



DANONE

FY 2014 Results

February 20, 2015

DISCLAIMER

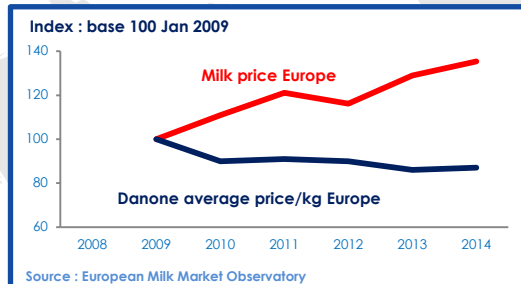


This document contains certain forward-looking statements concerning Danone. Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those 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 Registration Document (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.

This document refers to financial indicators that are not defined by IFRS. For a detailed description of these indicators, please refer to the section "Financial indicators not defined in IFRS" of the press releases on its results published by Danone (which are available on www.danone.com).

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.

A YEAR OF TURBULENCES



MILK PRICES



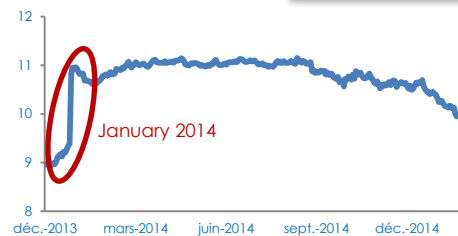
UKRAINIAN TENSIONS



OIL PRICE DECLINE



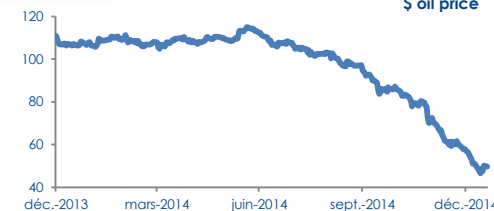
ARGENTINA'S PESO DECLINE



EBOLA



\$ oil price

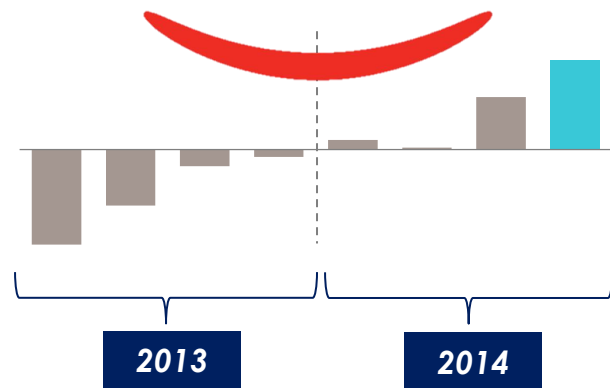


2014 KEY ACHIEVEMENTS

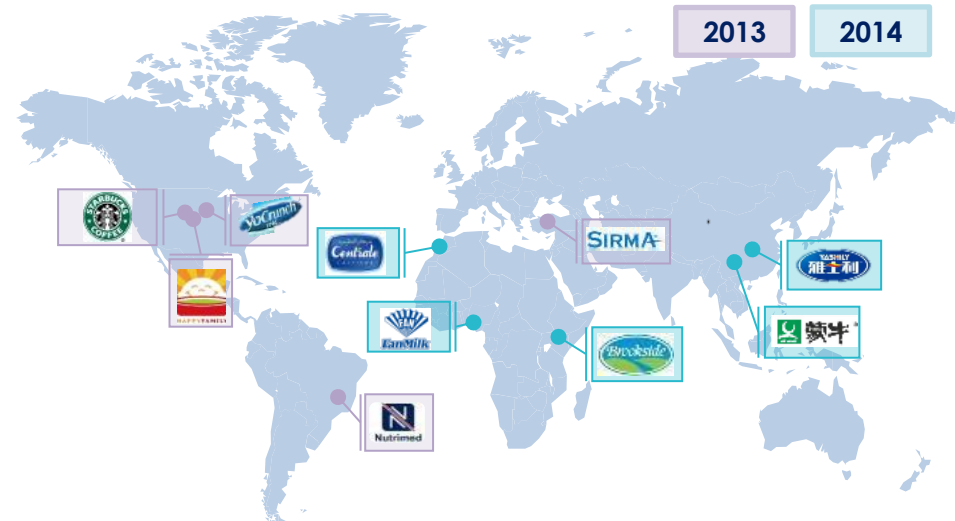


MANAGING THE EQUATION IN EUROPE

Europe sales growth trend evolution



PLANTING SEEDS FOR THE FUTURE



ENHANCING OUR PLATFORMS



USA & Russia



CONSOLIDATING ASIA



NUTRICIA Program



SOLID PERFORMANCE IN A VOLATILE ENVIRONMENT



	2014 targets announced FY 2013	FY 2014
Sales growth ⁽¹⁾	At least 4.5%	4.7%
Trading operating margin ⁽¹⁾	Stable \pm 20bps	12.59% -12bps
Free cash-flow excluding exceptional items ⁽²⁾	Around €1.5 bn	€1,401 mln

(1) Like-for-like: excludes the impact of changes in the basis for comparison, which include exchange rates and scope of consolidation

(2) Free cash-flow excluding exceptional items: represents free cash-flow before cash-flows related to initiatives that may be taken by the Group to deploy the plan to generate savings and adapt organization in Europe

2014: A YEAR OF TRANSFORMATION

October

MANAGING THE EQUATION IN EUROPE

Europe sales growth trend evolution



PLANTING SEEDS FOR THE FUTURE



Operational agenda

New role
Strengthened duties

Thoughts and design

Set up and implementation
of a new governance

GOVERNANCE – A NEW ORGANIZATION

ONE
BOARD



15 Board members
71% independent

ONE
CHAIRMAN



ONE
CEO



Appointment of a new Board member (independent) proposed to next AGM



SERPIL TIMURAY

Age: **45 years old**
Nationality: **Turkish**
Position: **CEO Africa, Middle East and Asia Pacific Region, Member of the Executive Committee of Vodafone Group**



2015 Board composition characteristics (subject to the approval of the Shareholders' Meeting)

- Rate of independence: 77%
- Percentage of women: 38%
- Average age of Directors: 55.4 years
- Percentage of Directors with non-French nationality: 31%

2014: A solid performance in a volatile environment - Pierre-André Terisse, CFO

2015: Priorities and stakes – Emmanuel Faber, CEO

Questions & Answers

2014 : A solid performance in a volatile environment - Pierre-André Terisse, CFO

2015 : Priorities and stakes – Emmanuel Faber, CEO

Questions & Answers

KEY FIGURES



Sales	€ 21,144 mln	+4.7% like-for-like ⁽¹⁾ (0.7)% reported
Trading operating income	€ 2,662 mln	+3.7 % like-for-like ⁽¹⁾ (5.2)% reported
Trading operating margin	12.59%	-12 bps like-for-like ⁽¹⁾ (60) bps reported
Underlying net income	€ 1,561 mln	+3.6% like-for-like ^{(1) (2)} (4.6)% reported
Underlying EPS (fully diluted)	€ 2.62	+2.5% like-for-like ⁽¹⁾ (5.6)% reported
Free cash-flow excluding exceptional items ⁽³⁾	€ 1,401 mln	(9.6)% reported

(1) Like-for-like: excludes the impact of changes in the basis for comparison, which include exchange rates and scope of consolidation

(2) Excluding non-current

(3) Free cash-flow excluding exceptional items: represents free cash-flow before cash-flows related to initiatives that may be taken by the Group to deploy the plan to generate savings and adapt organization in Europe

ALMA: NAVIGATING IN VOLATILE MARKETS

- ## Forex



Argentine
treatment



FanMilk
impairment

Restructuring

The map highlights three key restructuring areas:

- Danisco**: Located in the north, covering Denmark, Sweden, Finland, Estonia, Latvia, and Lithuania.
- Industrial optimisation: from 24 to 16 plants**: Located in central Europe, covering Germany, Poland, Czech Republic, Slovakia, Austria, Hungary, and Romania.
- United management in Europe**: Located in the south, covering Spain, Portugal, France, Italy, Greece, and Turkey.

