



Results H1 2012

July 27th, 2012



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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.



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H1 Highlights

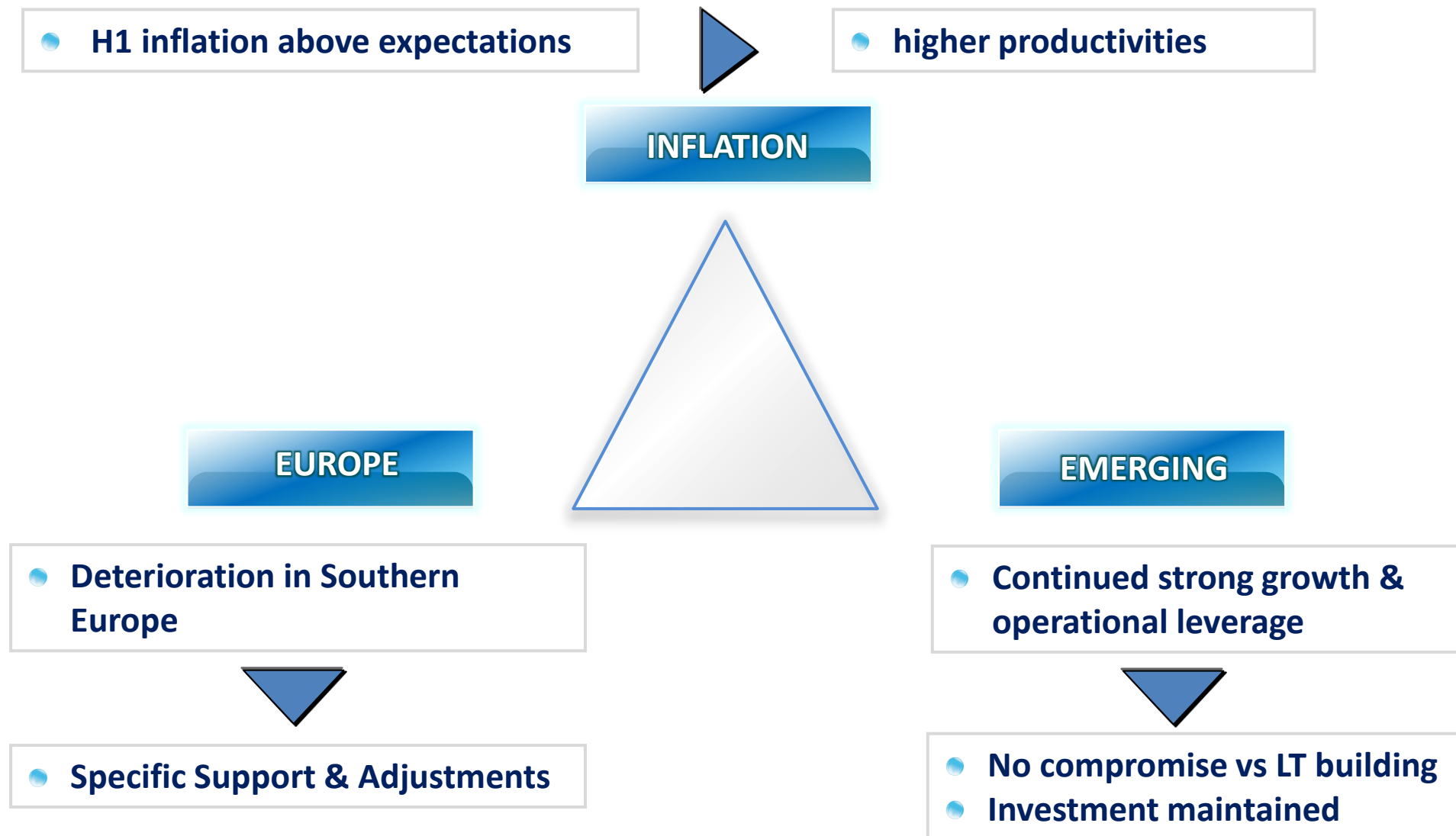
H1 2012 Highlights

	H1 2012
Sales growth ⁽¹⁾	+5.9%
Trading operating margin	13.85% -61 bps Like-for-like ⁽¹⁾
Free cash flow ⁽²⁾	€ 890 mln

