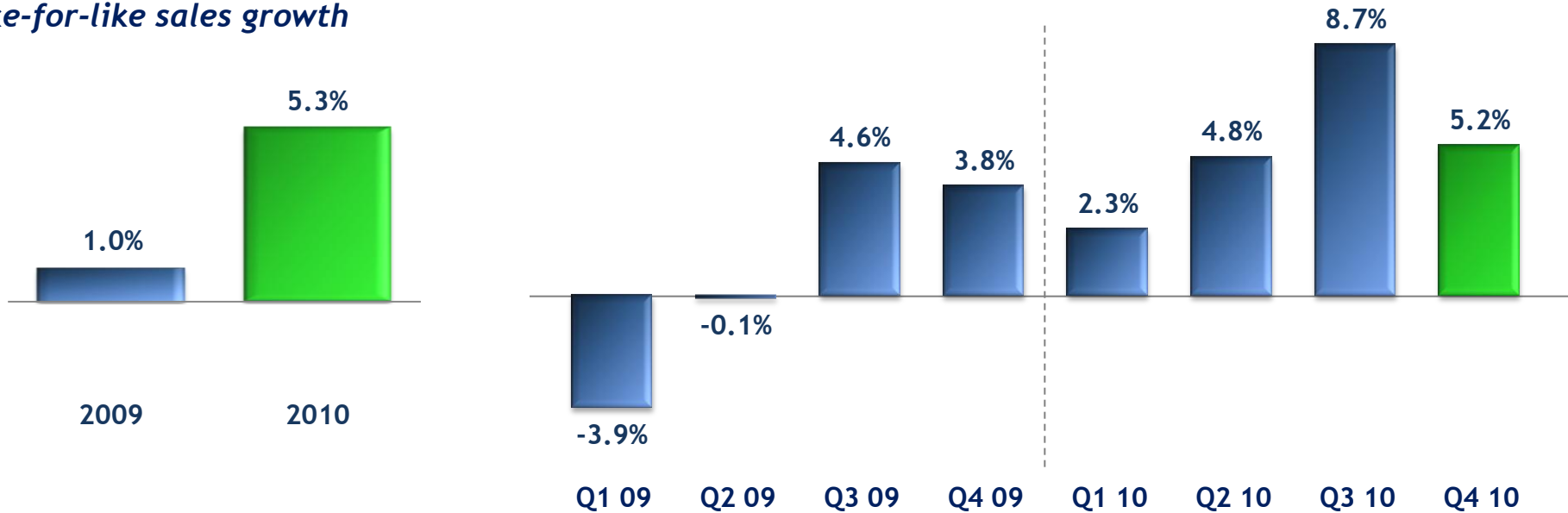


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# WATERS - Entering 2011 with a healthy face

*Danone stand-alone before Unimilk*

*Like-for-like sales growth*



- Q4 positive volume growth in both mature and developing market
  - Bonafont platform gaining shares in Mexico and Brazil
  - Mizone performing extremely well in China and Indonesia
  - Markets turned positive in France and Germany
- Continued double-digit sales growth in developing markets, representing 56% of waters division's sales in Q4

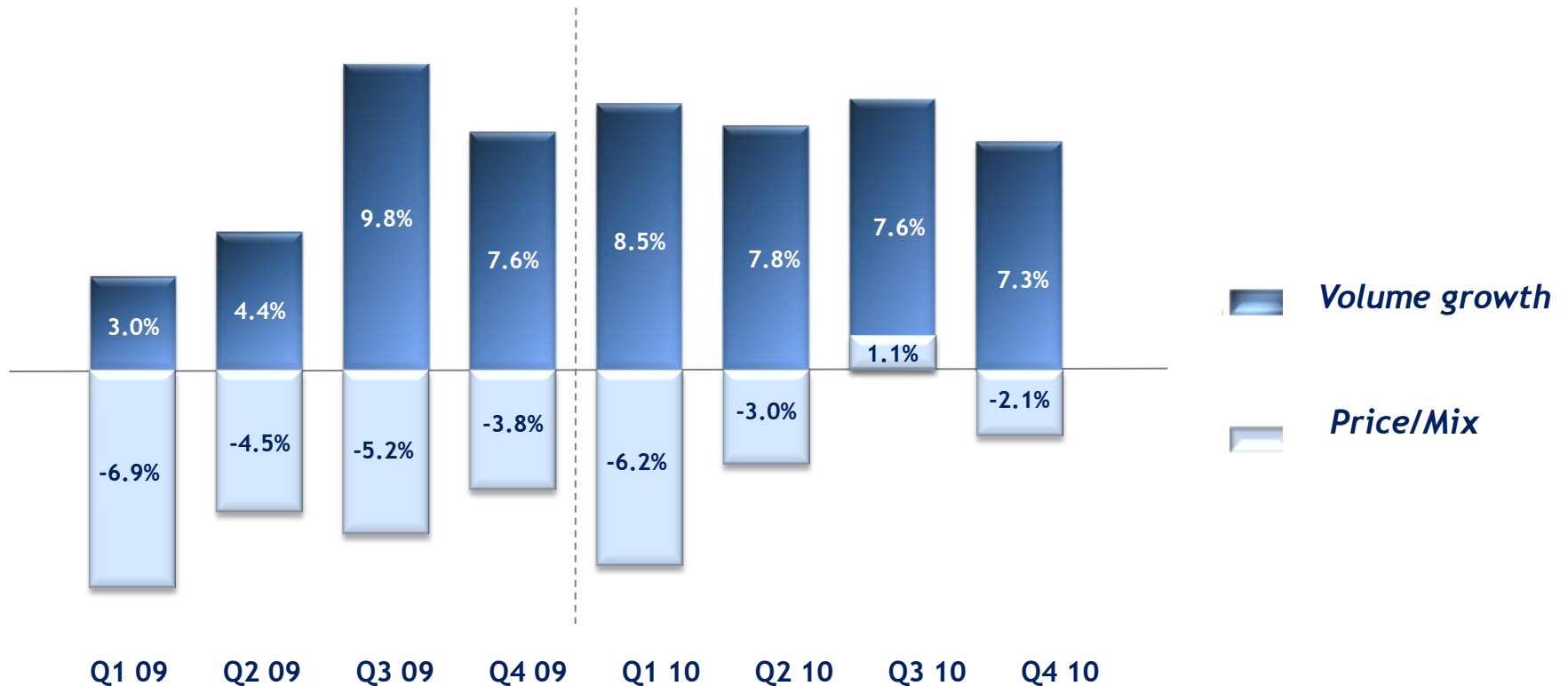


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# WATERS - Mature markets improvement drive improved mix

*Danone stand-alone before Unimilk*

## *Volume and Price/Mix growth by quarter*



● Gap of volume growth between mature and developing markets is reducing



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# WATERS - Developing the Category

## Key innovations

*Danone stand-alone before Unimilk*



100% recycled PET bottle  
(Mexico)

Qua (India)





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# BABY NUTRITION - Accelerating out of 2010

*Danone stand-alone before Unimilk*

*Like-for-like sales growth*



- Continued volume-driven growth in all regions
  - Indonesia, China, UK main growth contributors
  - Asia above €1bn
- Value growth driven by price increase in China and by improved geographical mix
- Infant formulas keep growing double digit
- Weaning food category slightly positive

# BABY NUTRITION- Developing the Category

## Key innovations

*Danone stand-alone before Unimilk*



Dumex Stages 1-4 upgrade  
(LCP increase, new  
Gen-3 Eazypack)  
China



“HiQ Super Gold” Growing  
up for Immunity Benefit  
Thailand



Aptamil preterms with  
low weight at discharge  
Germany



Renovation of Blédichief  
range (60 SKUs)  
France



Aptamil Junior Growing Up Milk  
Turkey





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# MEDICAL NUTRITION - Solid growth against tough comps

*Danone stand-alone before Unimilk*

*Like-for-like sales growth*



- Good performance driven by all regions :
  - France, UK, China, Brazil, Turkey the main growth contributors
  - Growing market share on our key markets
- Pediatrics, gastro intestinal allergy products and the roll-out of Fortimel Compact are the strongest performing product categories

# MEDICAL NUTRITION - Developing the Category

## Key innovations

*Danone stand-alone before Unimilk*



Fortisip in compact version  
(Launched in 8 European countries)



FortiFit, specialized nutrition  
for sarcopenic patients  
(Launched in Austria)



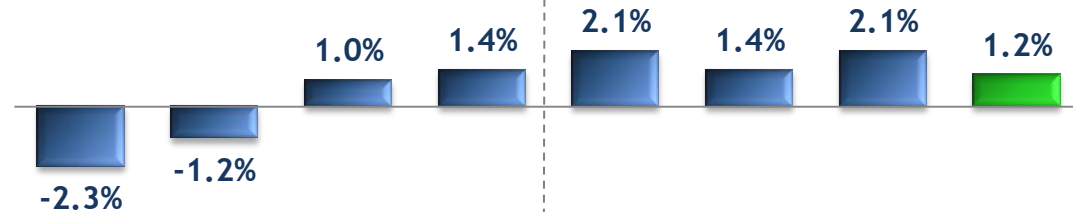
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# Broad-based geographic growth