* Investment

Asia

Africa



蒙牛



ELN ASIA: ONE YEAR AFTER, RECOVERY WELL ADVANCED

Milk cost

+20%



Fermented & milk

volume



volume



* Dumex slow recovery



e-commerce

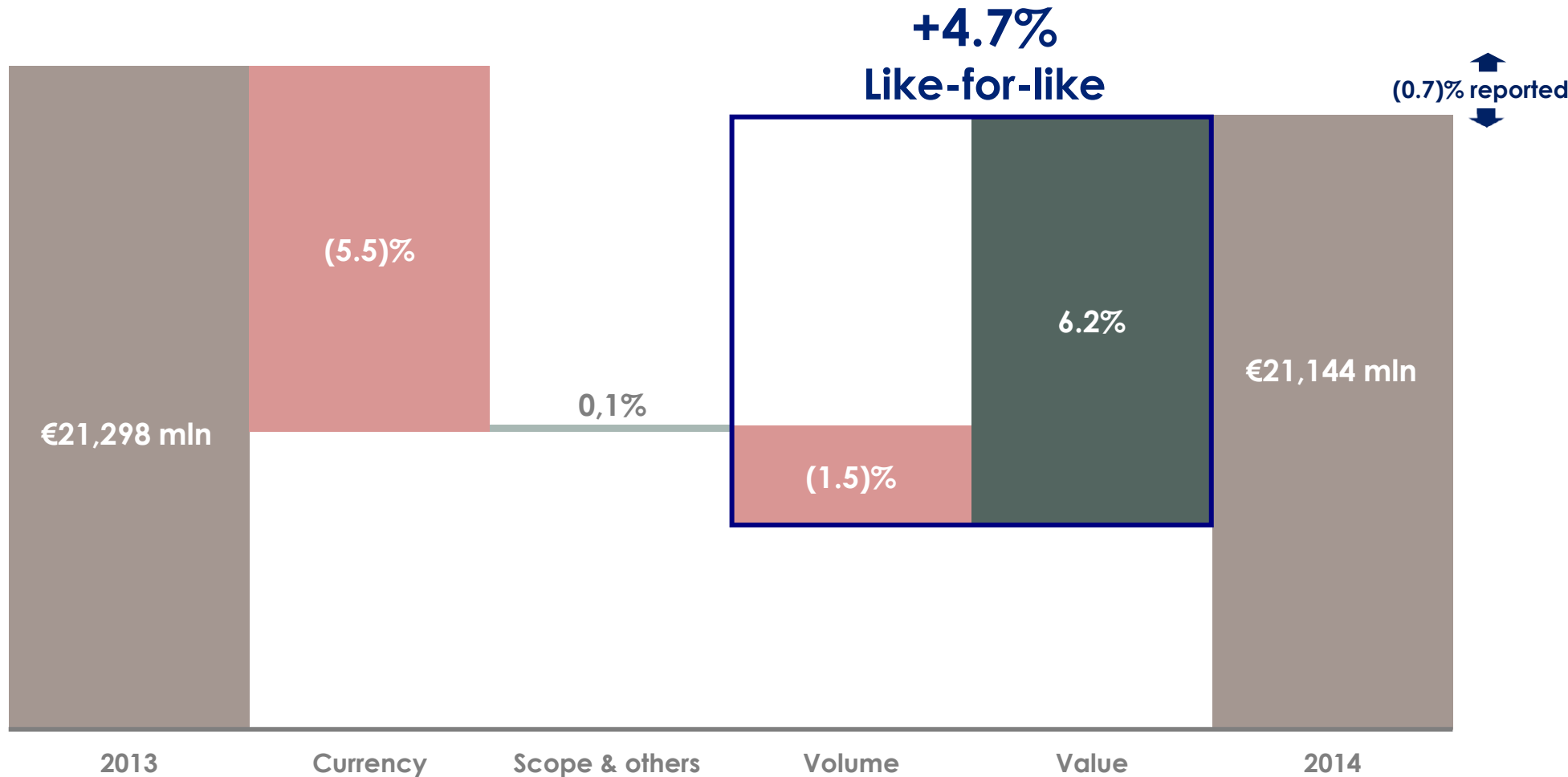


&

Mom and Baby stores

NUTRICIA
Nutrilon

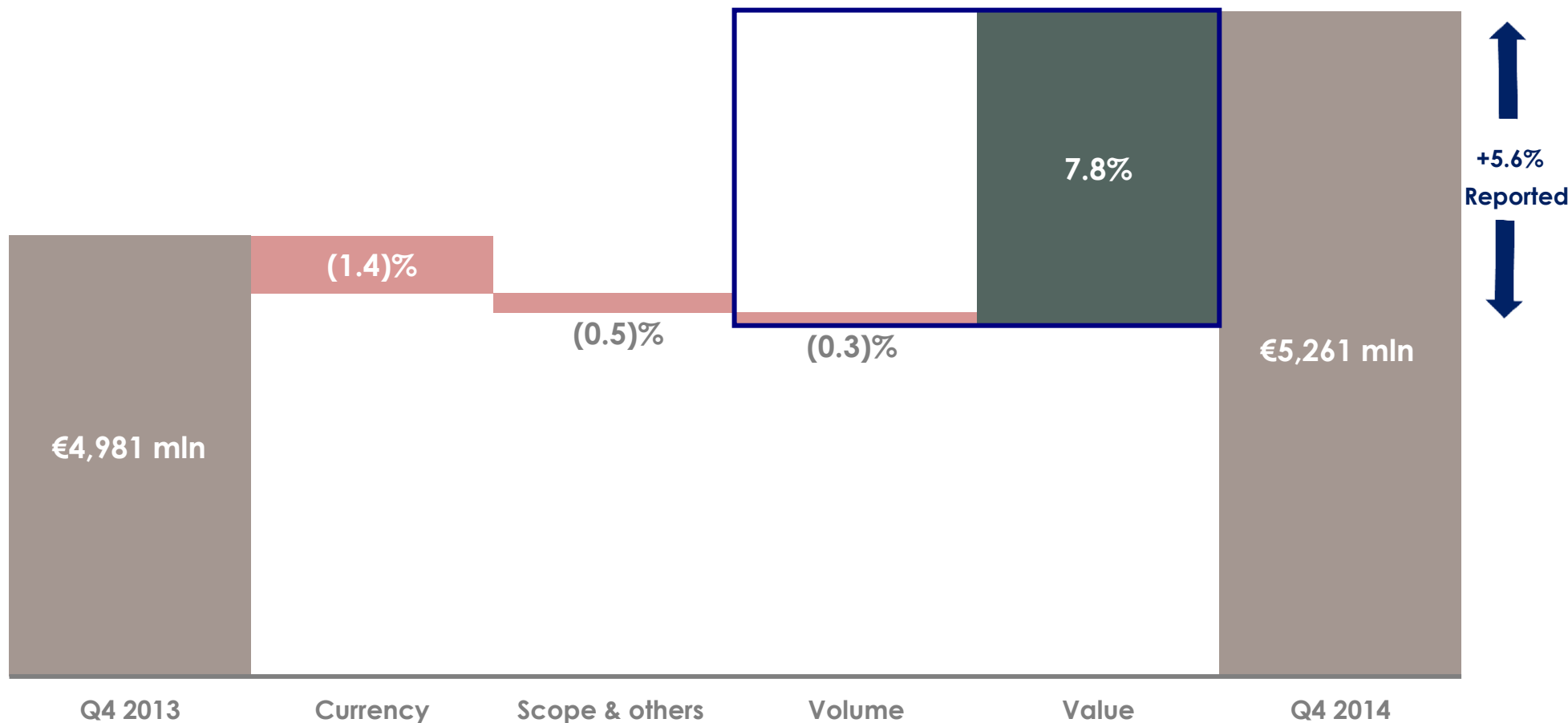
FY 2014 - SALES GROWTH ANALYSIS



Q4 2014 - SALES GROWTH ANALYSIS



+7.5%
Like-for-like

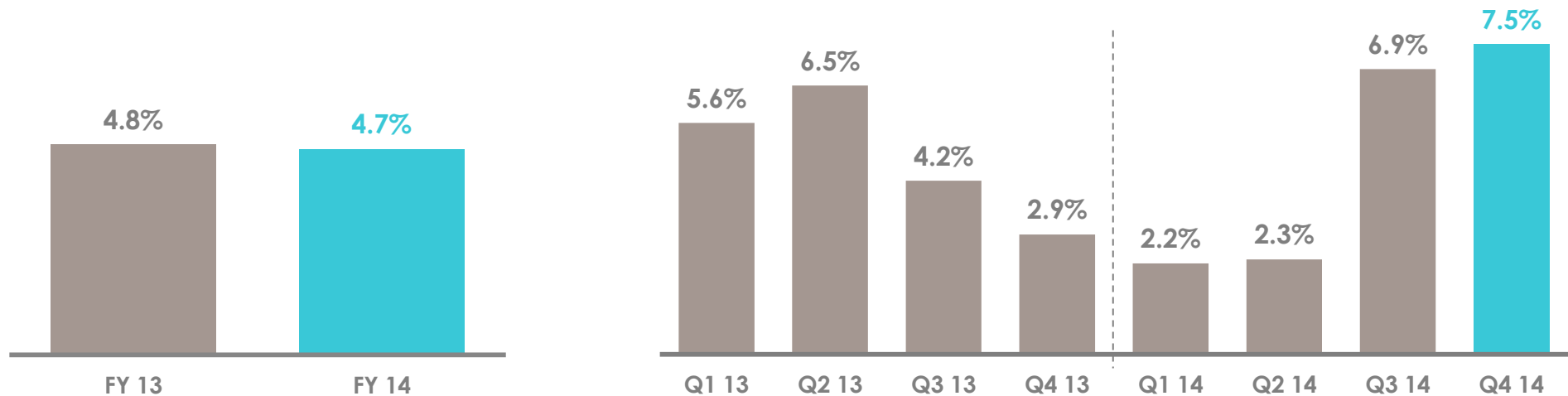


TOTAL COMPANY – A SOLID PERFORMANCE IN A VOLATILE ENVIRONMENT



Like-for-like sales growth

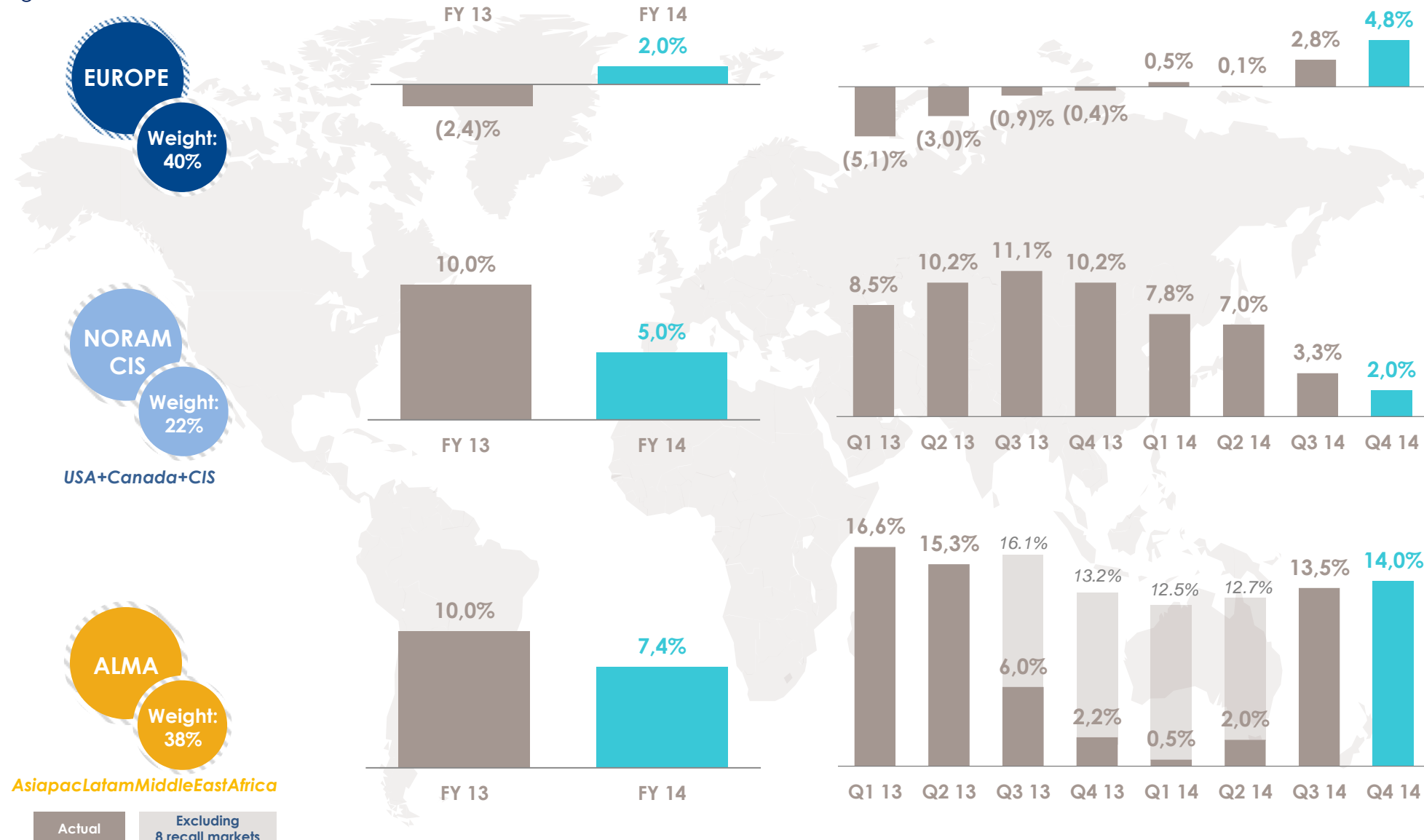
Q4 2014 figures after treatment of over inflation for the full year



- * Solid performance in all markets
- * V-shape year after the Fonterra false alert
- * Key progresses to reinforce/strengthen platforms for 2015

GEOGRAPHICAL DYNAMICS

Weight based on 2014 sales



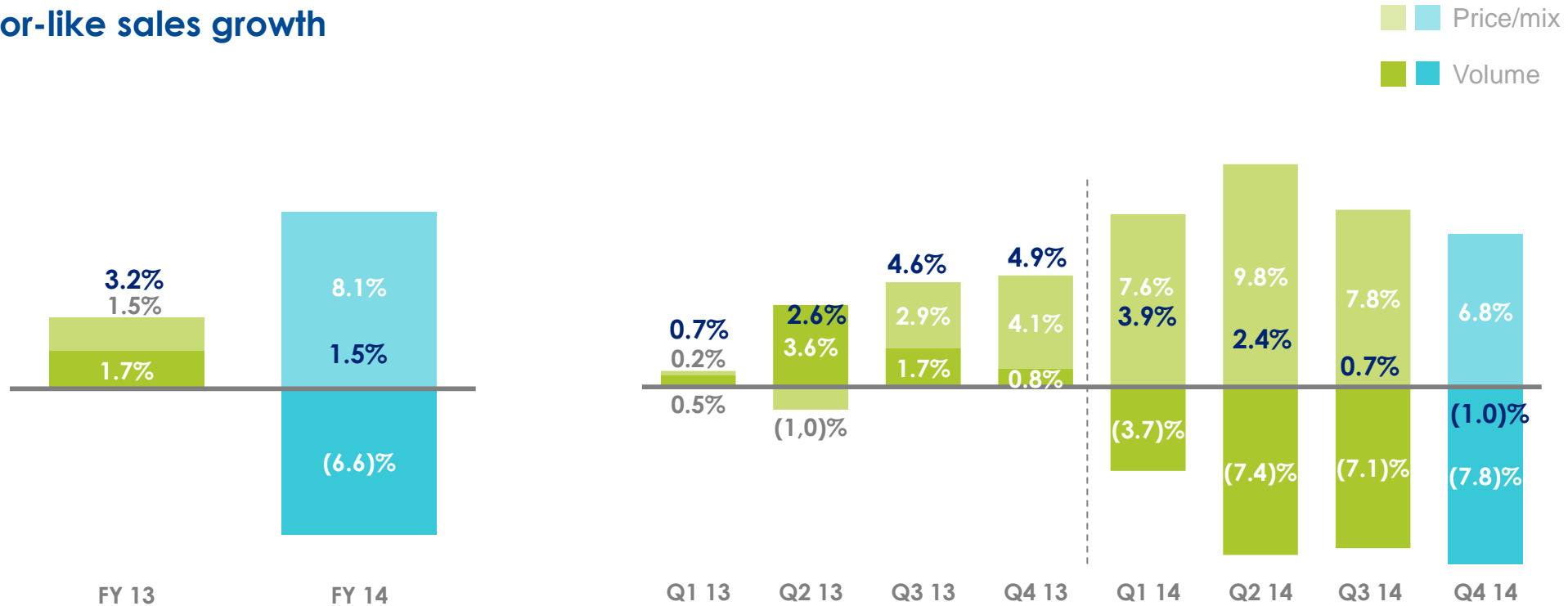


Sales performance by Division

FRESH DAIRY PRODUCTS – FOCUSING ON KEY BATTLES TO FACE EXCEPTIONAL MILK INFLATION



Like-for-like sales growth



- * Price & mix management to offset milk inflation
- * Adapting portfolio in all regions

FRESH DAIRY PRODUCTS – Selected innovations Q4



Activia Superfruits
Russia



Danone Cremoso
Spain



Dan's up relaunch
Brazil



Yogurissimo Cremix & Stick
Argentina



Actimel Kids
Russia

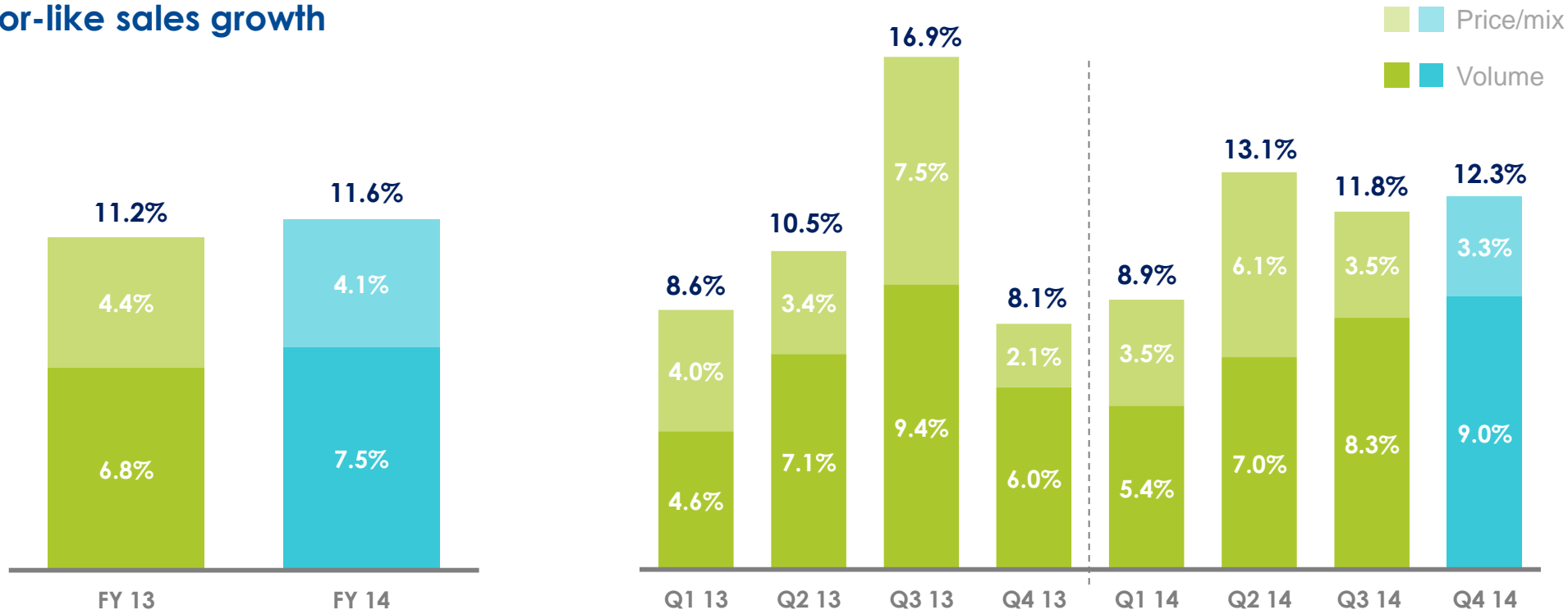


Danimals Squeezables
United States

WATERS – SUSTAINED STRONG GROWTH



Like-for-like sales growth



- * Very solid volume dynamics in mature & emerging markets
- * Favorable mix driven primarily by Asia & Aquadrinks development