(1) Like-for-like : 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

2012 Parameters evolving - Managing with same Priorities



Dual dynamics

Group Sales breakdown



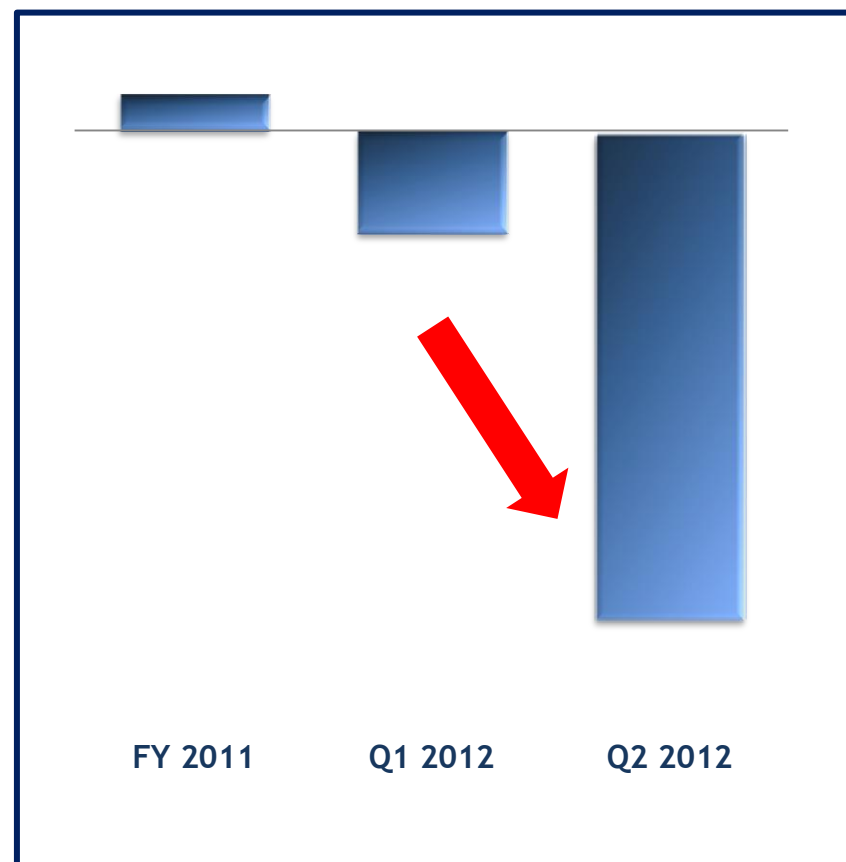
Southern Europe deteriorating

Focus on Spain

Unemployment rate in Spain (%)



Dairy Spain - Like-for-like sales growth (%)



Indicador de confianza consumidor

Instituto Nacional Estadística

Jun 2011	Dic 2011	Ene 2012	Feb 2012	Mar 2012	Abr 2012	May 2012	Jun 2012
74.9	71.0	68.3	58.0	63.7	50.3	50.5	50.6