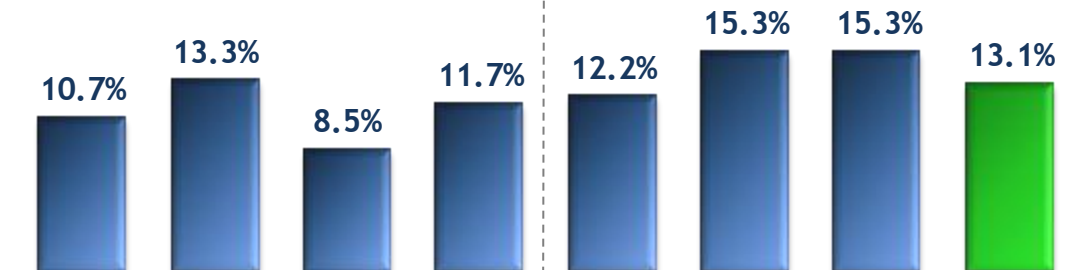
*Danone stand-alone before Unimilk*

*Like-for-like sales growth by region- Without Unimilk*

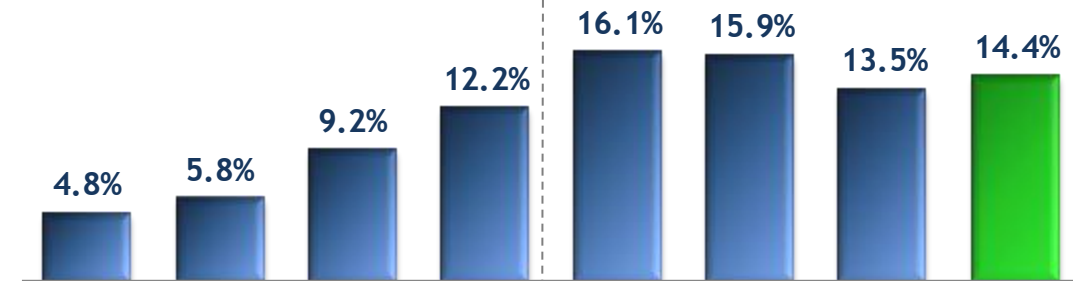
## EUROPE



## ASIA



## REST OF THE WORLD



Q1 09    Q2 09    Q3 09    Q4 09    Q1 10    Q2 10    Q3 10    Q4 10

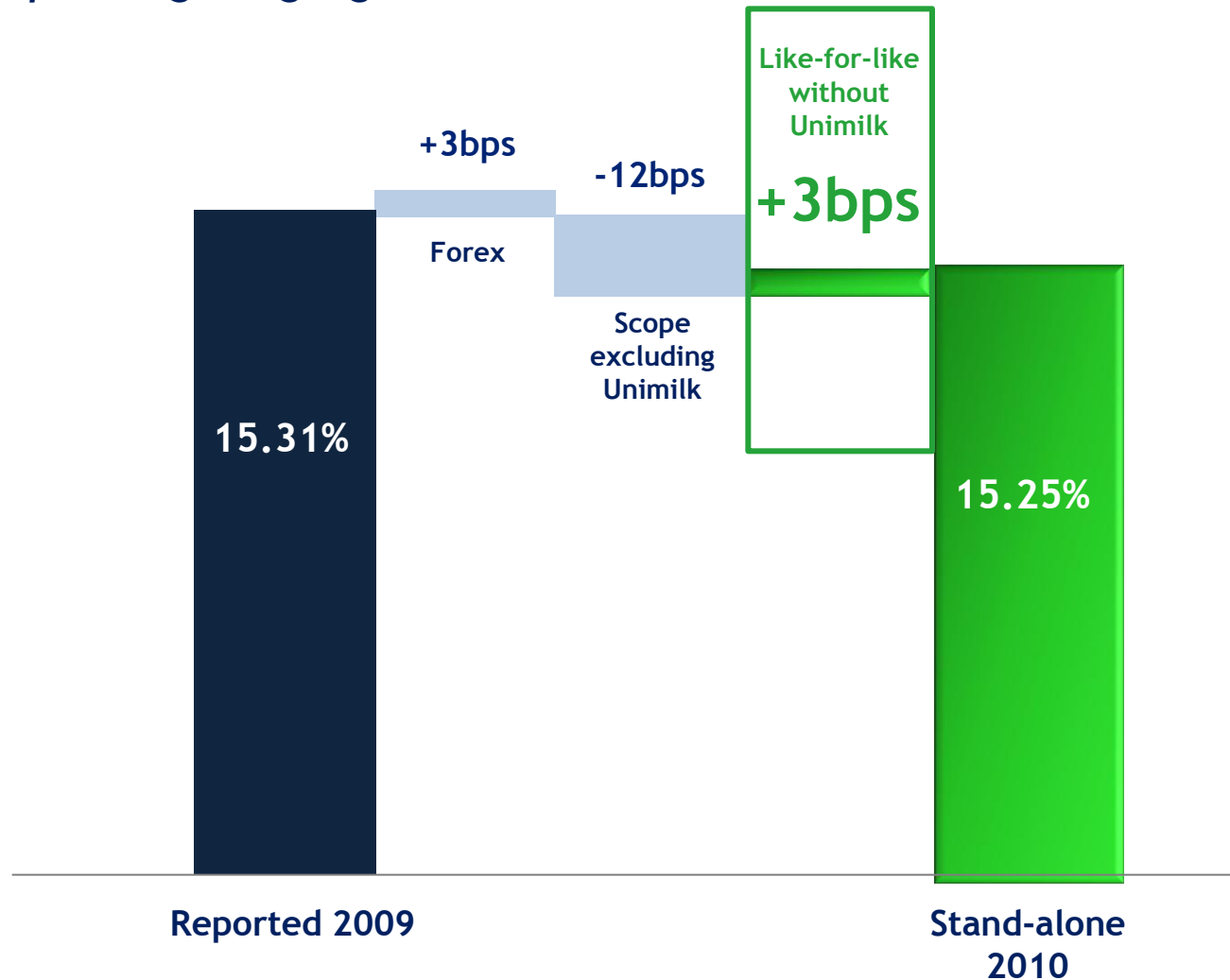


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# Stable like for like margin

*Danone stand-alone before Unimilk*

## Trading operating margin growth



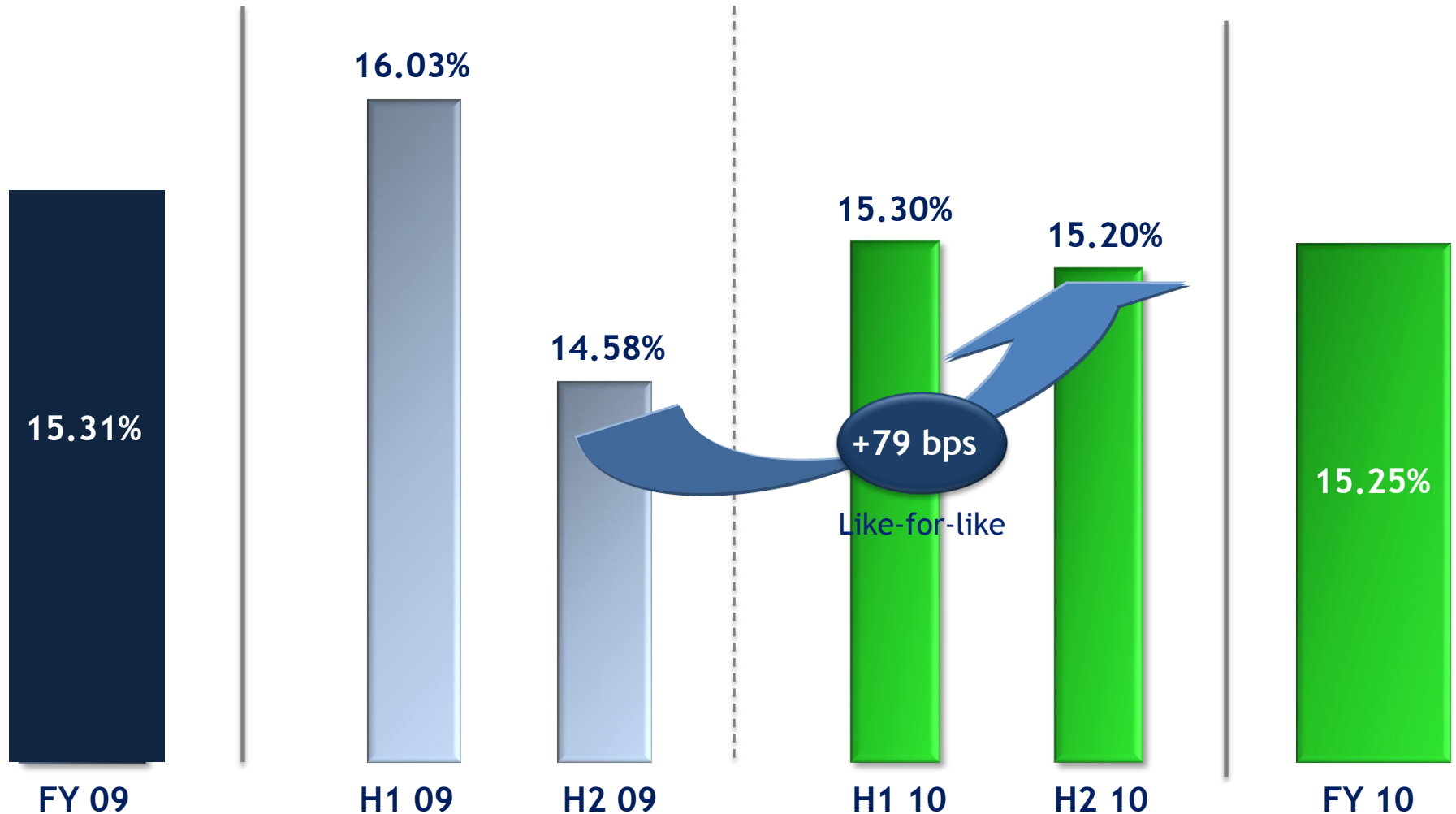


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# Strong margin improvement in H2 2010