WATERS – Selected innovations Q4



X-Mas Evian by Kenzo
Worldwide



X-Mas Badoit
Worldwide



Salus Uno
Uruguay



Mizone Fire
China



We by Ser
Argentina

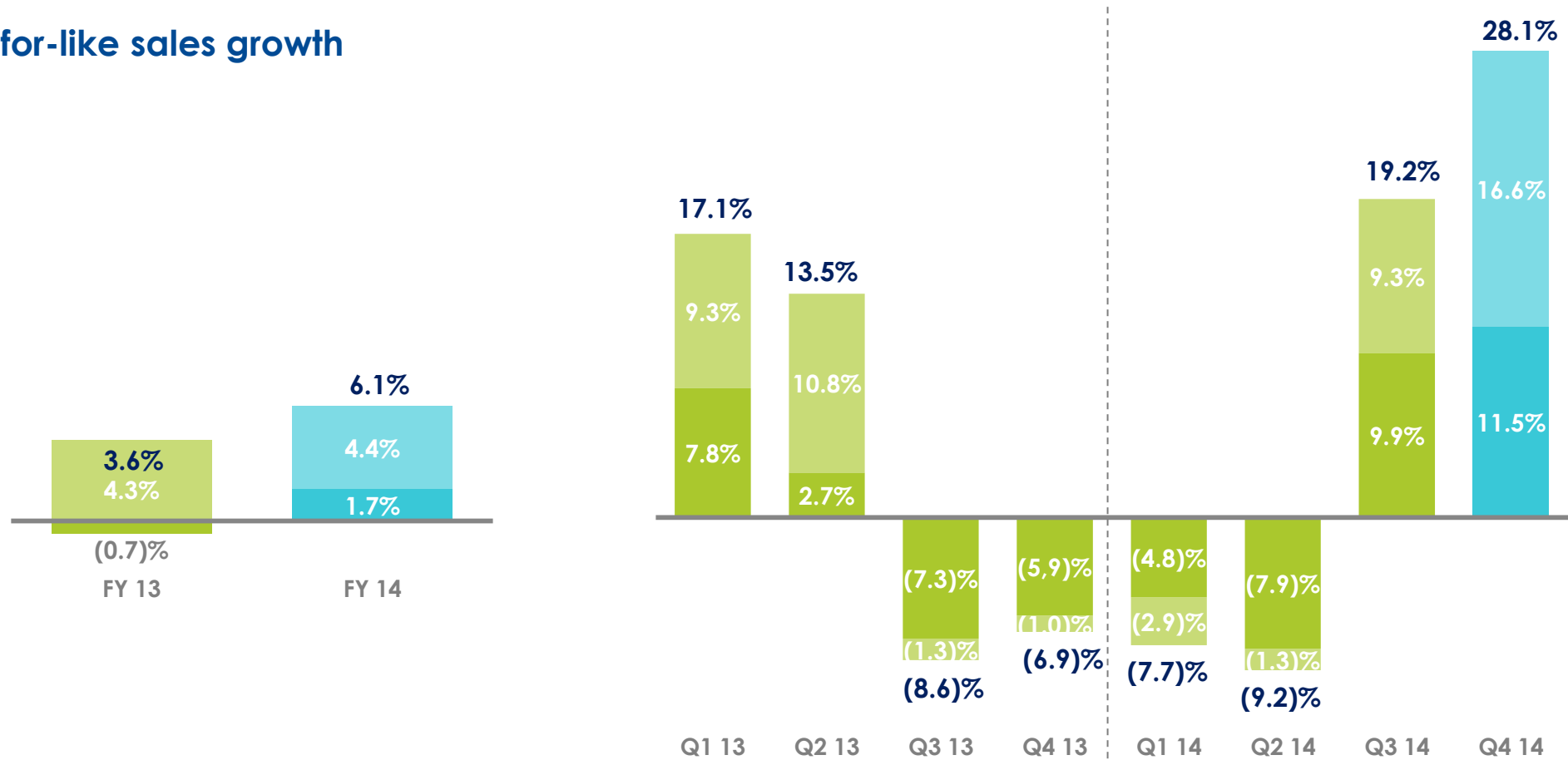


Villa del Sur Levité sachet
Argentina

EARLY LIFE NUTRITION – REBUILD STRONG PLATFORMS OF GROWTH



Like-for-like sales growth



* Asia market recovery enhanced by global Internet development

* Europe solid; rest of ALMA strong

Price/mix
Volume

EARLY LIFE NUTRITION – Selected innovations Q4



Aptamil Pronutra+ Milk Cereals
Switzerland



Milupa Profutura Mama
Germany



Nutrilon AR
Argentina



Aptamil Profutura
Germany

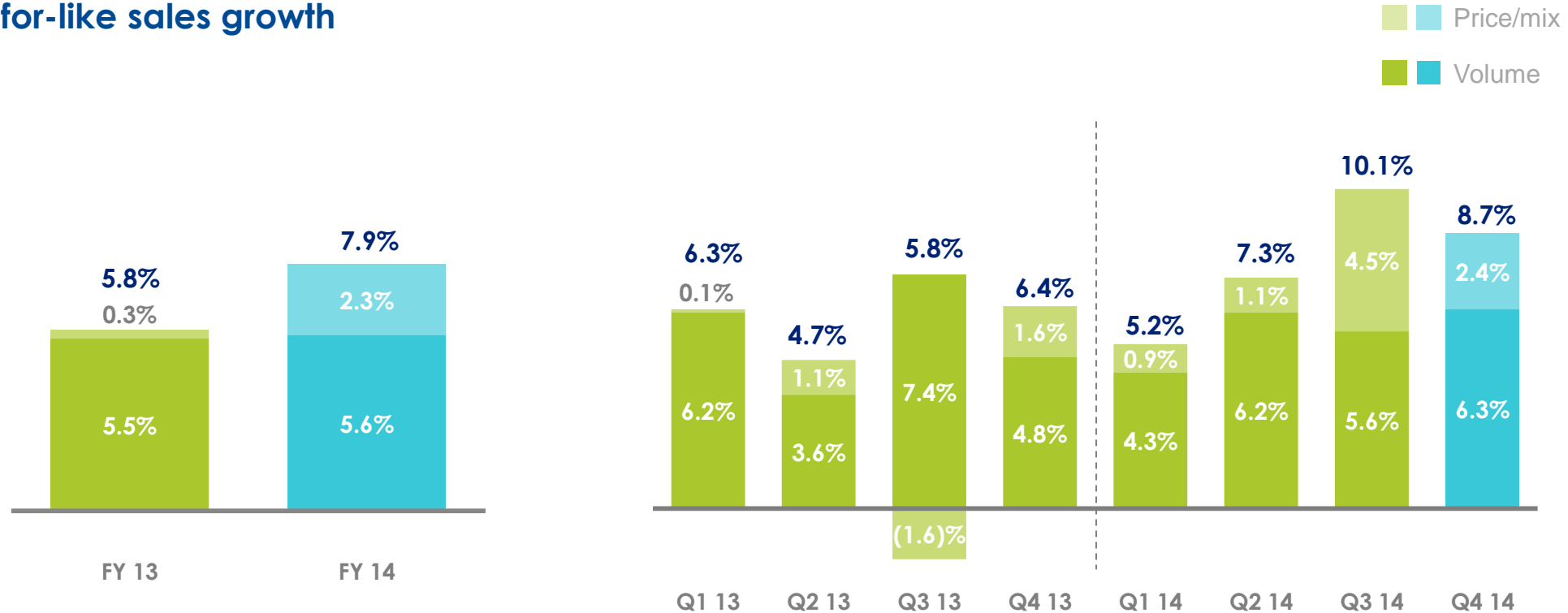


Nutrilon Profutura
Argentina

MEDICAL NUTRITION – IMPROVING DYNAMICS



Like-for-like sales growth

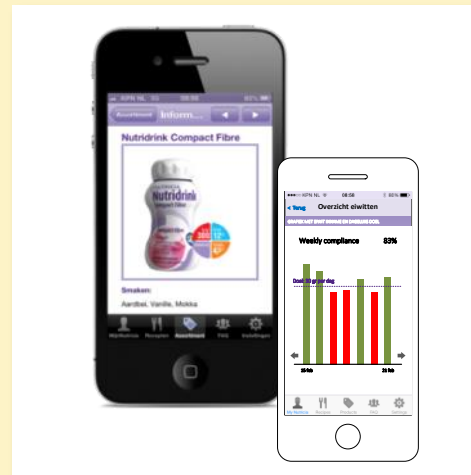


- * Key dynamics of growth in emerging markets
- * Outstanding growth of pediatrics across regions

MEDICAL NUTRITION – Selected innovations Q4



Lophlex LQ Juicy
13 countries



NutriApp
to monitor calorie and protein intake
Netherlands

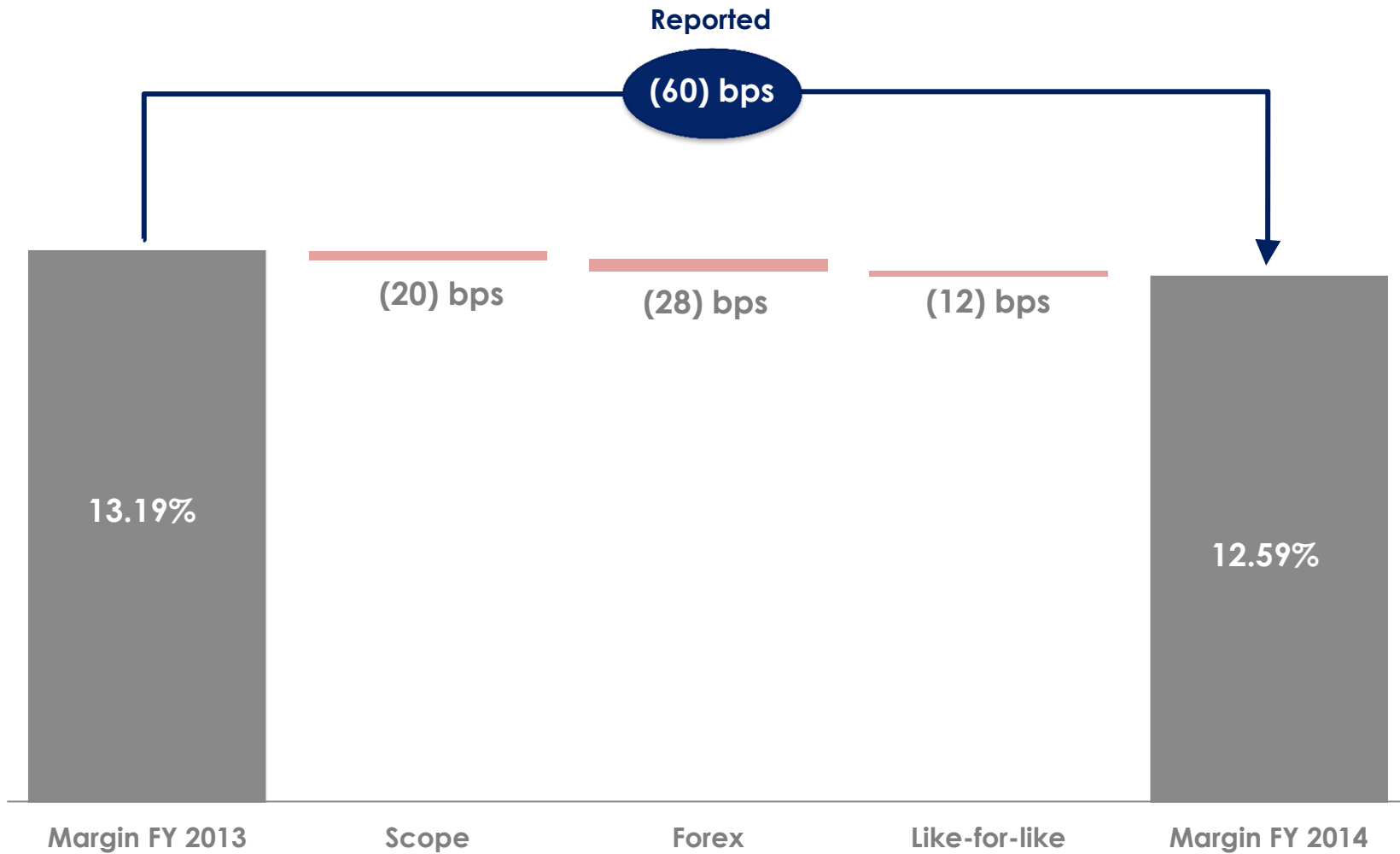


Infatrini
Worldwide

TRADING OPERATING INCOME AND MARGIN

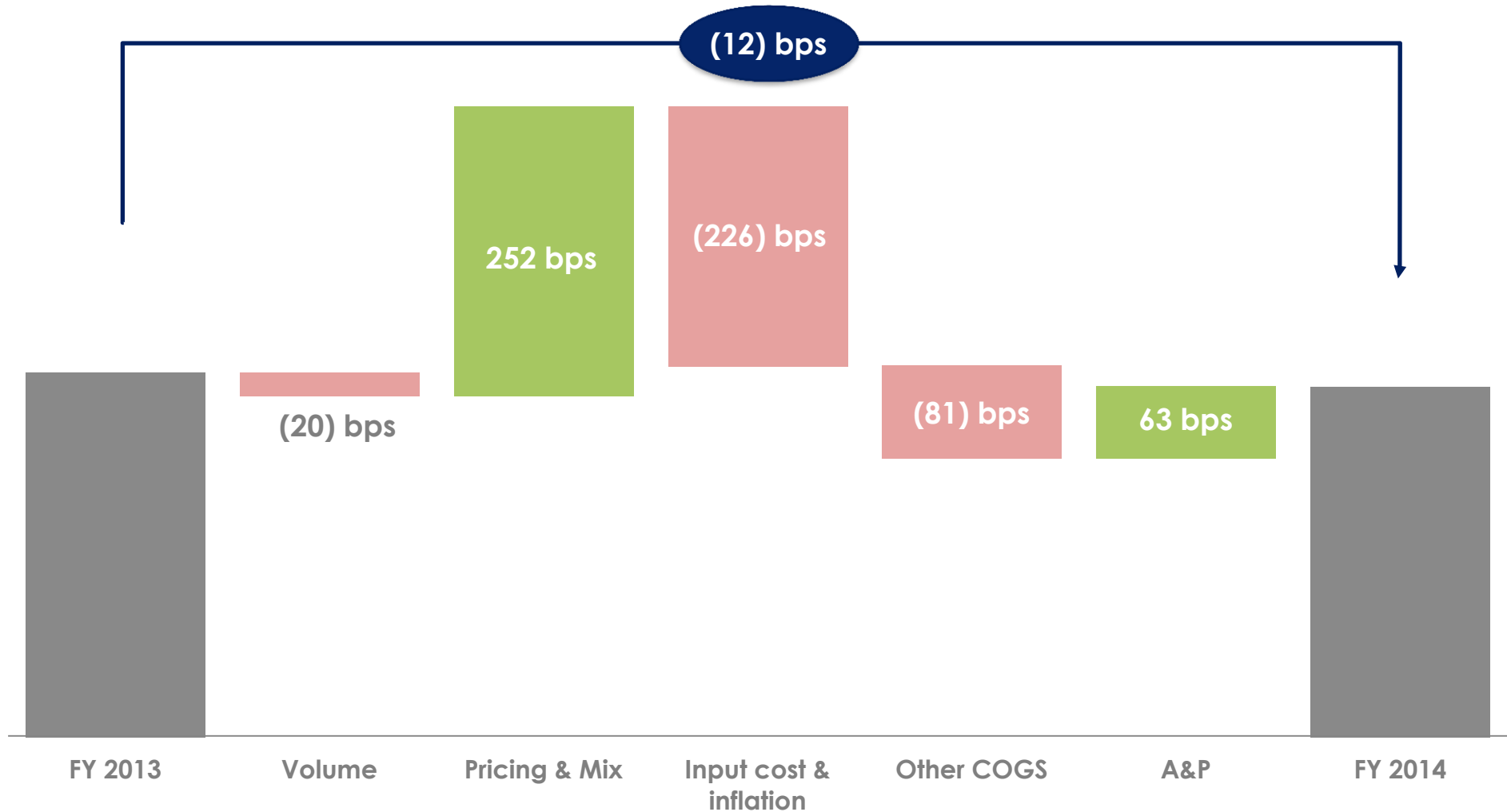
€ mln	FY 2013	FY 2014
Trading operating income	2,809	2,662
Other operating items	(681)	(511)
Operating income	2,128	2,151
Trading operating margin	13.19%	12.59%