Dairy Spain requiring specific response

Support and differentiate



Increase competitiveness



Innovate



Continued productivity

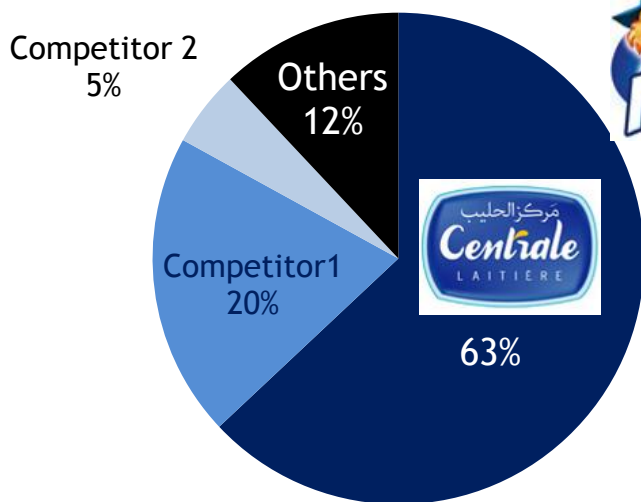


Continued double-digit growth outside Europe



Danone becomes majority shareholder of Centrale Laitière in Morocco

Dairy - Value Market shares*



2011 Sales : ca. € 600 mln

2011 EBITDA Margin : 16.9%

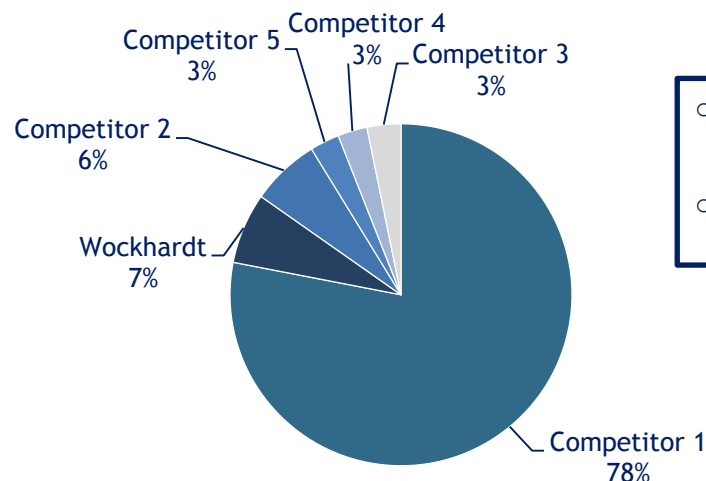




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India : Wockhardt Nutrition acquisition completed

2nd PLAYER IN A FAST GROWING BABY FOOD MARKET (1)



- 25 million baby born/year
- 15% annual growth for the baby food market

NATIONAL DISTRIBUTION WITH LOCAL PRODUCTION FACILITY



- 1 factory located in Punjab
- National sales coverage
- More that 30,000 HCPs / doctors coverage

CREDIBLE BRANDS IN BABY AND NUTRITION

Baby brands



Nutrition brand



H1 2012 Sales

+22%⁽²⁾

(1) 2011 Value market shares - company data

(2) Wockhardt data

Sustainability in the core of our mission



Sourcing



Milk Business Academy:

education program for Russian dairy farmers

Objective: ensure high quality and long-term supply of milk to Danone-Unimilk; increase productivity

Purpose: a teaching farm to provide practical trainings and agricultural education