*Danone stand-alone before Unimilk*

*Reported margins and like-for-like growth*



# Margin bridge

## Strong cost inflation offset through productivities

*Danone stand-alone before Unimilk*

*Trading operating margin growth*





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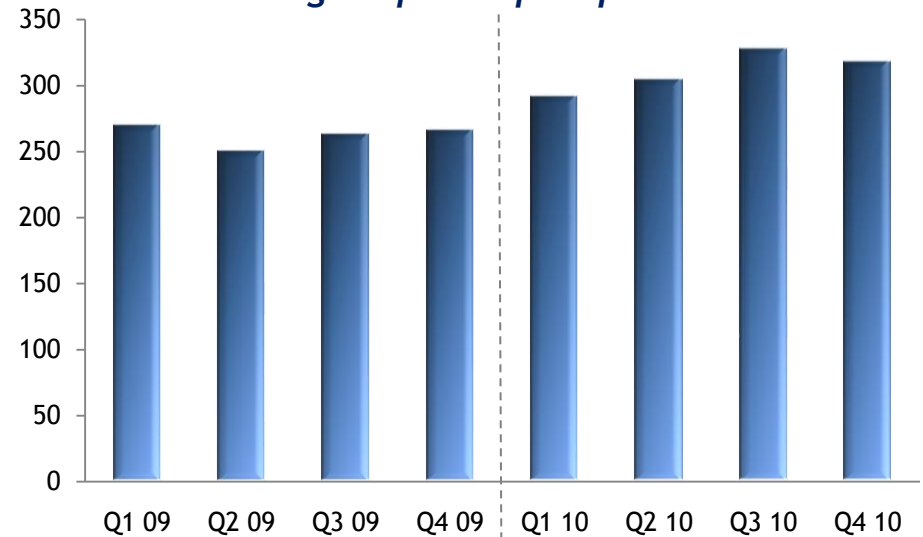
# 2010 COGS : High Inflation & Record Productivities

*Danone stand-alone before Unimilk*

**Input Cost:** around 10%

**Productivities:** € 516 mln

*Farmgate prices per quarter*



- High inflation & volatility in 2010
  - Continued increase over the year: H2 tougher than H1
  - Milk has stabilized in Q4 vs Q3
- Strong productivity efforts, across the board

### 2010 %A&P/sales evolution vs 2009

Advertising	stable
Promotions & others	+93bps
<b>Total A&amp;P</b>	<b>+93bps</b>



- **Advertising spends +6.8%**
  - TV pressure (GRP's) +10%
  - Ca. € 80 mln productivities (thanks to 2009 media pitch & optimisation of media cost drivers)
  - Digital media spends X3 in 2 years
- **Promotion & others -11%**
  - Progressive reduction of promotional intensity in several countries after peaks during resets

# Trading operating margin by business line & geographical area

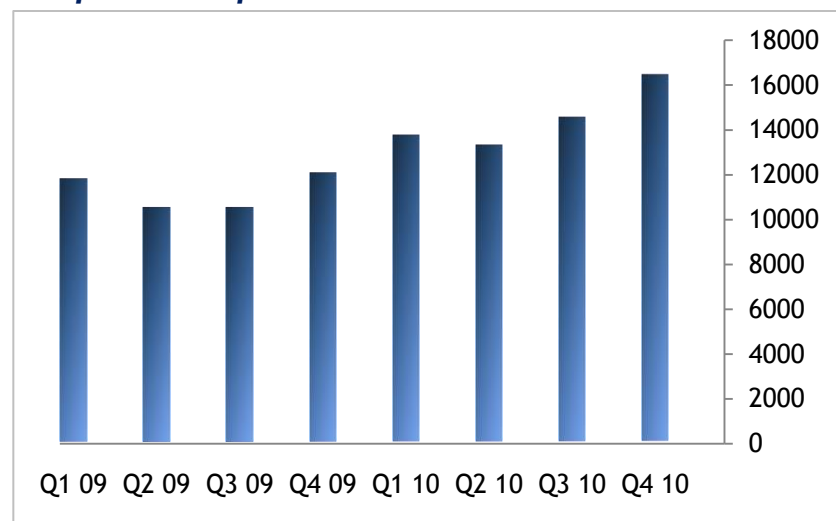
*Danone stand-alone before Unimilk*

	FY 2009	FY 2010	Like-for-like change
Fresh Dairy	14.54%	14.17%	(3) bps
Waters	12.56%	12.93%	+13 bps
Baby Nutrition	18.32%	18.92%	+17 bps
Medical Nutrition	20.57%	19.65%	(62) bps
Europe	16.04%	15.87%	(0) bps
Asia	17.72%	18.66%	+63 bps
Rest of World	12.64%	12.55%	+1 bps
Total	15.31%	15.25%	+3 bps

- Key figures
- Danone stand-alone : Sales and margin performance
- **2010 Unimilk and Danone Proforma with Unimilk**
- 2010 Reported : Sales, P&L, balance sheet & cash flow statement

- Surge in milk price (ca. +30%), reinforced by heat wave in Russia during summer
- Price increases has been passed along the year, by all players (10 to 15% cumulated)
- In this context, Unimilk has
  - maintained volume growth momentum
  - gained market shares

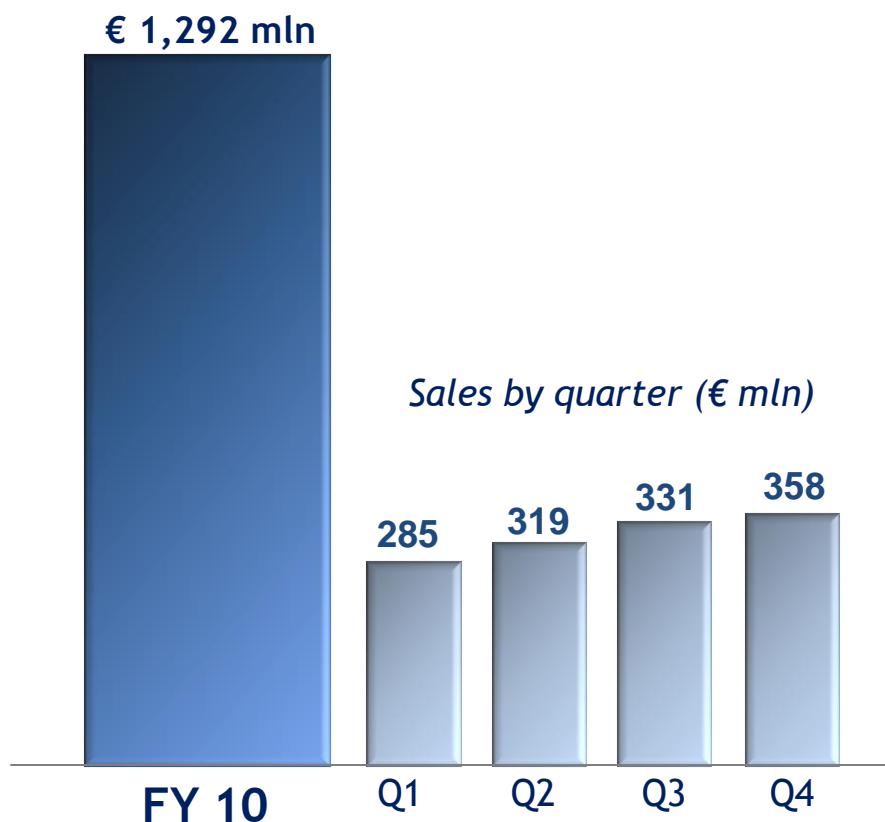
*Liquid Milk price evolution in Russia*



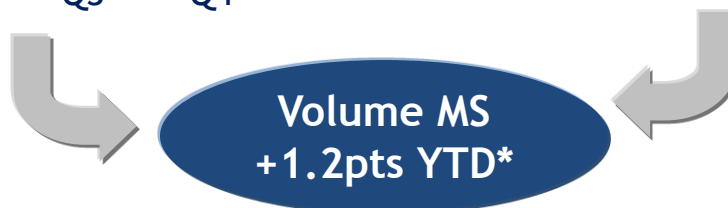
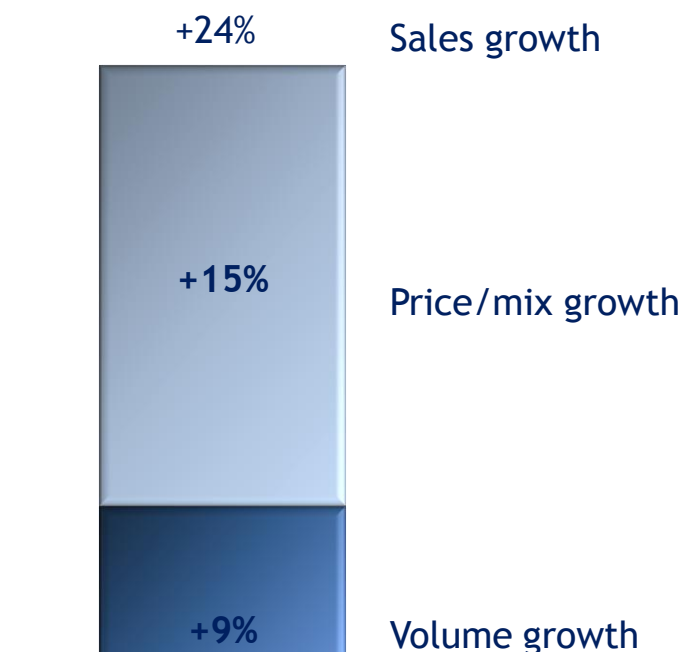
Source : Internal estimations