2014 - MARGIN DEVELOPMENT

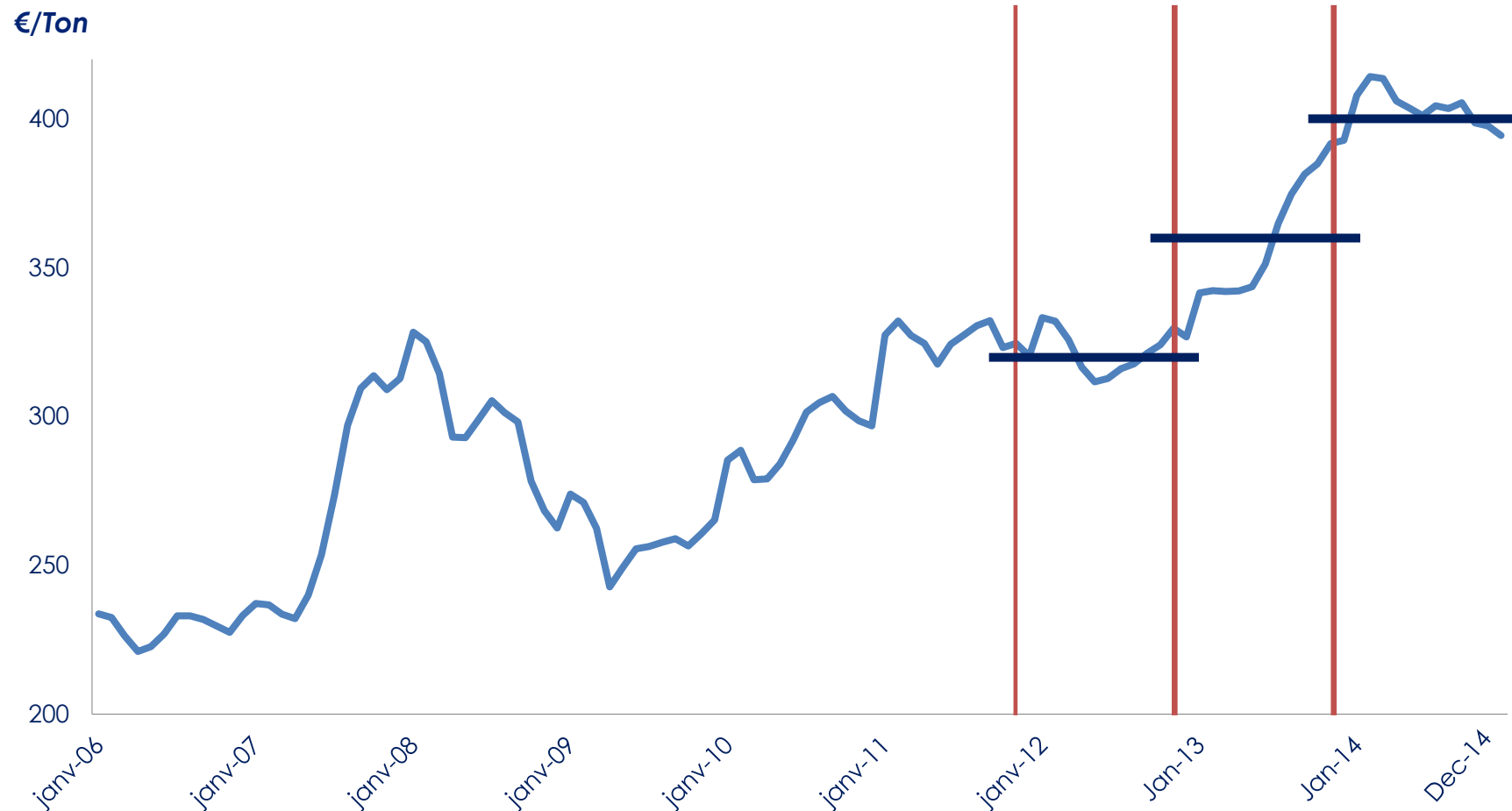


2014 - MANAGING INFLATION THROUGH PRICE & MIX

LIKE-FOR-LIKE MARGIN BRIDGE



DANONE FARMGATE PRICE 2006-2014



TRADING OPERATING MARGIN

by business line & geographical area

€ mln	FY 2013	FY 2014	Like-for-like change
Fresh Dairy Products	10.35%	9.28%	(67) bps
Waters	13.04%	12.88%	+93 bps
Early Life Nutrition	19.62%	18.83%	(40) bps
Medical Nutrition	18.16%	18.28%	+89 bps
Europe	14.42%	15.67%	+158 bps
CIS+Noram	9.56%	8.56%	(63) bps
ALMA	14.03%	11.60%	(157) bps
Total	13.19%	12.59%	(12) bps

FROM OPERATING INCOME TO EPS

€ mln

FY 2013
underlying

FY 2014
underlying

Non-current
items

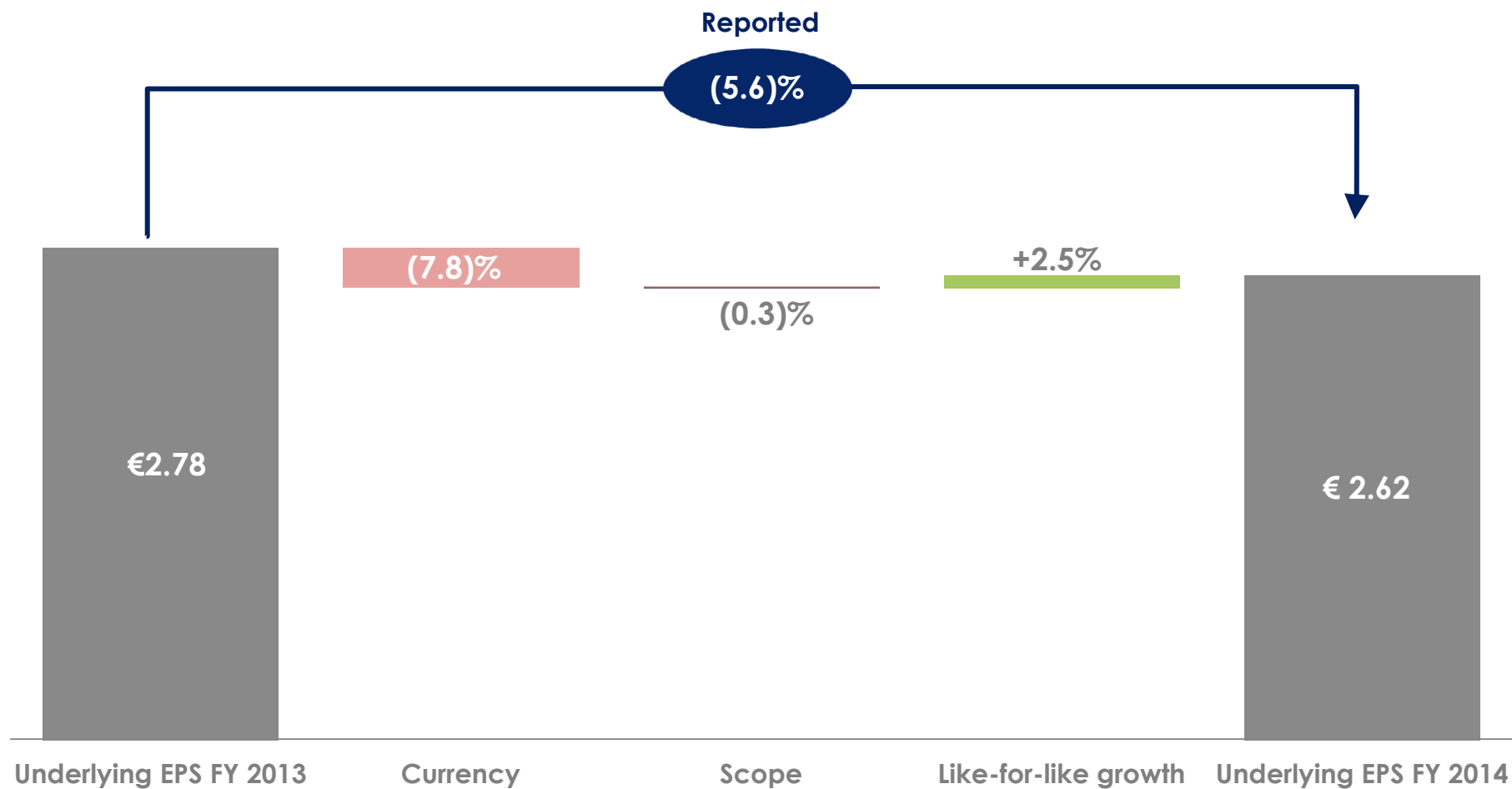
FY 2014

Trading operating income	2,809	2,662
Other operating items	-	-
Operating income	2,809	2,662
Total financial expenses	(311)	(309)
Income tax	(750)	(716)
Net income of affiliates	50	66
Net income	1,798	1,703
Non-controlling interests	162	142
Net income - Group share	1,636	1,561

-	2,662
(511)	(511)
(511)	2,151
(3)	(312)
117	(599)
(52)	14
(450)	1,253
(7)	134
(442)	1,119

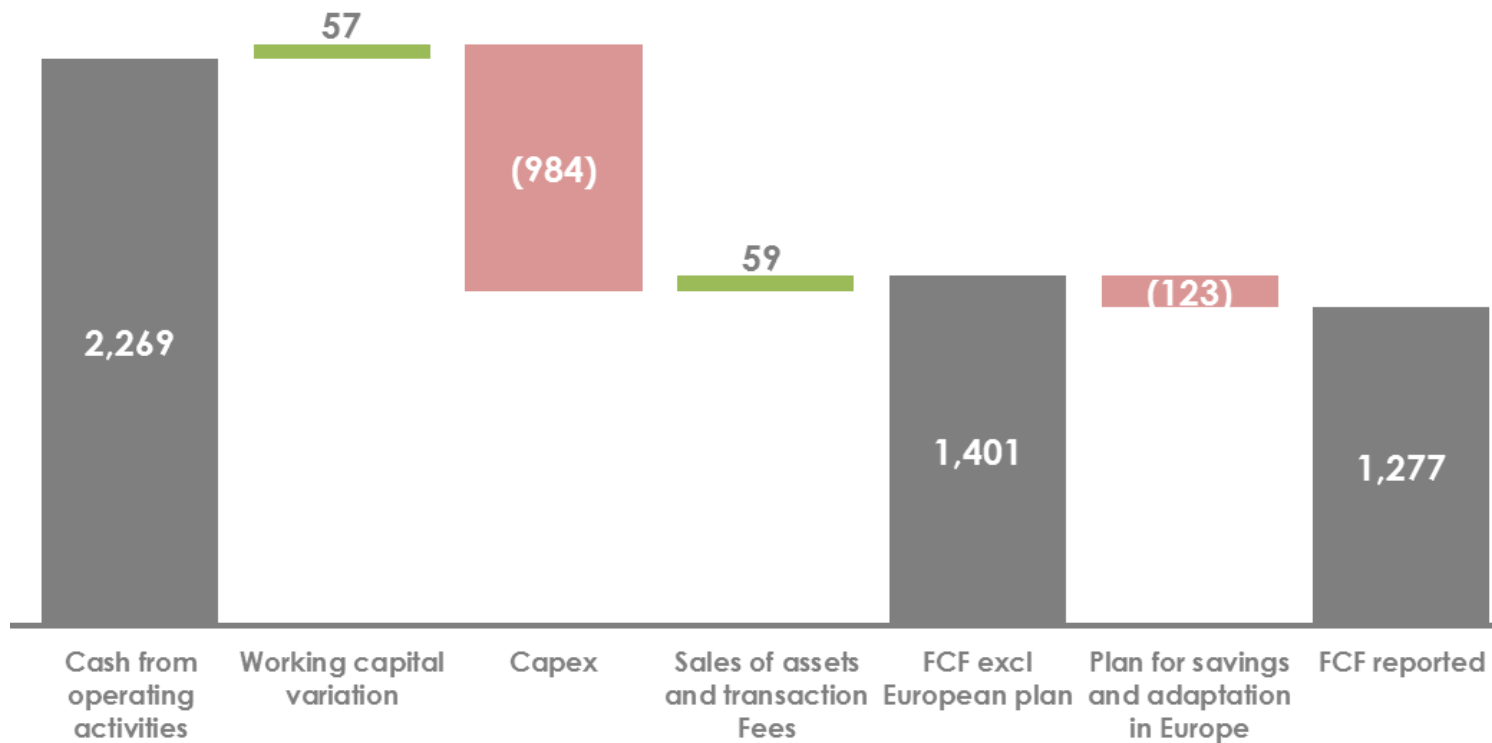
Fully diluted number of share mln	588	596
Fully diluted underlying EPS €	€ 2.78	€ 2.62

EPS DOWN ON FOREX, UP WITHOUT FOREX AND SCOPE

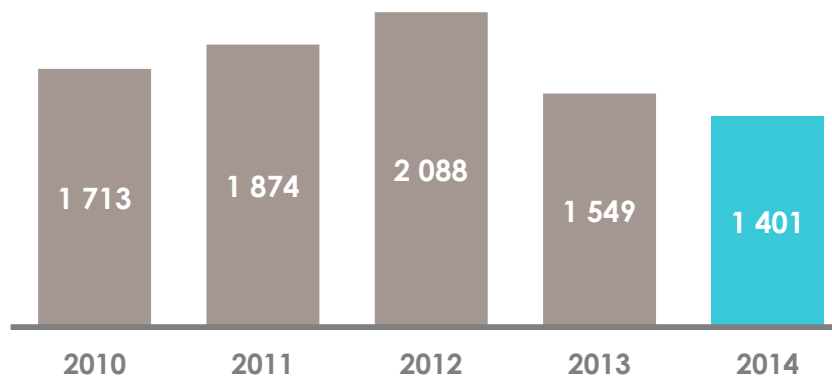


CASH BRIDGE

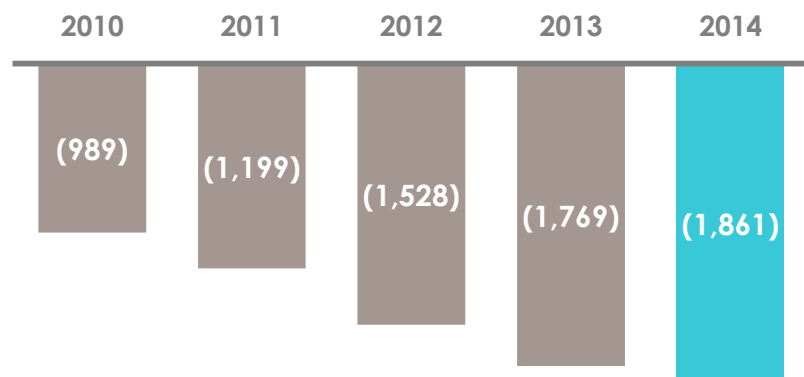
€ mln



FREE CASH-FLOW EXCLUDING EXCEPTIONAL ITEMS (€ MLN)

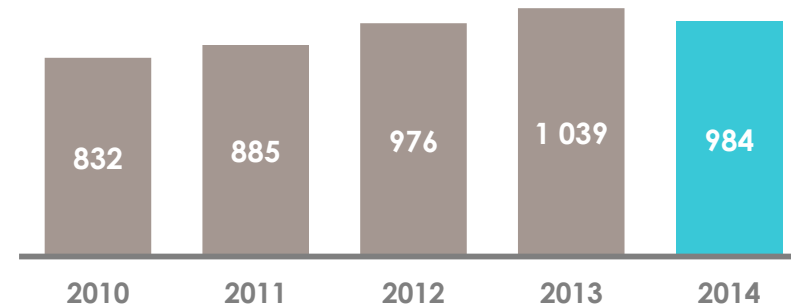


WORKING CAPITAL (€ MLN)



% of sales -5.8% -6.2% -7.3% -8.3% -8.8%

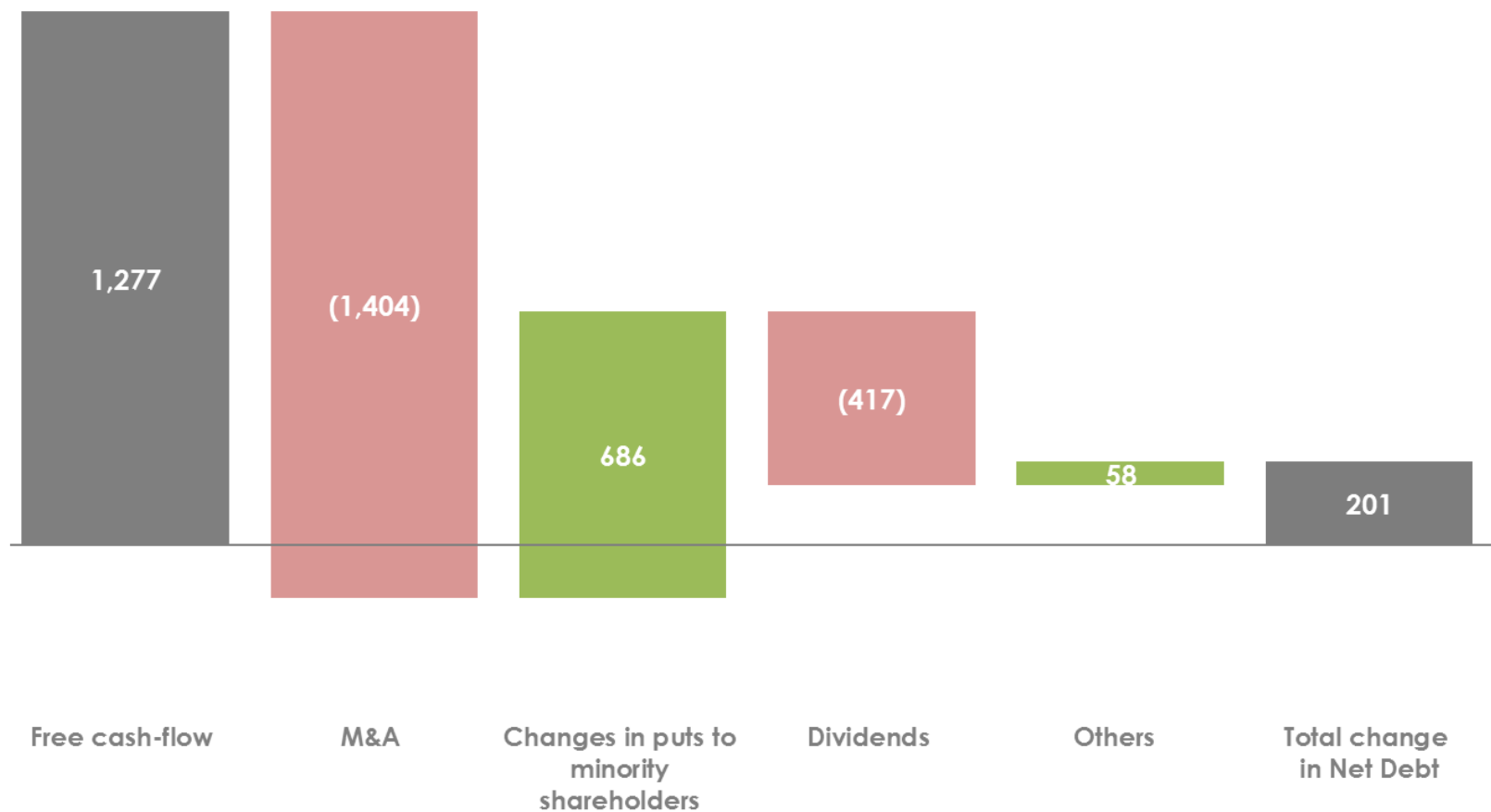
CAPITAL EXPENDITURES (€ MLN)



% of sales 4.9% 4.6% 4.7% 4.9% 4.7%

2014 - FCF TO NET DEBT CHANGE

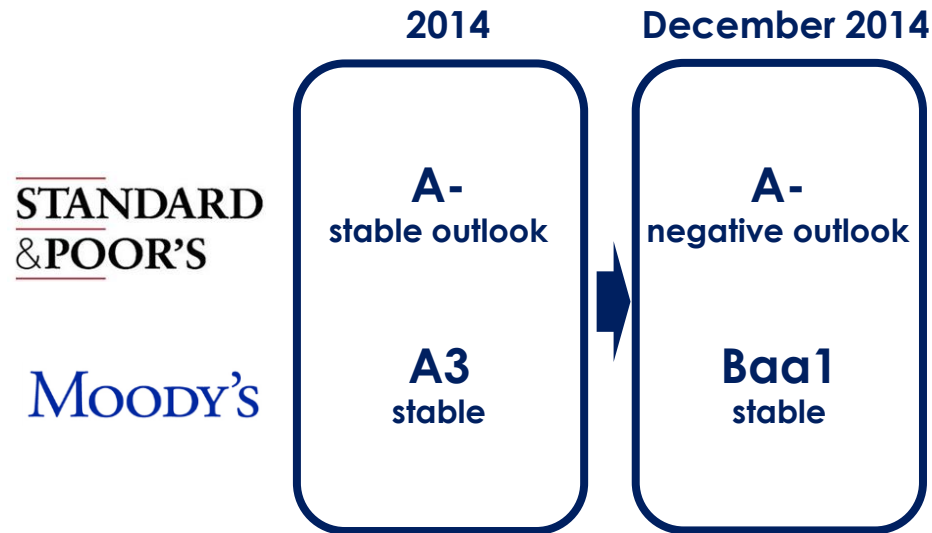
€ mln



A NEW RATING FOR MORE FLEXIBILITY AND A CONFIRMED HIGH-QUALITY SIGNATURE



CHANGE OF RATING

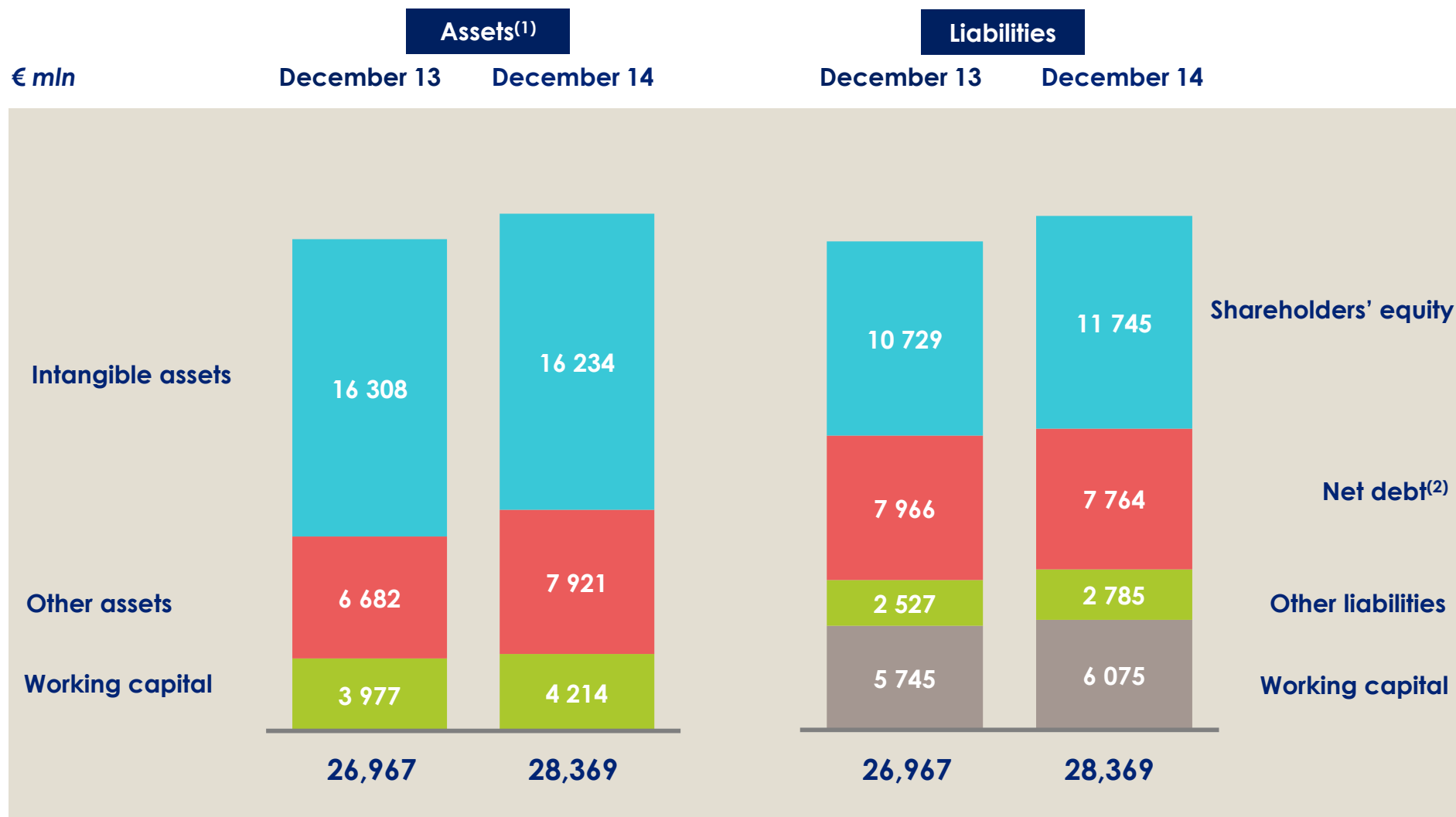


€1.3BN DUAL-TRANCHE BOND ISSUE

Including a tranche of 10-year fixed rate bonds of €750 million, priced at mid swap +48 basis points (coupon of 1.125%).



SYNTHETIC BALANCE SHEET



(1) Excluding assets included in net debt

(2) Net of cash, cash equivalents, marketable securities, other short term investments and financial instrument assets

2014 CSR ACHIEVEMENTS: CONTINUING TO BUILD SUSTAINABLE PERFORMANCE



**BRINGING HEALTH
THROUGH FOOD TO
AS MANY PEOPLE AS
POSSIBLE**



-42 %

**Carbon intensity
2008-2014**

On track to meet objective of
>50% reduction 2008-2020



-4 %

**Water intensity
in 2014**

On track to meet objective of
>60% reduction 2000-2020



-17 %

**Lost time accident
frequency rate in 2014**

From 2,3% in 2013
to 1,9% in 2014

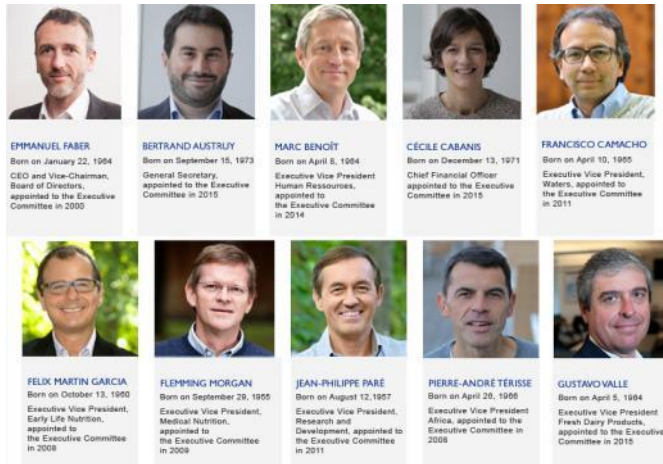
2014: A solid performance in a volatile environment - Pierre-André Terisse, CFO

2015: Priorities and stakes – Emmanuel Faber, CEO

Questions & Answers

KEY PRIORITIES SINCE OCTOBER 2014

A NEW EXECUTIVE TEAM



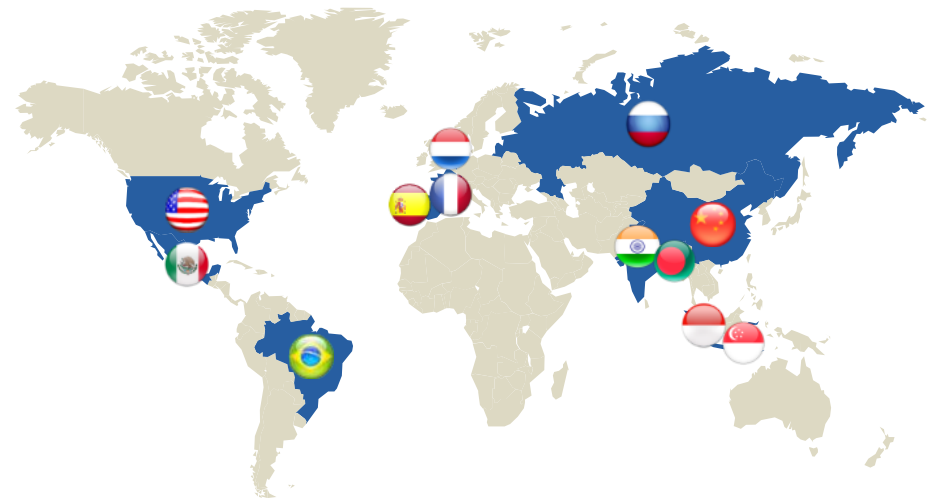
4 CATEGORIES



A NEW BUSINESS ORGANIZATION



A DEEP DIVE INTO BUSINESS



LEVERAGE OUR STRENGTHS AND OPPORTUNITIES

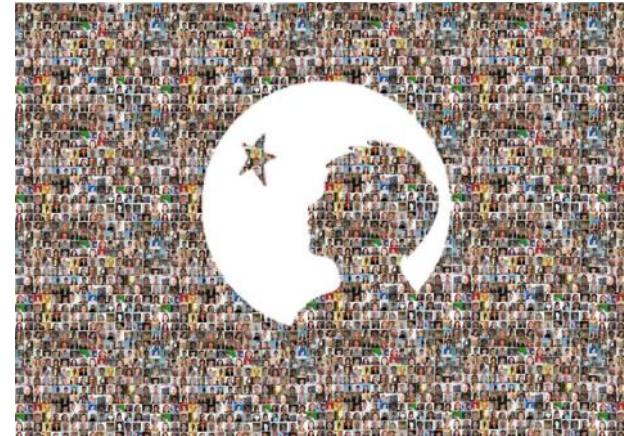
OUR MISSION



OUR STRONG BRANDS

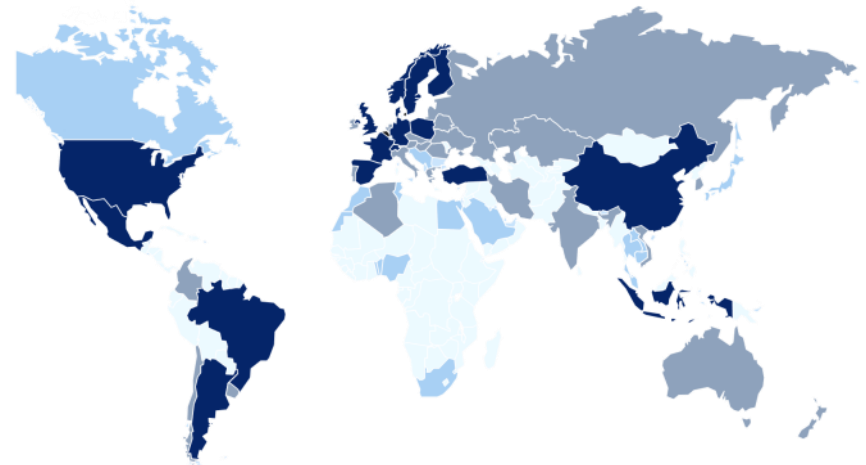


OUR TALENTS



81% LONG-TERM COMMITMENT

OUR GEOGRAPHICAL FOOTPRINT



DANONE 2020 AS A GUIDING VISION



DANONE

2015: A FIRST STEP TOWARDS 2020



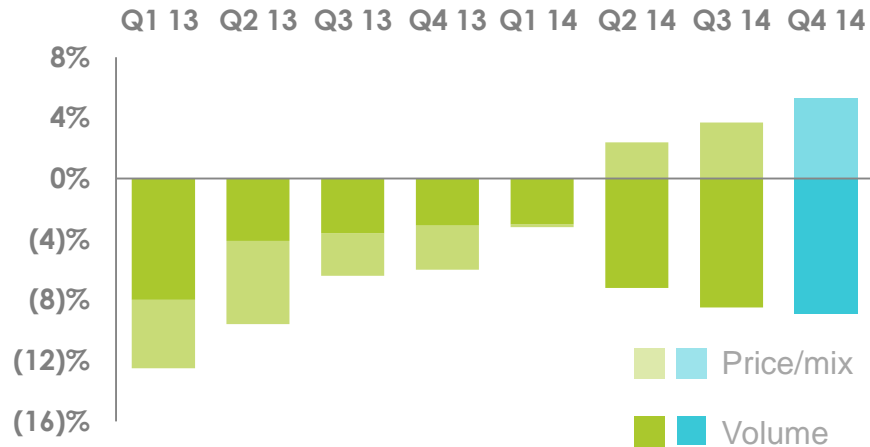
EUROPE - REINFORCE OUR BASE CAMP



EUROPE - FRESH DAIRY PRODUCTS



BREAKDOWN VOLUME/VALUE GROWTH (%)