# Unimilk - Strong growth accelerated by price increase

*Unimilk sales*



*Estimated 2010 like-for-like growth*

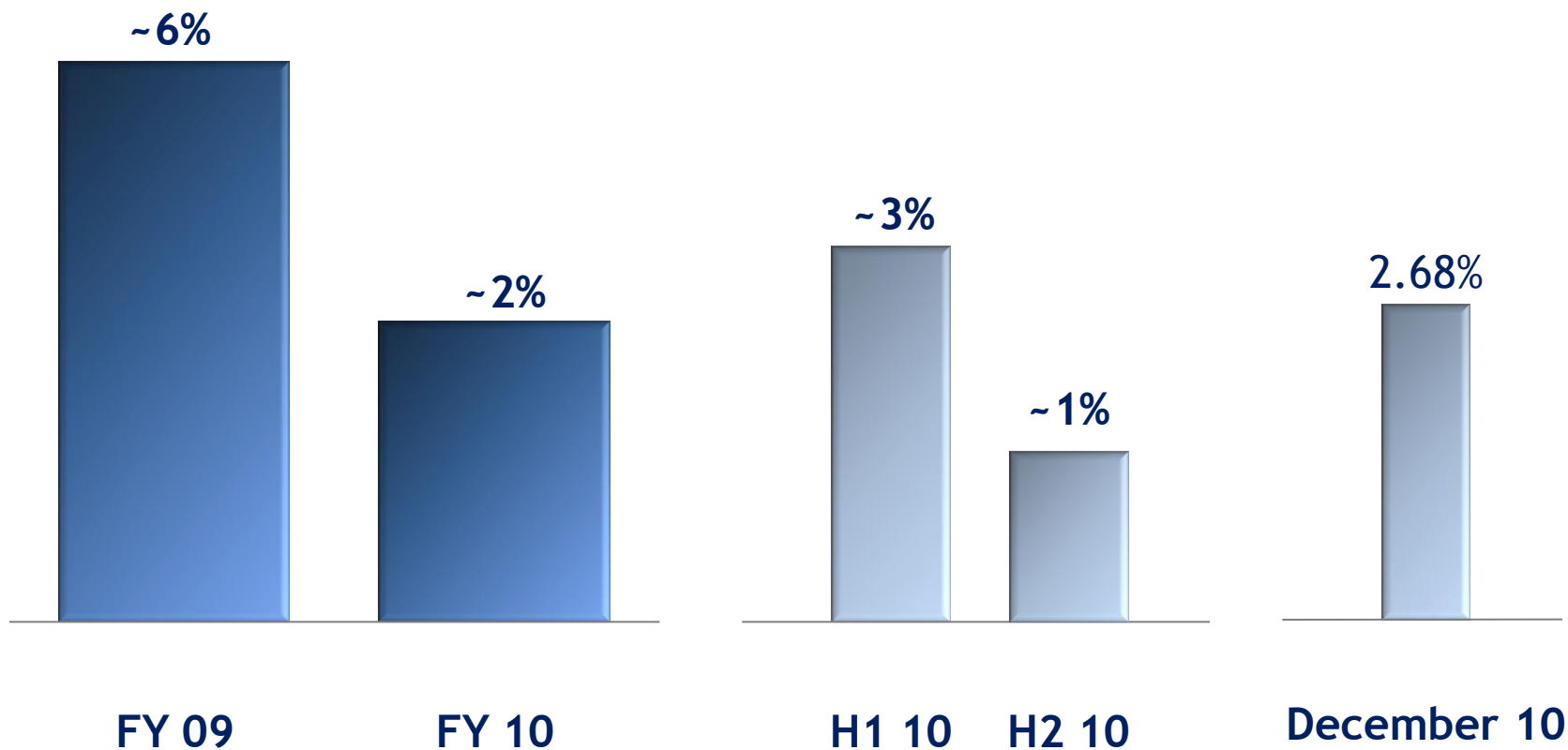


\* Latest YTD available = August 2010

\*\*Exchange rate actual 2010 (RUR / EUR = 40.3)

# Unimilk - Margin evolution

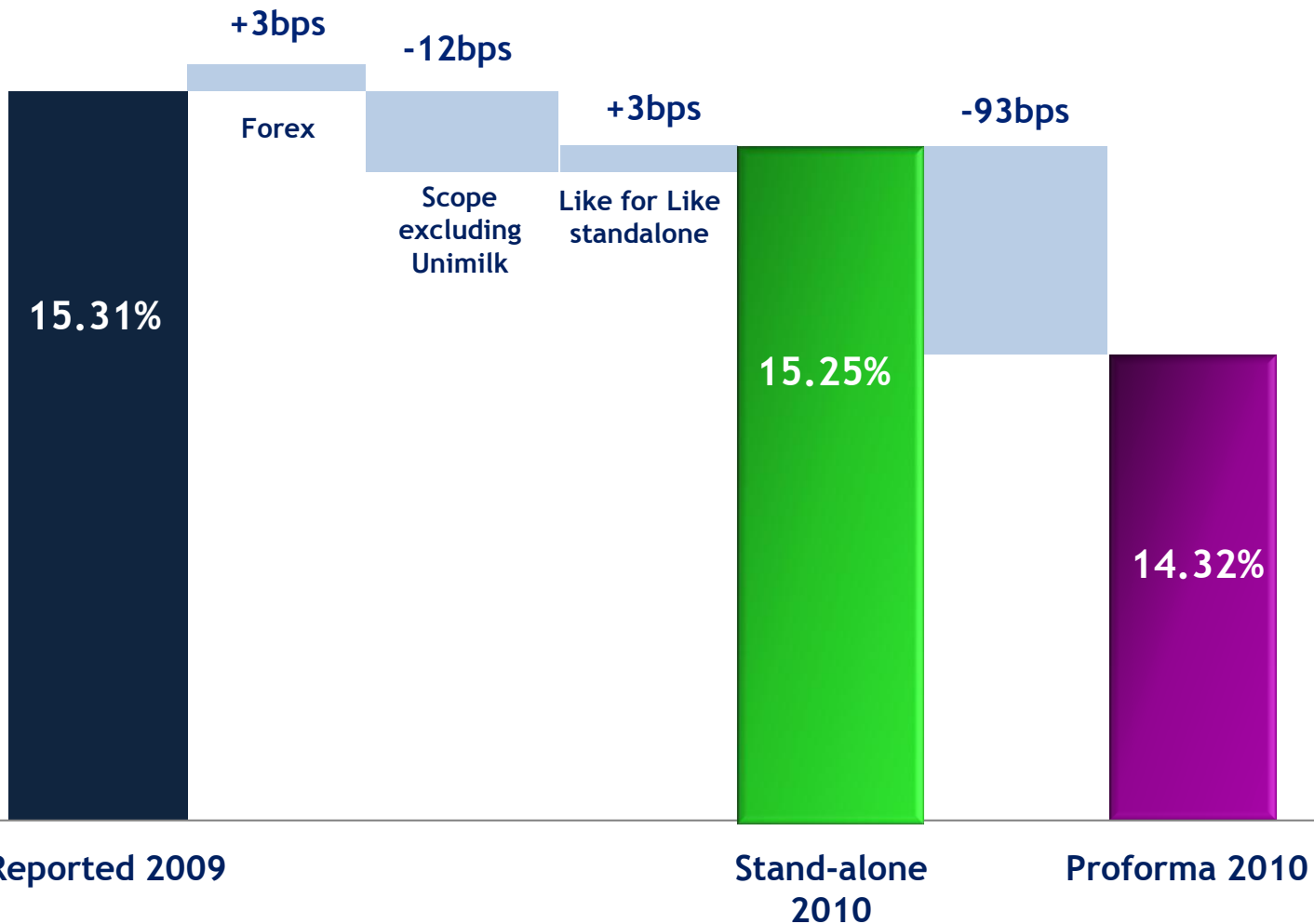
*Unimilk trading operating margin*



# Danone 2010 Trading operating margin proforma

*Danone proforma (12 months Unimilk)*

## Trading operating margin

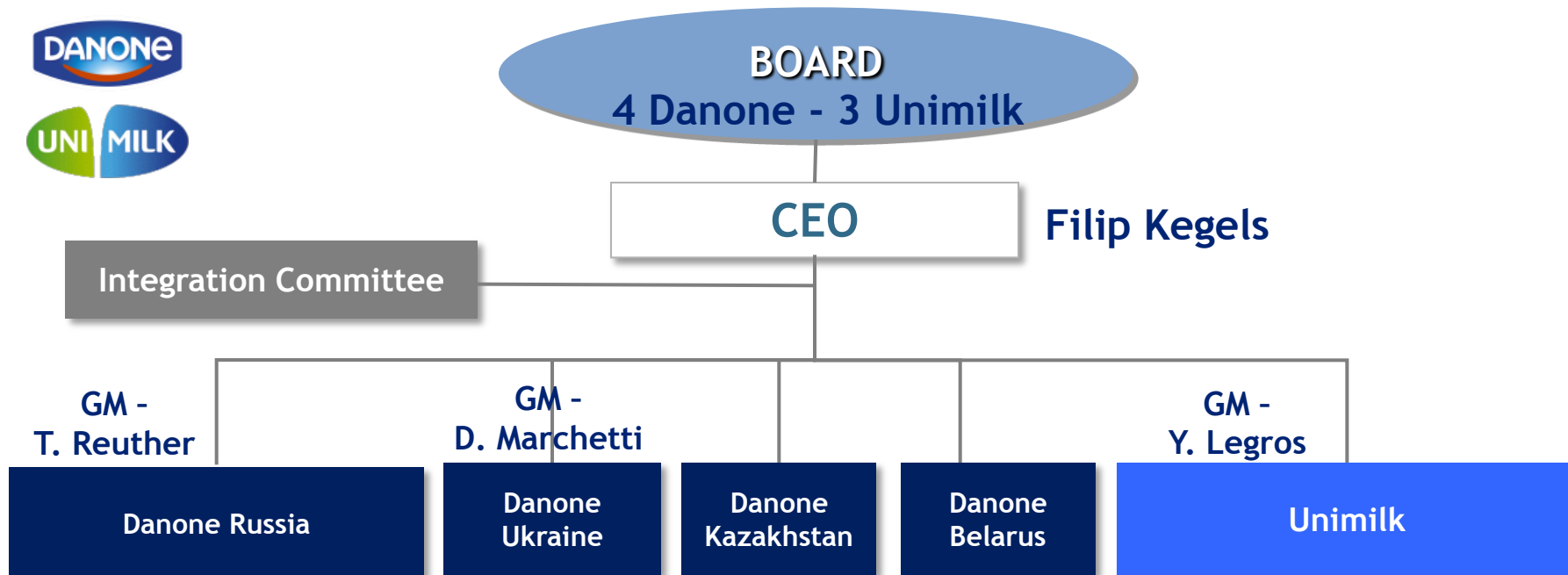




# Unimilk integration

## Management in place - Clear Roadmap for 2011

*Danone proforma (12 months Unimilk)*



### INTEGRATION PLAN 2011 - 6 PRIORITY WORKSTREAMS

1. Siberia as a pilot region for combination of the 2 businesses
2. Launch of Activia and Danone core production in Siberia
3. Joint purchasing
4. Coordinated Key Accounts strategy
5. ERP project
6. Reporting and controlling processes unification