2014 BRANDS PERFORMANCE

Q4 performance

Positive in Germany, Italy & UK

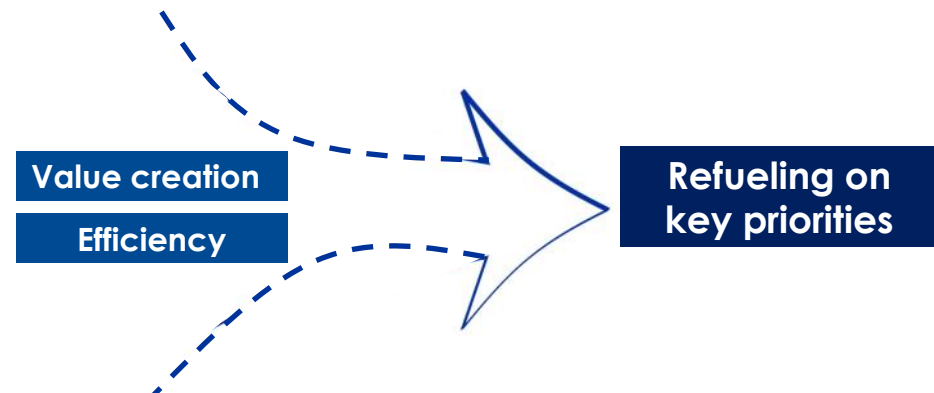
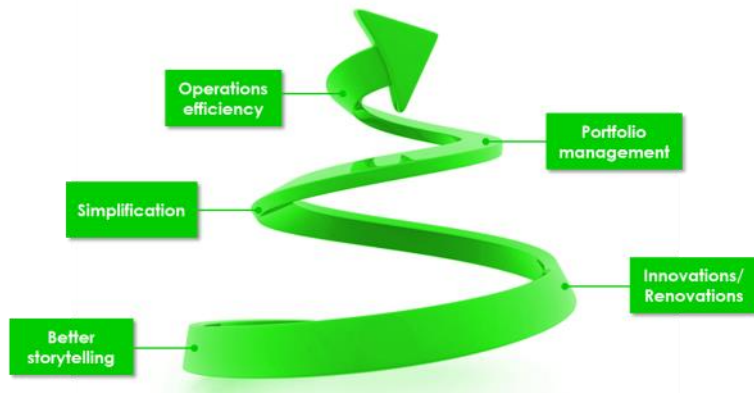
Positive in France & Iberia

Full-year performance

+7.6%

€ 20 mln

RE-INVENT EUROPE

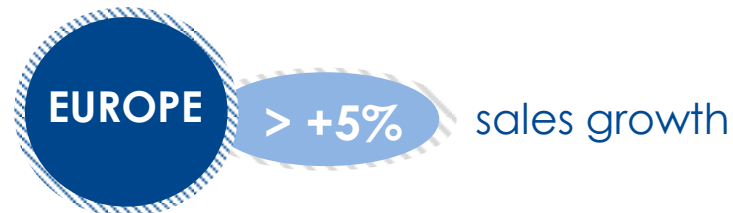


PERFORMANCE IMPROVEMENT IN A TOUGH CONTEXT

Reimbursement pressure



Competition intensity



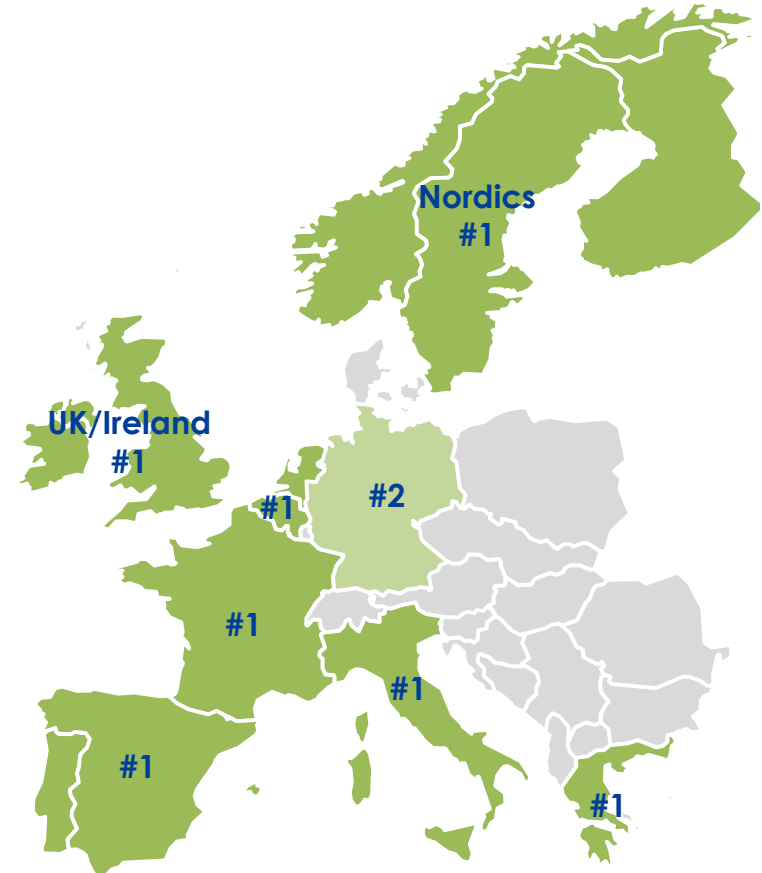
TRUSTED BRANDS CONTINUOUSLY INNOVATING



NutriApp

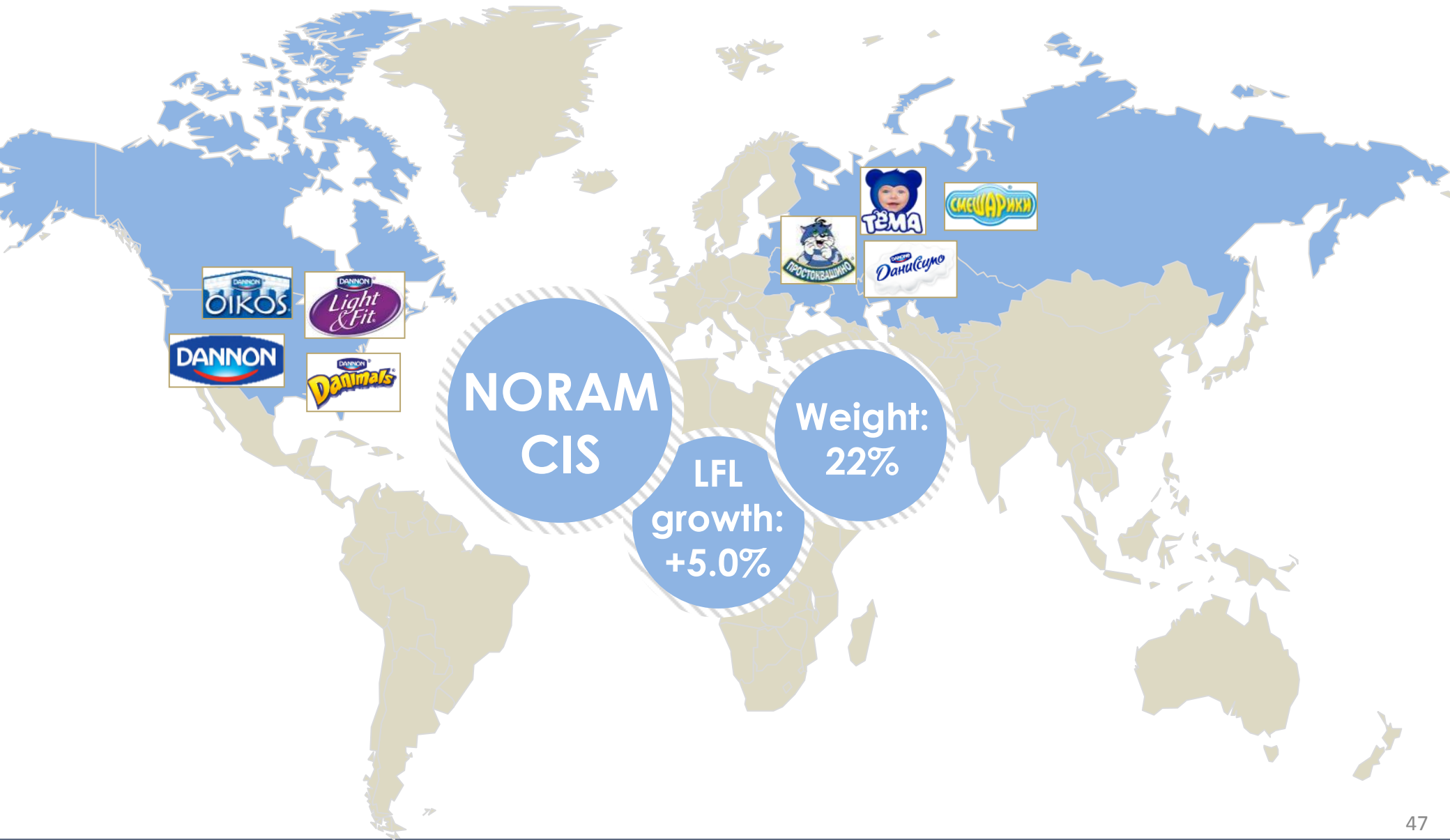
Co-developed with a leading academic centre to monitor calorie and protein intake