- Key figures
- Danone stand-alone : Sales and margin performance
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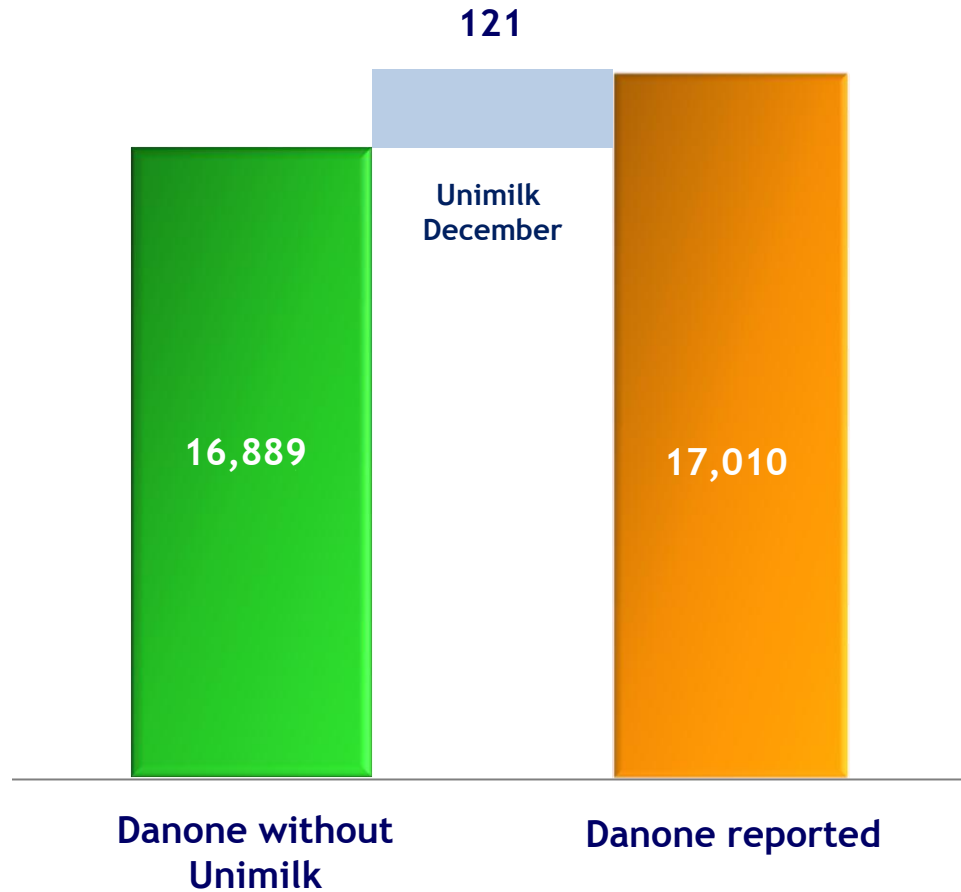


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# Danone 2010 reported sales

*Danone reported (1 month Unimilk)*

*2010 reported sales in € mln*



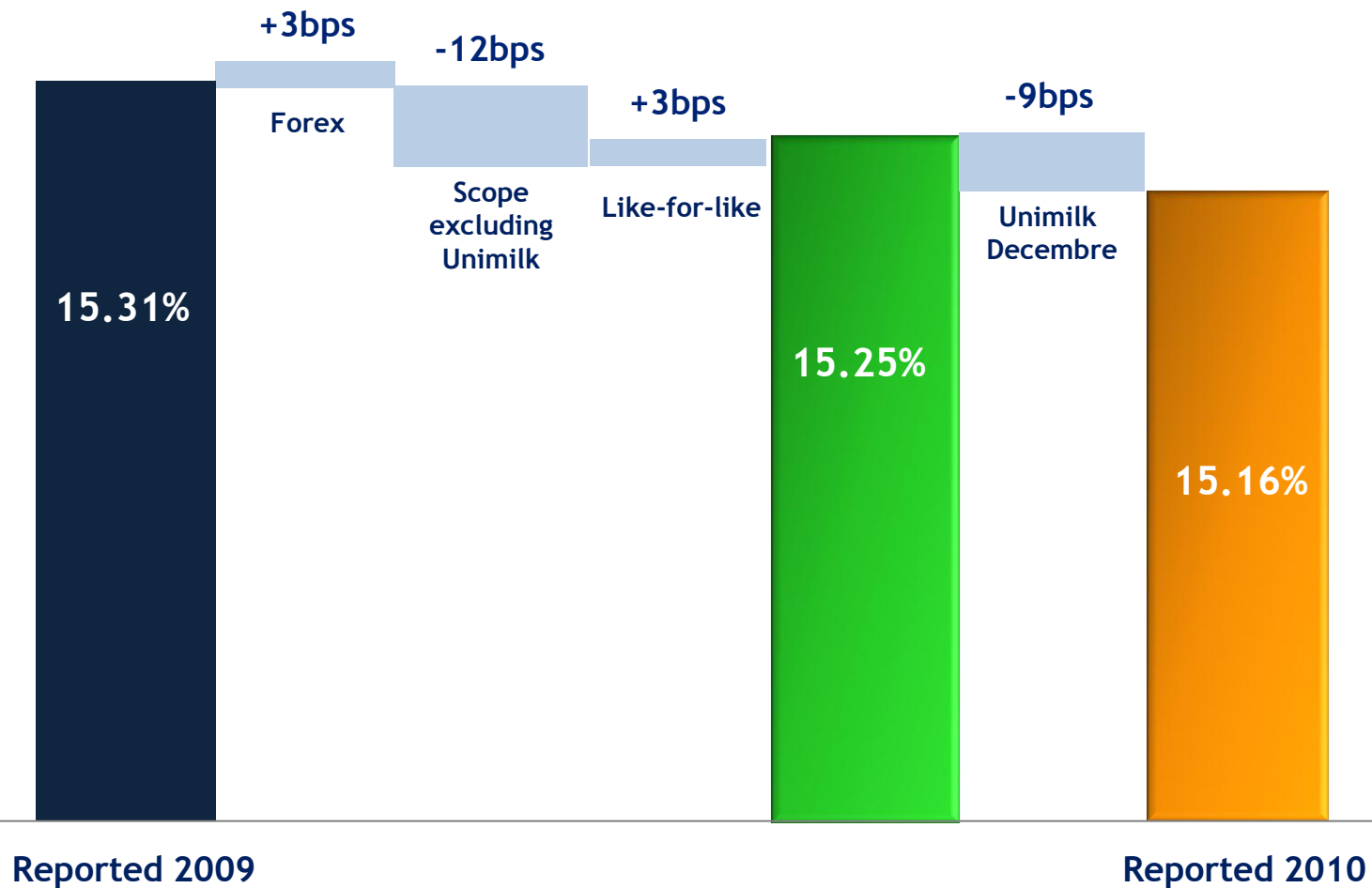


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# Danone 2010 Trading operating Margin Evolution

*Danone reported (1 month Unimilk)*

*Trading operating margin*



# Trading operating income and margin

*Danone reported (1 month Unimilk)*

€ mln

FY 2009

FY 2010

Trading operating income

2,294

2,578

Other operating items

217

(80)

Operating income

2,511

2,498

Trading operating margin

15.31%

15.16%



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# From operating income to net income

*Danone reported (1 month Unimilk)*

€ mln	FY 2009	FY 2010	Non current items	FY 2010 Underlying
Trading operating income	2,294	2,578	-	2,578
Other operating items	217	(80)	(80)	-
<b>Operating income</b>	<b>2,511</b>	<b>2,498</b>	<b>(80)</b>	<b>2,578</b>
Total financial expenses	(489)	(9)	225	(234)
Income tax	(424)	(576)	14	(590)
Net income of affiliates	(77)	121	41	80
<b>Net income</b>	<b>1,521</b>	<b>2,034</b>	<b>201</b>	<b>1,834</b>
<i>Attributable to minority interests</i>	160	164	(1)	165
<b><i>Attributable to the parent</i></b>	<b>1,361</b>	<b>1,870</b>	<b>200</b>	<b>1,669</b>

# Tax rate evolution

*Danone reported (1 month Unimilk)*

€ mln	FY 2009	FY 2010
Total income tax (reported)	(424)	(576)
<i>Reported tax rate</i>	21.0%	23.2%
Non current income tax <sup>(1)</sup>	24	14
<b>Current income tax</b>	<b>(448)</b>	<b>(590)</b>
<i>Underlying tax rate</i>	<b>23.4%</b>	<b>25.2%</b>

(1) Tax related to non current items



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# Underlying EPS from continuing activities

*Danone reported (1 month Unimilk)*

		FY 2009 Reported	FY 2009 Restated <sup>1</sup>	FY 2010 Reported
Underlying net income	€ million	1,412	1,412	1,669
Fully diluted number of shares	million	548.79	565.60	615.99
		↓	↓	↓
Fully diluted underlying EPS		€ 2.57	€ 2.50	€ 2.71
Dividend per share			€ 1.20	€ 1.30

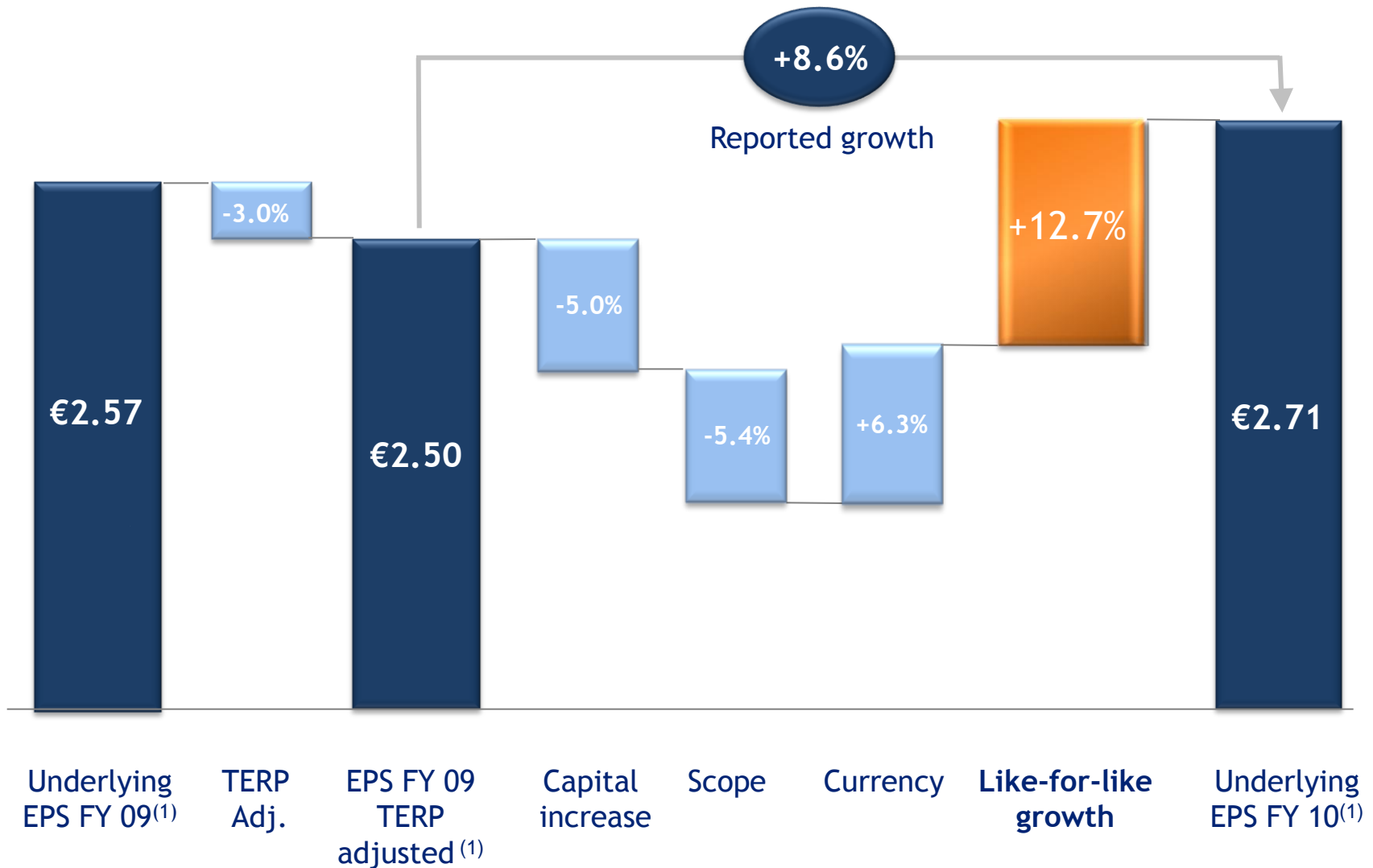
(1) TERP adjusted



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# Analysis of fully diluted EPS growth FY 10

Danone reported (1 month Unimilk)



(1) On a fully diluted basis



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# Free cash flow from operations

Danone reported (1 month Unimilk)

€ mln

FY 2009

FY 2010

Cash flow from operating activities	2,092	2,399
Net change in working capital	(92)	77
Capital expenditure	(699)	(832)
as a % of sales	4.7%	4.9%
Disposal of tangible assets	126	44
Transaction fees related to business combinations	-	25

**Free cash flow <sup>(1)</sup>**

1,427

1,713

+20.0%

as a % of sales

9.5%

10.1%

(1) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals) and excluding business combinations fees  
A detailed cash flow overview can be found in the appendix



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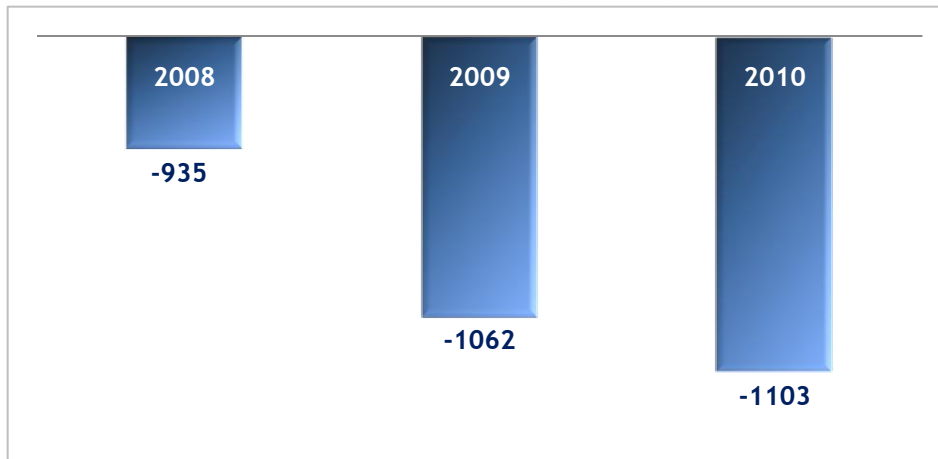
# Consistent cash-flow excellence

*Danone reported (1 month Unimilk)*

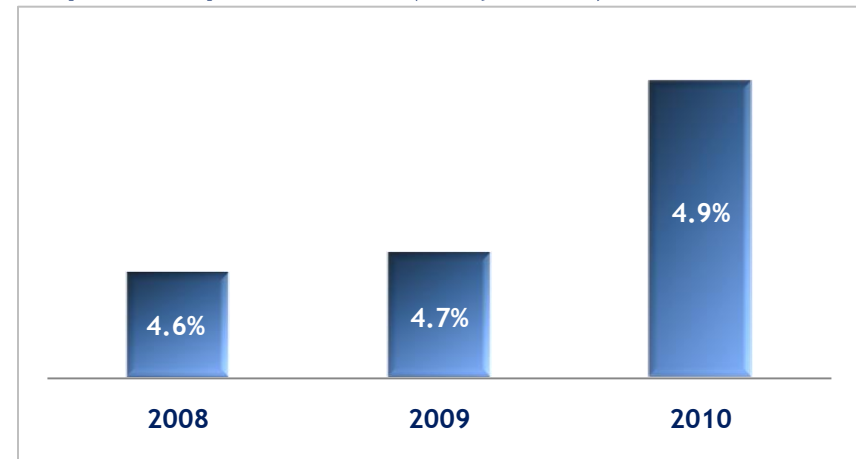
*Free cash flow (€ mln)*



*Working Capital excluding Unimilk (€ mln)*



*Capital expenditures (% of sales)*





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# FCF to net debt change

*Danone reported (1 month Unimilk)*

€ mln

FY 2009

FY 2010

## Free cash flow

1,427

1,713

Transaction fees related to business combinations

0

(25)

Business acquisitions and other investments, net of cash and cash equivalent acquired

(148)

(327)

Net proceeds from the sale of businesses

899

562

Dividends paid to Danone shareholders and transactions with non-controlling interests

(451)

(892)

Purchase of Treasury stock (net of disposal)

100

(233)

Increase in capital and additional paid-in capital

2,977

36

Change in long-term loans and other long-term assets

36

1

Settlement of debt hedge financial instruments

(154)

(47)

## Change in net debt

4,686

788

Non cash items included in net debt

(195)

(732)

Scope and FX

2

(568)

## Total change in net debt

4,493

(512)



**Danone reported (1 month Unimilk)**

(1) Excluding assets included in net debt  
(2) Net of cash, cash equivalents, marketable securities, other short term investments and financial instrument assets



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# Balance-sheet : first consolidation of Unimilk

*Danone reported (1 month Unimilk)*

- First consolidation : 1st December 2010
- Assets Valuation : preliminary PPA completed
  - Intangible assets : €586 mln = goodwill 308 + brands 278
  - Tangible assets : €439 mln
  - Financial assets €19 mln
- Financing :
  - Net debt increase confirmed at €1,351 mln, including €775 mln put value
  - In accordance with IFRS 3 and IAS 37, the difference between the put exercise price and its book value is accounted for in deduction of net equity
  - Net equity impact : -€282 mln
- Integration costs :
  - €100 mln non-recurring, to be expensed and cashed-out over next 3 years

# Balance-sheet : change in accounting policy on put options granted to Non Controlling Interests (NCI)

*Danone reported (1 month Unimilk)*

- IFRS3 R and IAS 27 R became effective as of January 1st, 2010. Debt related to put options granted to NCI is now recorded against equity.
- For consistency purposes, the Group decided to apply the same accounting policy to put options granted to NCI prior to January 1<sup>st</sup>, 2010. As a consequence, € 2,7 bn of goodwill related to such put options granted prior to January 1st 2010 were cancelled and recorded as a reduction of equity.
- Impact on Group financial statements
  - No change in net debt: puts will continue to be accounted for as a debt
  - 2009 balance sheet has been restated accordingly to make it comparable with 2010 ; December 31st 2009 goodwill and net equity have been reduced by an amount of € 2,7 bn
  - 2009 ROIC has been restated from 9,4% to 10,9% to be comparable with 2010 (11,1%)