STRONG LEADER IN WESTERN EUROPE

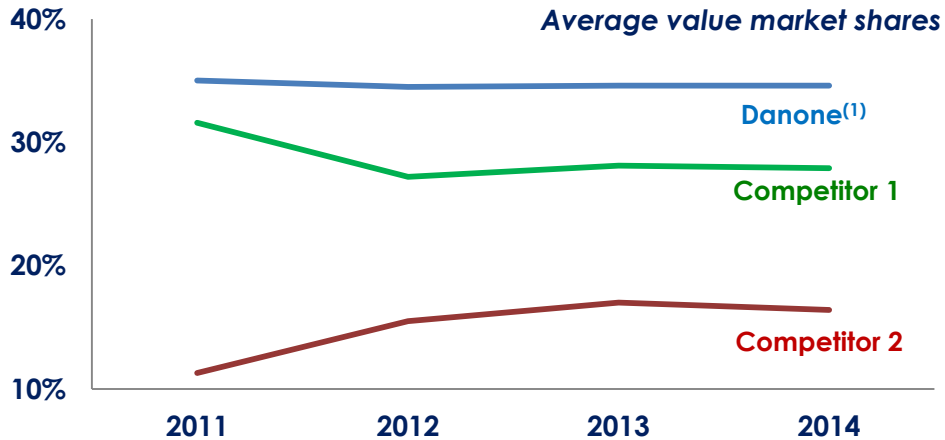


Key player to further develop a market offering **strong growth perspectives**

NORAM / CIS - TWO POWERHOUSES IN LARGE MARKETS



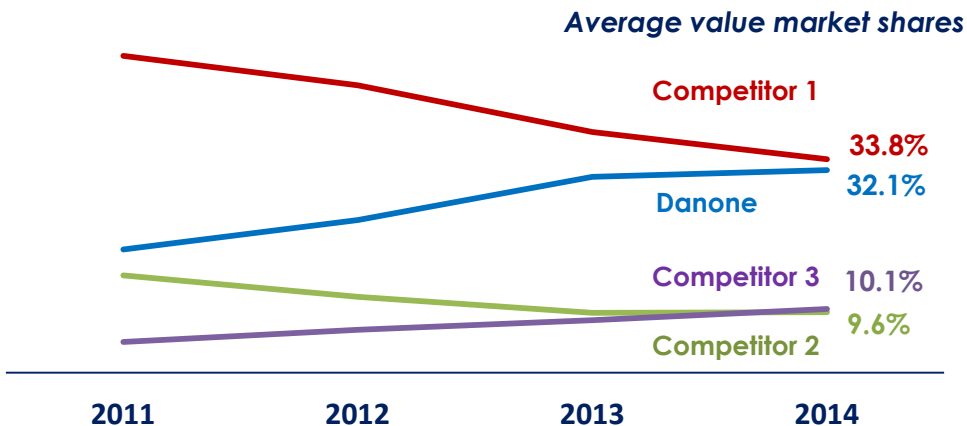
LEADING THE YOGURT CATEGORY



⁽¹⁾ Danone : including Stonyfield and YoCrunch

Source: IRI Multi Outlet

CO-LEADING THE GREEK YOGURT SEGMENT



Source: IRI Multi Outlet

DANNON'S FUTURE GROWTH PILLARS

CONSUMERS



RETAILERS



PARTNERS



RUBLE DEVALUATION



SOLID LOCAL PLATFORM

- Local brands volume >80% of total portfolio



- 100% local milk sourcing



- 100% local production



RUSSIAN MILK PRICE INFLATION EVOLUTION



2014 BRANDS SALES GROWTH



+19%



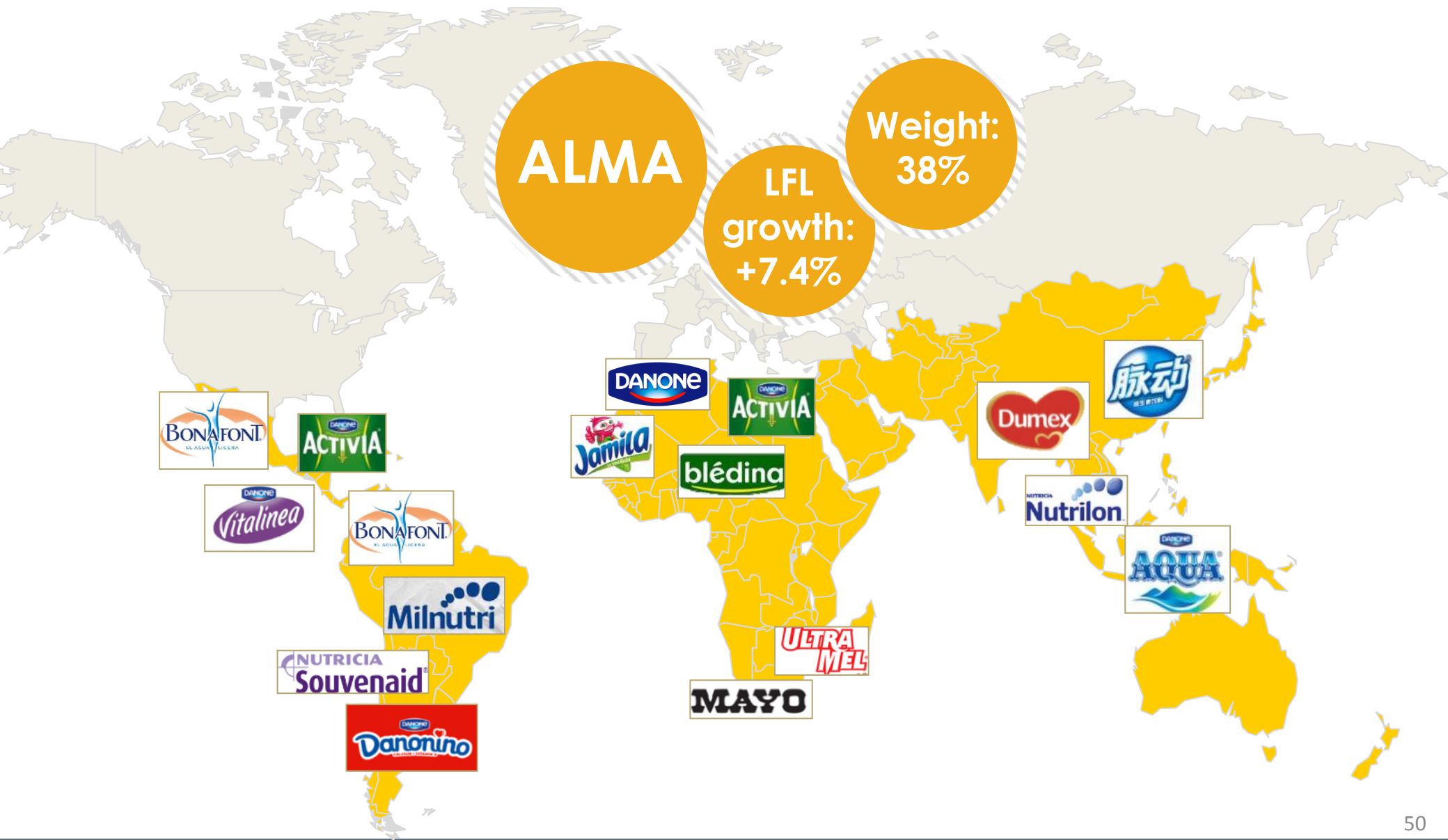
+18%



+29%

with volume growth

ALMA – A GROWTH PLATFORM FOR TODAY & TOMORROW

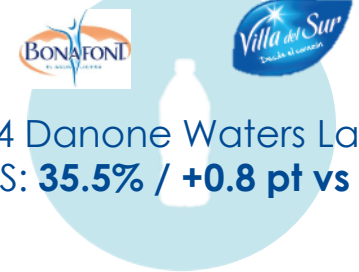
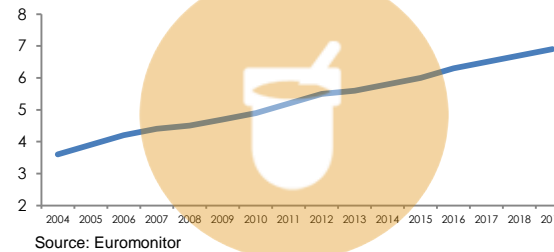


LATAM KEY-DRIVER COUNTRIES



SOLID MODEL BEYOND INFLATION

PCC yogurt (kg/pers) evolution



2014 Danone Waters Latam
MS: **35.5% / +0.8 pt vs LY**

Source: Nielsen, IRI Data - Total Waters

INNOVATIONS IN ALL BUSINESSES TO DRIVE GROWTH



WATERS: BRAND & CATEGORY PERFORMANCE

2014 sales growth



ELN INDONESIA: A GROWING BUSINESS

#1 >40% MS with 3 brands



A STRATEGIC ALLIANCE WITH MENGNIU



Danone's stake in Mengniu: 9.9%
→ 2nd biggest shareholder behind COFCO

Danone's stake in Mengniu/Danone Dairy joint-venture: 20%

- #1 in yogurt with 23% MS
- Top 3 brands: >50 % portfolio

Danone's stake in Yashili: 25%



A BROAD PORTFOLIO COVERING ALL BABIES' NEEDS



NUTRILON: INTENSIFY CONNECTIONS WITH CONSUMERS

E-store

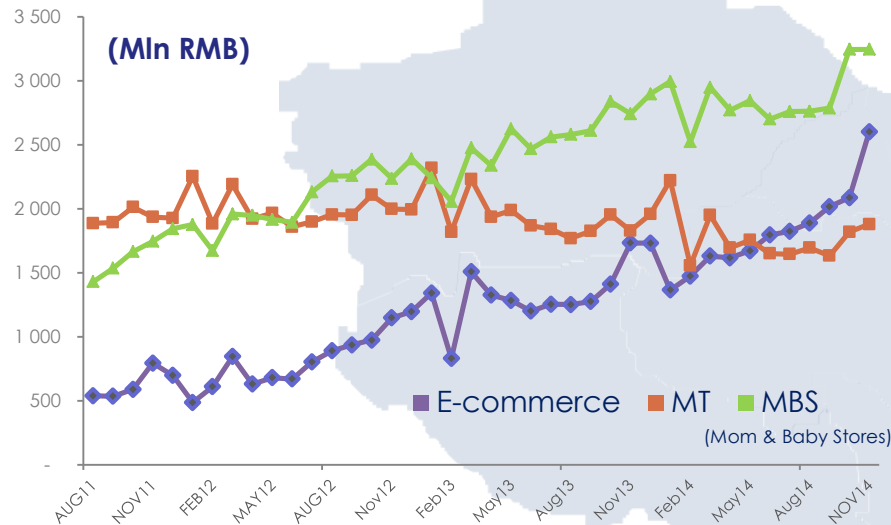


Mom & Baby stores



GLOBAL SALES VALUE PER CHANNEL

(Mln RMB)



ALMA – AFRICA, A LAND OF OPPORTUNITIES (AND CHALLENGES)



1 in 4 of the world's
children is born in Africa



By 2035, Africa will have a
larger working age
population than China



1.2 birth every second
in Africa, for a birthrate of
35.4 per 1,000

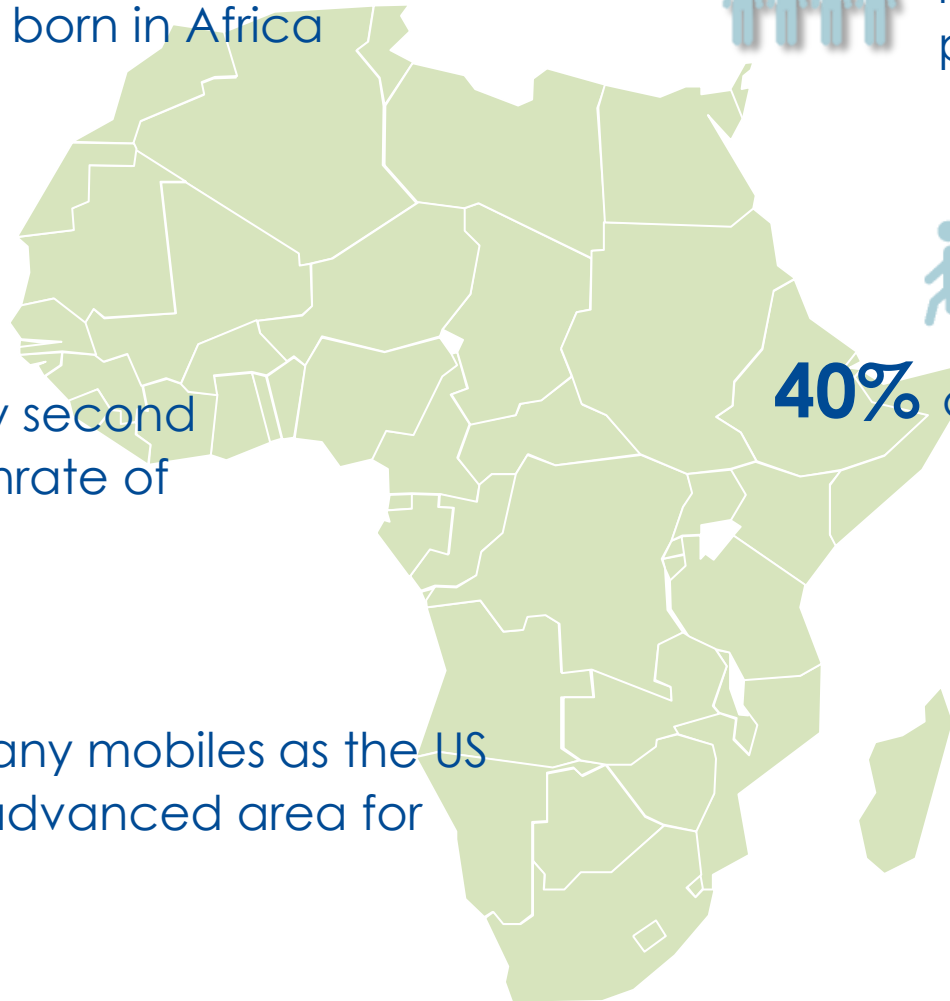
40% of Africans are under 15



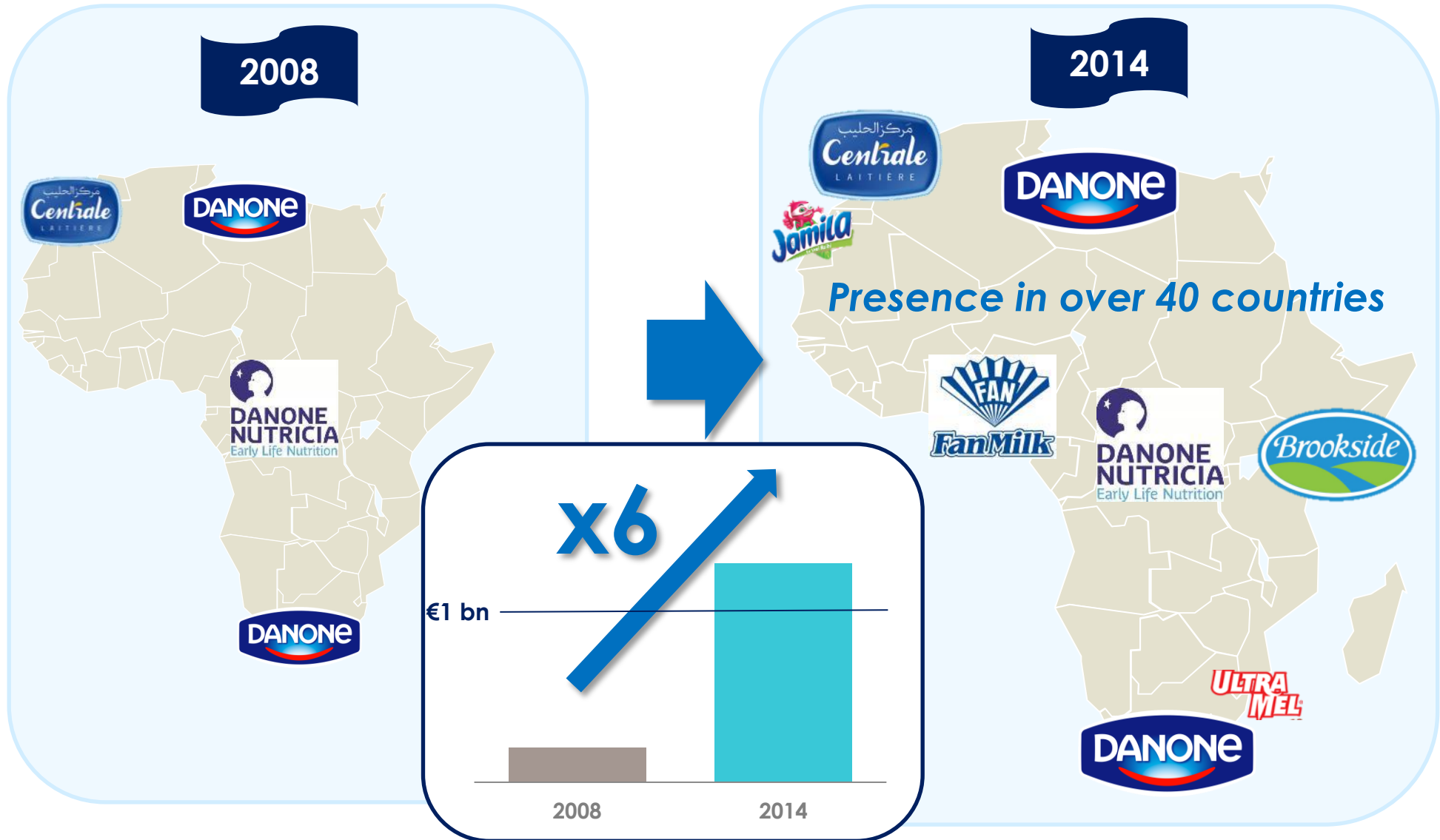
15 of the fastest
growing cities in
the world between
2015-2020



Twice as many mobiles as the US
and the most advanced area for
mobile money



ALMA - AFRICA, BUILDING THE PLATFORM



A CONTINUED CHALLENGING ENVIRONMENT



2015: ENHANCE OUR STRENGTHS AND KEEP BUILDING A SUSTAINABLE MODEL

OPTIMIZE



Margin

INVEST



BUILD

categories



NURTURE

LIVELIHOODS

danone)communities

2020

DANONE



2015 GUIDANCE: ANCHOR THE MODEL

2015 objectives

Sales growth⁽¹⁾

4% to 5%

Trading operating
margin⁽¹⁾

Slightly up

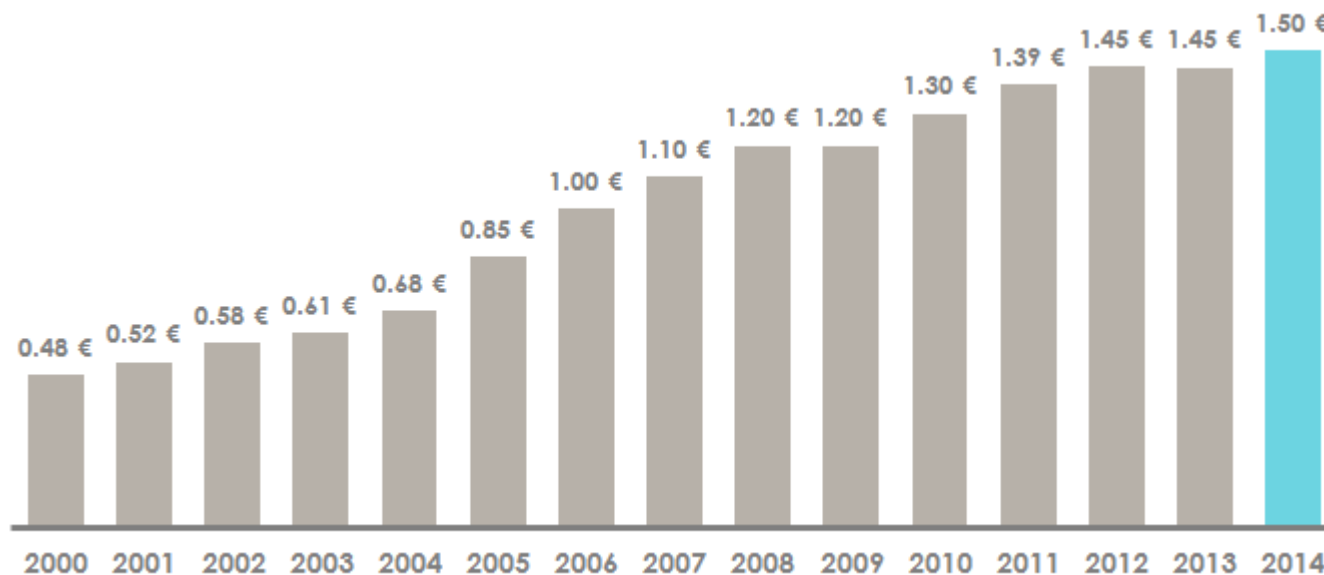


(1) Like-for-like: excludes the impact of changes in the basis for comparison, which include exchange rates and scope of consolidation