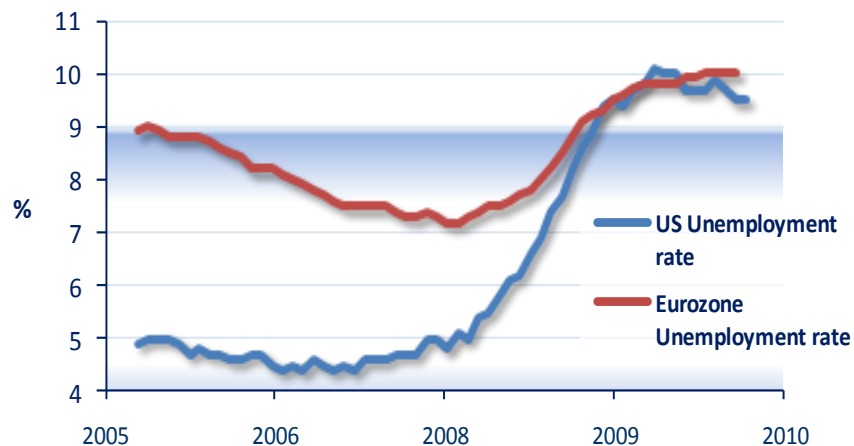
DANONE

# 2011 OUTLOOK

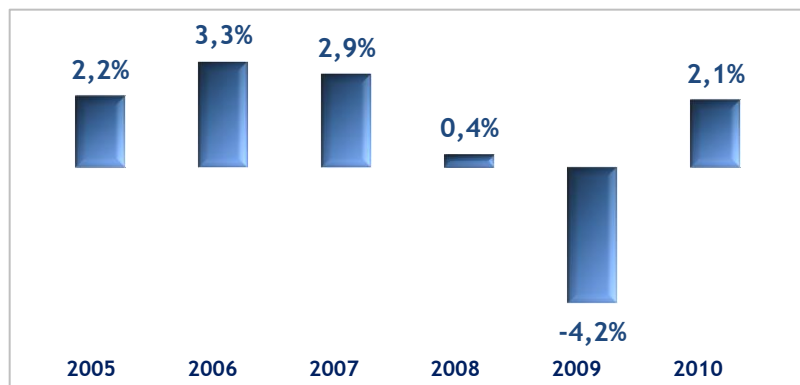
**F. Riboud & P-A. Terisse**

# 2011 Environment expected to remain challenging

## Unemployment in Western economies

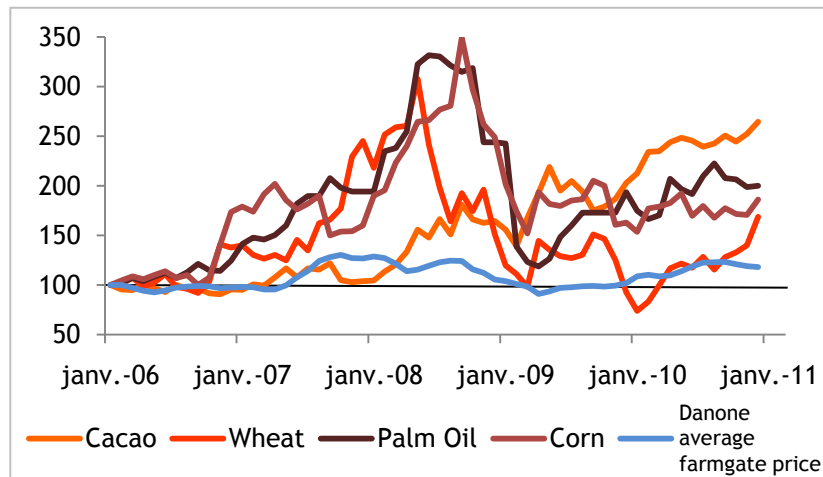
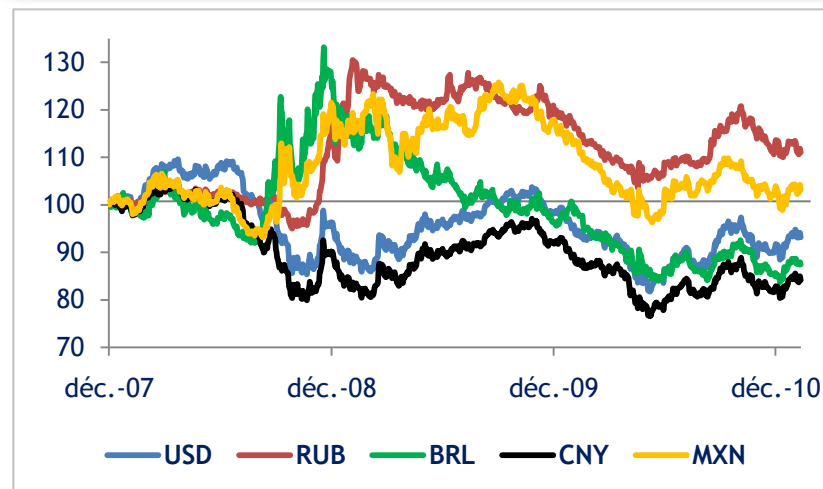


## GDP growth in Western Europe



Source : Euromonitor

## Persistent Volatility of currencies & commodities



## OUR STRUCTURE

- We have the right categories
- We have the right geographies
- Unimilk a unique opportunity
- Most of our activities are localized : “natural” hedging
  - ✓ local supplies, local production, local consumers



DANONE

# Danone ideally equipped to take on challenges

*Danone reported (1 month Unimilk)*

## OUR MANAGEMENT

- Strong Brands & capacity to innovate
- Our products are competitive
- Productivity hunting is part of our DNA
- Strong commitment and achievements towards sustainability
- Finally, strong culture of entrepreneurs, committed with the results

# Key priorities 2011

## ... Leverage the Danone Business Model

1

### SUSTAIN GROWTH IN KEY EMERGING PLATFORMS

- JV Danone-Unimilk
- MICRUB's : US, Russia, China, Indonesia, Brazil, Mexico
- Driving Group topline & profit growth

2

### STRENGTHEN OUR MODEL

- Re-invent the connection to consumers
- Innovate towards more consumers and more frequency
  - all consumers, all usages, all price points
- Sustain credibility towards health care professionals

3

### SUSTAIN VERY HIGH CASH & PRODUCTIVITIES

- Keep expanding productivities
- Cash-flow cycle improvement
- Monitor financial structure

# 2011 Our targets

## Objectives 2011

**Sales growth <sup>(1)</sup>**

**6-8%**

**Free cash flow <sup>(2)</sup>**

**On track for € 2 bn in 2012**

**Trading operating  
margin**

**around +20 bps <sup>(1)</sup>**

*(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*

# Return to shareholders

- **Dividend proposed :**
  - € 1.30 per share
  - Payment in cash
  
- **Sharebuyback :**
  - 2010 disposals : € 250 mln completed December 10, € 250 mln to be completed by end of March 2011
  - Current credit metrics allow to continue for up to € 500 mln additional in H1

- Two Board members have not applied for renewal of their mandate at the next AGM :
  - **Michel David-Weill** (seniority 41 years) will continue supporting the board as Honorary Vice Chairman
  - **Jacques Nahmias** (seniority 20 years)
- Appointment of two new board members proposed to the AGM on the 28th April:
  - **Isabelle Seillier**
  - **Jean-Michel Severino**
- **Emmanuel Faber and Bernard Hours**, Co Chief Operating Officers, will additionally be appointed Vice-Chairmen of the Board

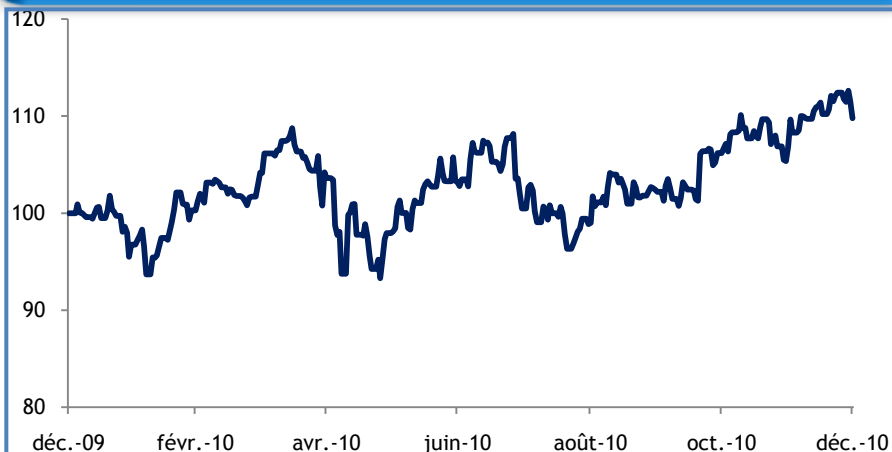


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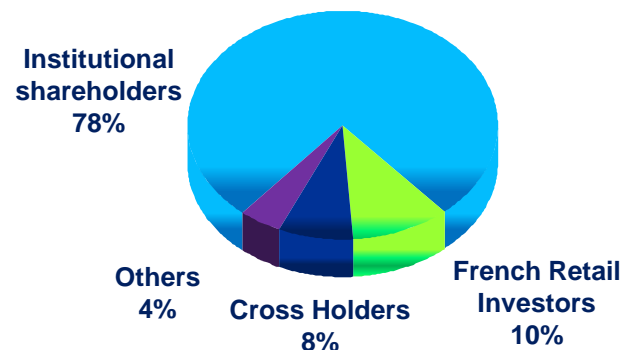
# APPENDIX

# 2010 Share price & Shareholding

## Danone Share price evolution



## Shareholding by investor <sup>(1)</sup>



## Danone FY 10 stock performance

Absolute

**+9.8%**

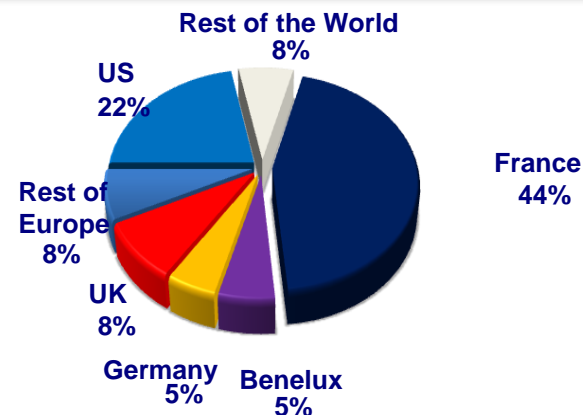
Relative vs. CAC 40

**+13.1%**

Relative vs. Eurostoxx 50

**+16.1%**

## Shareholding by geography <sup>(1)</sup>



(1) The company conducted a survey of the Company's identifiable shareholders as of July 2010

# Impact of currencies and scope - Q4 10

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Total
<i>Including Unimilk</i>					
Reported sales growth	+18.1%	+13.4%	+16.4%	+13.3%	+16.8%
Currency	+6.5%	+7.8%	+7.1%	+4.5%	+6.7%
Scope of consolidation	+5.4%	+0.4%	(0.5)%	+1.1%	+3.2%
<b>Like-for-like sales growth</b>	<b>+6.2%</b>	<b>+5.2%</b>	<b>+9.8%</b>	<b>+7.7%</b>	<b>+6.9%</b>

# Impact of currencies and scope - FY 10

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Total
<i>Including Unimilk</i>					
Reported sales growth	+13.8%	+11.3%	+14.7%	+14.0%	+13.5%
Currency	+5.8%	+6.6%	+6.5%	+4.3%	+6.0%
Scope of consolidation	+1.5%	(0.6)%	(0.7)%	+0.7%	+0.6%
<b>Like-for-like sales growth</b>	<b>+6.5%</b>	<b>+5.3%</b>	<b>+8.9%</b>	<b>+9.0%</b>	<b>+6.9%</b>

# Sales by business & geographical area - Q4 10

€ mln - Including Unimilk	Q4 2009	Q4 2010	Like-for-like sales growth
Fresh Dairy	2,142	2,531	+6.2%
Waters	559	634	+5.2%
Baby Nutrition	735	856	+9.8%
Medical Nutrition	246	278	+7.7%
Europe	2,185	2,388	+2.2%
Asia	453	588	+13.1%
Rest of World	1,044	1,323	+14.4%
<b>Total</b>	<b>3,682</b>	<b>4,299</b>	<b>+6.9%</b>

# Sales by business & geographical area - FY 10

€ mln	FY 2009	FY 2010	Like-for-like sales growth
Fresh Dairy	8,555	9,732	+6.5%
Waters	2,578	2,868	+5.3%
Baby Nutrition	2,924	3,355	+8.9%
Medical Nutrition	925	1,055	+9.0%
Europe	8,960	9,449	+1.9%
Asia	1,877	2,386	+14.0%
Rest of World	4,145	5,175	+14.9%
<b>Total</b>	<b>14,982</b>	<b>17,010</b>	<b>+6.9%</b>

# Like-for-like sales growth - Q4 10

## Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy	+3.3%	+2.9%	+6.2%
Waters	+7.3%	(2.1)%	+5.2%
Baby Nutrition	+6.4%	+3.4%	+9.8%
Medical Nutrition	+8.4%	(0.7)%	+7.7%
Europe	+1.0%	+1.2%	+2.2%
Asia	+9.6%	+3.5%	+13.1%
Rest of World	+9.4%	+5.0%	+14.4%
Total	+4.8%	+2.1%	+6.9%

# Like-for-like sales growth - FY 10

## Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy	+7.5%	(1.0)%	+6.5%
Waters	+7.8%	(2.5)%	+5.3%
Baby Nutrition	+7.6%	+1.3%	+8.9%
Medical Nutrition	+8.7%	+0.3%	+9.0%
Europe	+3.8%	(1.9)%	+1.9%
Asia	+12.6%	+1.4%	+14.0%
Rest of World	+11.8%	+3.1%	+14.9%
Total	+7.6%	(0.7)%	+6.9%

# Cash flow statement

€ mln	FY 2009	FY 2010
Operating income	2,294	2,578
Financial income	(383)	(234)
Income tax	(448)	(590)
Non-current income	136	159
Depreciation and amortization	549	594
Net change in provisions	46	39
Dividends received from equity-accounted affiliates	174	52
Other cash items	(154)	(78)
Other non-cash items	(122)	(121)
Cash flow provided by operating activities, excluding changes in net working capital	2,092	2,399

# Cash flow statement

€ mln

FY 2009

FY 2010

Cash flow provided by operating activities, excluding changes in net working capital

2,092

2,399

Net change in working capital

(92)

77

Cash flow from operations

2,000

2,476

Capital expenditure

(699)

(832)

Proceeds from the sale of industrial assets

126

44

Business acquisitions and other investments, net of cash and cash equivalents acquired

(40)

(327)

Proceeds from the sale of businesses

899

562

(Increase)/decrease in other long-term assets

36

1

Cash flow used in investing activities and disposals

322

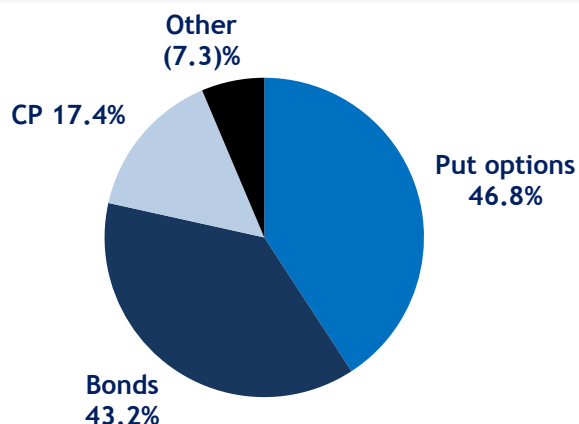
(552)

# Cash flow statement

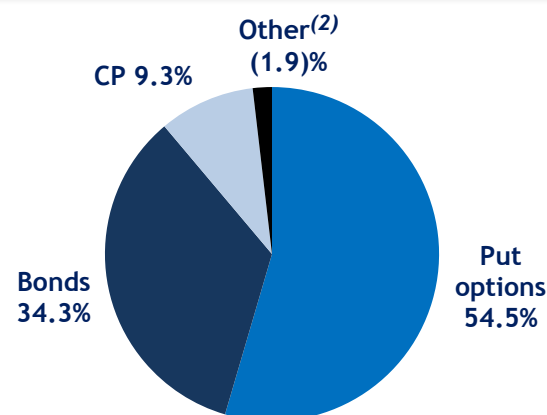
€ mln	FY 2009	FY 2010
Increase in capital and additional paid-in capital	2,977	36
Purchases of treasury stock (net of disposal)	100	(233)
Dividends paid to Danone shareholders	(221)	(737)
Transactions with non controlling interests*	(338)	(155)
Settlement of debt hedge financial instruments	(154)	(47)
Change in bonds	(1,175)	344
Change in non-current financial liabilities	(2,979)	92
Change in current financial liabilities	(427)	(285)
Change in cash equivalent	(60)	(601)
Cash flow used in financing activities	(2,277)	(1,586)
Exchange rate differences	8	72
Increase (decrease) in cash and cash equivalents	53	410

# Debt maturity profile

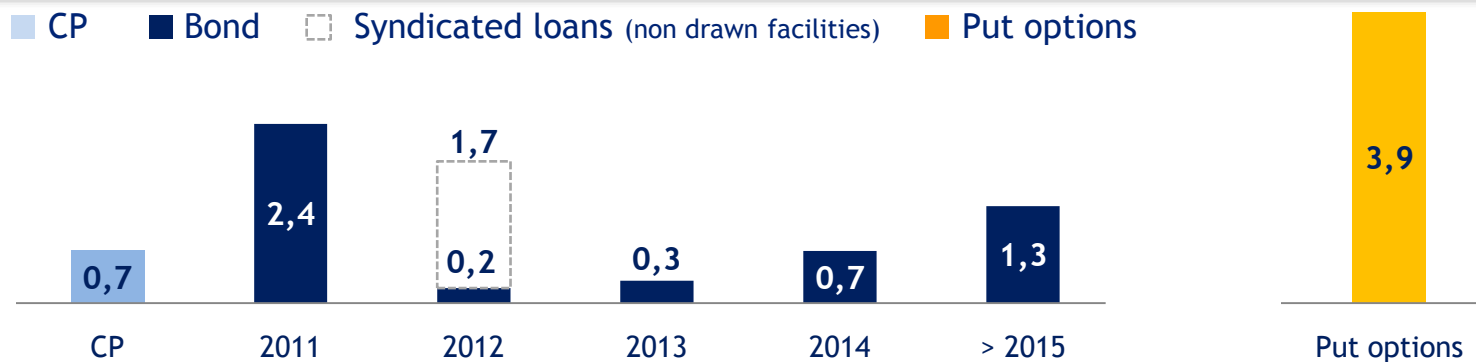
December 31 2009<sup>1</sup>



December 31 2010<sup>(1)</sup>



Debt maturity profile as of December 31 2010<sup>(3)</sup> (€ bn)



(1) Based on net debt of €6,562 mln on 31/12/2009 and €7,074 mln on 31/12/2010

(2) CBU borrowings net of excess cash

(3) Based on gross debt of €9,475 mln

# Changes in exchange rates

## 38% of sales denominated in €

	% total FY 10 sales	FY 10 vs FY 09 (avg)	Q4 10 vs Q4 09 (avg)
US dollar	9%	+ 5%	+12%
Mexican peso	6%	+12%	+14%
British pound	5%	+4%	+7%
Argentinian peso	5%	0%	+9%
Russian ruble	5%	10%	+8%
Indonesian rupee	5%	20%	+19%
Chinese yuan	5%	+6%	+14%
Polish zloty	4%	+8%	+4%
Brazilian real	4%	+19%	+12%
Canadian dollar	2%	+16%	+15%
Turkish lira	2%	+8%	+13%

# Notes

# Notes

# Notes