PROPOSAL TO INCREASE DIVIDEND AT THE NEXT AGM

Dividend proposed at the next AGM on April 29th, 2015 :

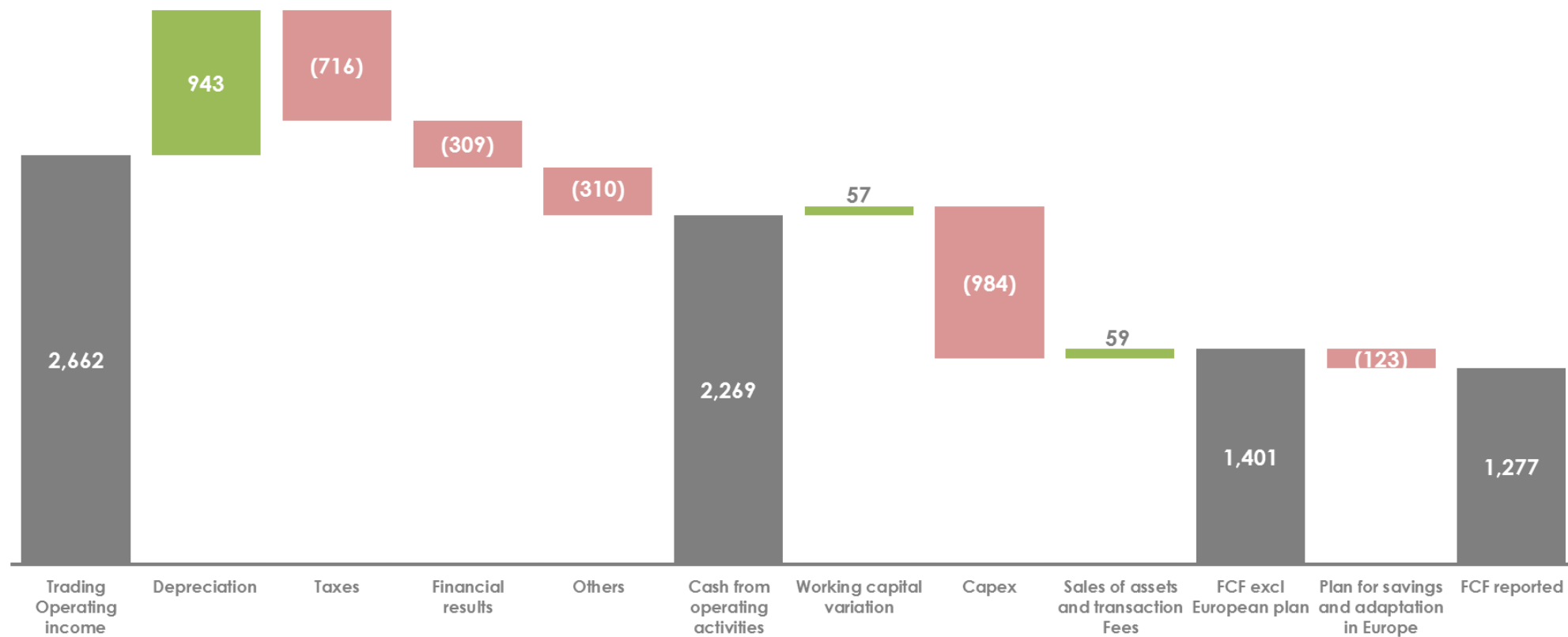
- ✓ € 1.50 per share (+5 ct vs. 2013)
- ✓ Payment in either cash or shares at shareholders' option



APPENDIX

CASH BRIDGE

€ mln



TAX RATE DEVELOPMENT

€ mln

	FY 2013	FY 2014
Total income tax (reported)	(604)	(599)
<i>Reported tax rate</i>	32.4%	32.6%
Non-current income tax⁽¹⁾	146	117
Current income tax	(750)	(716)
<i>Underlying tax rate</i>	30.0%	30.5%

(1) Tax related to non-current items

SHARE PRICE & SHAREHOLDING

DANONE SHARE PRICE EVOLUTION



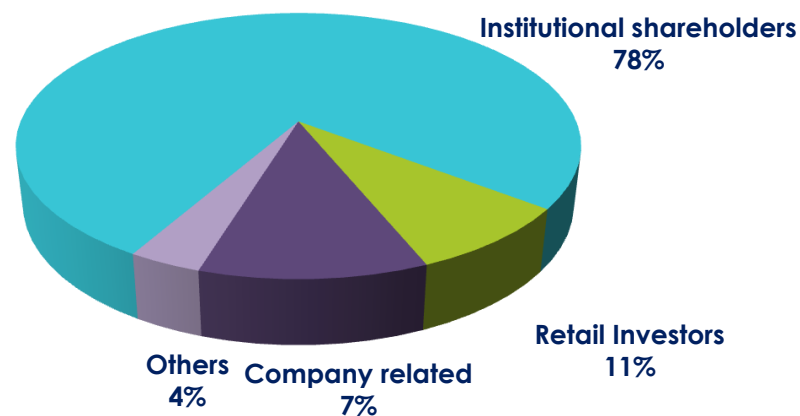
DANONE STOCK PERFORMANCE⁽¹⁾

Absolute **+4.1%**

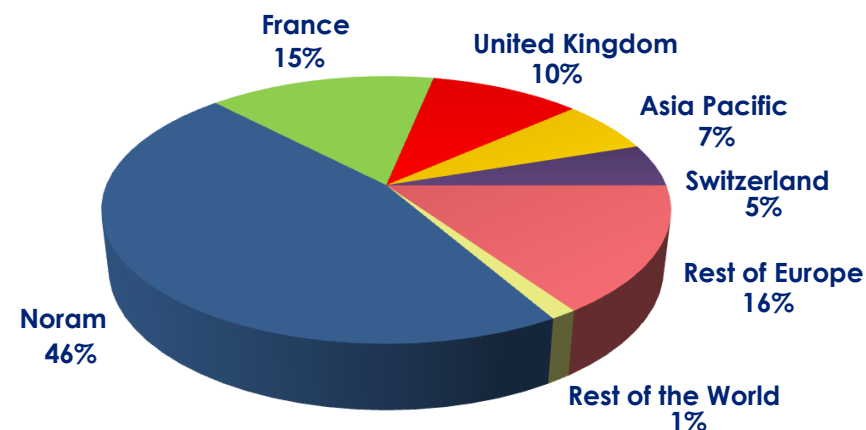
Relative vs. CAC 40 **+3.6%**

Relative vs. Eurostoxx 50 **+2.9%**

SHAREHOLDING BY INVESTOR TYPE ⁽²⁾



INSTITUTIONAL SHAREHOLDING BY GEOGRAPHY ⁽²⁾



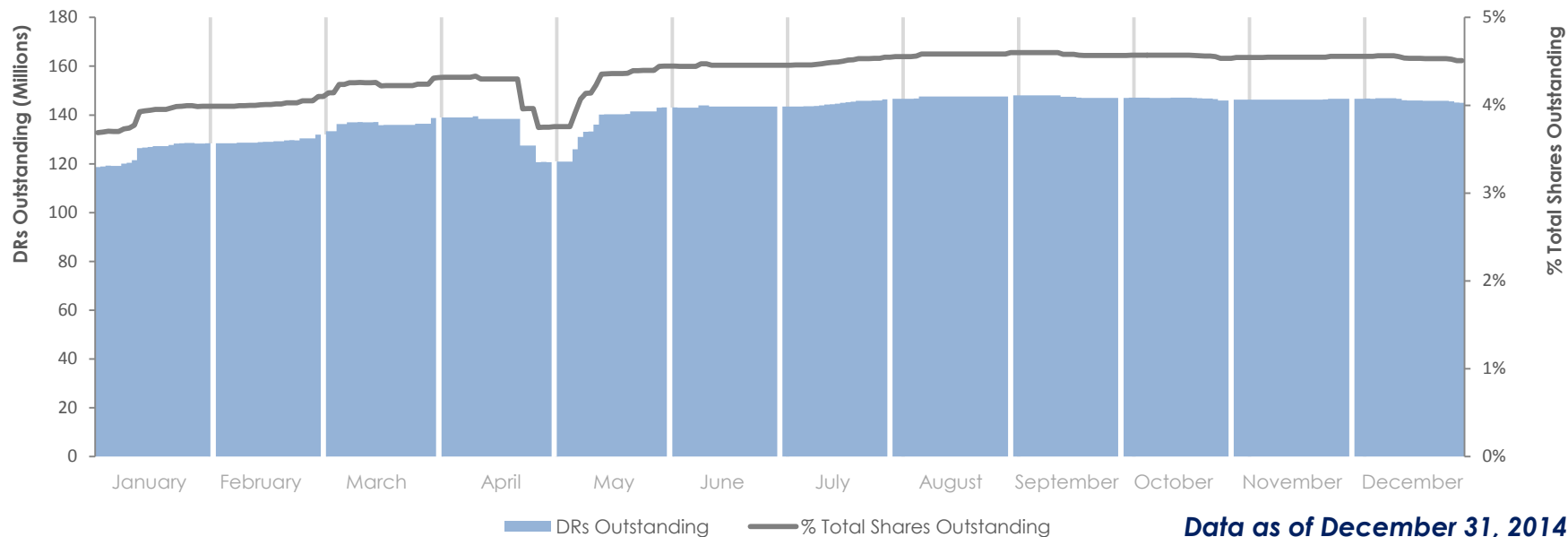
(1) At 31/12/2014

(2) Danone conducted a survey of the Company's identifiable shareholders in August 2014

ADR PROGRAM



DRs Outstanding as a % of Total Shares Outstanding



- * **Ticker:** DANOY
- * **CUSIP Number:** 23636T100
- * **Exchange:** OTC QX (www.otcqx.com/qx/market/quote?symbol=DANOY)
- * **Ratio (ADR: ord):** 5:1
- * **Depository Bank:** J.P. Morgan
- * **ADR Depository Bank contact:** Jim Reeves +1 212 552 8928 / DRX_depo@jpmorgan.com

IMPACT OF CURRENCIES AND SCOPE - Q4 2014



	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	(5.6)%	+14.6%	+29.7%	+10.3%	+5.6%
Currency	(4.0)%	+2.1%	+1.1%	+1.5%	(1.4)%
Scope of consolidation	(0.6)%	+0.2%	+0.5%	+0.1%	(0.5)%
Like-for-like sales growth	(1.0)%	+12.3%	+28.1%	+8.7%	+7.5%

IMPACT OF CURRENCIES AND SCOPE - FY 2014



	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	(5.6)%	+7.2%	+3.1%	+6.7%	(0.7)%
Currency	(6.9)%	(5.2)%	(3.6)%	(1.4)%	(5.5)%
Scope of consolidation	(0.2)%	+0.8%	+0.6%	+0.2%	+0.1%
Like-for-like sales growth	+1.5%	+11.6%	+6.1%	+7.9%	+4.7%

Q4 2014

SALES BY BUSINESS & GEOGRAPHICAL AREA



€ mln	Q4 2013	Q4 2014	Like-for-like sales growth
Fresh Dairy Products	2,854	2,693	(1.0)%
Waters	823	944	+12.3%
Early Life Nutrition	956	1,241	+28.1%
Medical Nutrition	348	384	+8.7%
Europe	1,969	2,105	+4.8%
CIS+Noram	1,170	1,042	+2.0%
ALMA	1,842	2,114	+14.0%
Total	4,981	5,261	+7.5%

FY 2014

SALES BY BUSINESS & GEOGRAPHICAL AREA



€ mln	FY 2013	FY 2014	Like-for-like sales growth
Fresh Dairy Products	11,790	11,129	+1.5%
Waters	3,903	4,186	+11.6%
Early Life Nutrition	4,263	4,397	+6.1%
Medical Nutrition	1,342	1,432	+7.9%
Europe	8,197	8,522	+2.0%
CIS+Noram	4,713	4,525	+5.0%
ALMA	8,388	8,097	+7.4%
Total	21,298	21,144	+4.7%

Q4 2014 LIKE-FOR-LIKE SALES GROWTH BREAKDOWN VOLUME/VALUE



<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy Products	(7.8)%	+6.8%	(1.0)%
Waters	+9.0%	+3.3%	+12.3%
Early Life Nutrition	+11.5%	+16.6%	+28.1%
Medical Nutrition	+6.3%	+2.4%	+8.7%
Europe	+0.0%	+4.8%	+4.8%
CIS+Noram	(8.0)%	+10.0%	+2.0%
ALMA	+3.7%	+10.3%	+14.0%
Total	(0.3)%	+7.8%	+7.5%

FY 2014 LIKE-FOR-LIKE SALES GROWTH BREAKDOWN VOLUME/VALUE



<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy Products	(6.6)%	+8.1%	+1.5%
Waters	+7.5%	+4.1%	+11.6%
Early Life Nutrition	+1.7%	+4.4%	+6.1%
Medical Nutrition	+5.6%	+2.3%	+7.9%
Europe	(0.9)%	+2.9%	+2.0%
CIS+Noram	(6.9)%	+11.9%	+5.0%
ALMA	+0.5%	+6.9%	+7.4%
Total	(1.5)%	+6.2%	+4.7%

CASH FLOW STATEMENT



€ mln	2013	2014
Operating income	2,809	2,662
Financial income	(311)	(309)
Income tax	(750)	(716)
Non-current income	(487)	(397)
Depreciation and amortization	711	956
Net change in provisions	78	(51)
Dividend received from equity accounted affiliates	27	18
Other cash items	(35)	(99)
Other non-cash items	91	90
Cash flow provided by operating activities, excluding changes in net working capital	2,133	2,154

CASH FLOW STATEMENT



€ mln

	2013	2014
Cash flow provided by operating activities, excluding changes in net working capital	2,133	2,154
Change in working capital	224	35
Cash flow from operations	2,357	2,189
Capital expenditure	(1,039)	(984)
Proceeds from the sale of industrial assets	79	67
Business acquisitions and other investments, net of cash and cash equivalent acquired	(1,246)	(1,070)
Proceeds from the sale of businesses	70	34
Change in long-term loans and other long-term assets	(18)	(14)
Cash flow used in investing activities and disposals	(2,155)	(1,966)

CASH FLOW STATEMENT



€ mln	2013	2014
Increase in capital and additional paid-in capital	37	33
Purchases of treasury stock (net of disposal)	(793)	13
Dividends paid to Danone shareholders	(848)	(307)
Transactions with non controlling interests*	(213)	(471)
Settlement of debt hedge financial instruments	54	(4)
Bonds issued or raised during the period	2,900	150
Bonds repaid during the period	(193)	(618)
Increase (decrease) in other current and non-current financial debt	(111)	312
Increase (decrease) in other short-term investments	(1,176)	535
Cash flow used in financing activities	(344)	(357)
Exchange rate differences	(157)	45
Increase (decrease) in cash	(298)	(89)

* including dividends and capital increase

CHANGES IN EXCHANGE RATES

28.7% OF SALES DENOMINATED IN €

	% total FY 14 sales	FY 14 vs FY 13 (avg)	Q4 14 vs Q4 13 (avg)
US dollar	10.1%	(0.1)%	8.9%
Russian ruble	9.4%	(17.1)%	(26.2)%
Chinese yuan	6.5%	(0.3)%	7.9%
Indonesian rupiah	5.4%	(12.0)%	2.7%
British pound	5.4%	5.3%	6.5%
Mexican peso	5.1%	(4.0)%	2.5%
Brazilian real	4.7%	(8.2)%	(2.6)%
Argentine peso	4.3%	(32.4)%	(22.4)%
Moroccan Dirham	2.9%	0.1%	1.8%
Polish zloty	2.5%	0.3%	(0.6)%