Nature

**BEST
GLOBAL
GREEN
BRANDS
2012**

**Danone ranks 9
out of 50**
global brands



Carbon Footprint measurement

Target: December 2012, cover ca. 70% of total sales and over 35,000 products

Rewarded by





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H1 2012 results

KEY FIGURES - H1 12

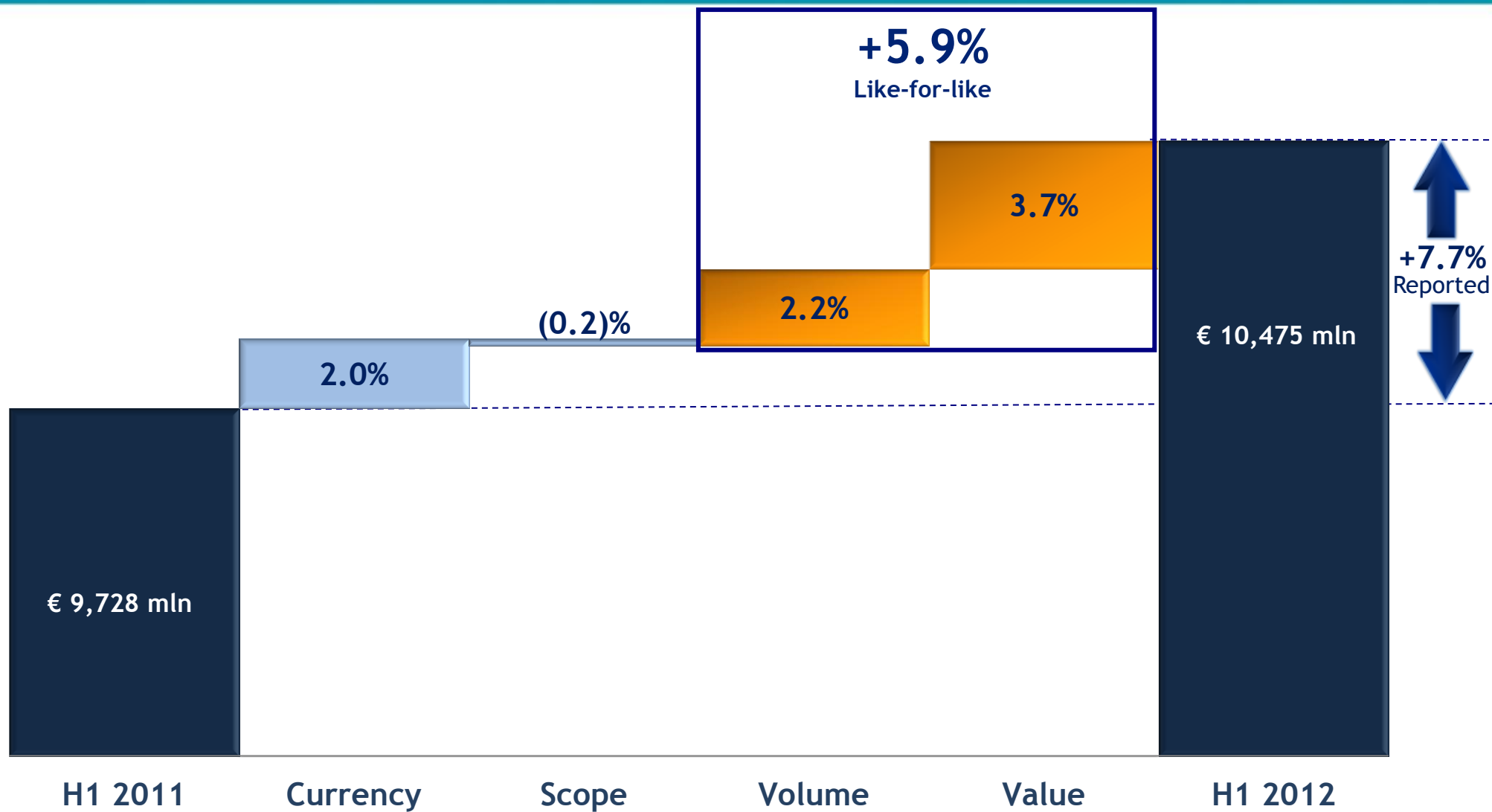
Sales	➔	€ 10,475 mln	+5.9% like-for-like ⁽¹⁾ +7.7% reported
Trading operating income	➔	€ 1,451 mln	+1.4% like-for-like ⁽¹⁾ +3.1% reported
Trading operating margin	➔	13.85%	-61 bps like-for-like ⁽¹⁾ -62 bps reported
Underlying net income	➔	€ 911 mln	+2.1% like-for-like ^(1,2) +4.3% reported
Underlying EPS (fully diluted)	➔	€ 1.51	+2.5% like-for-like ^(1,2) +4.7% reported
Free cash flow ⁽³⁾	➔	€ 890 mln	-3.8% reported

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

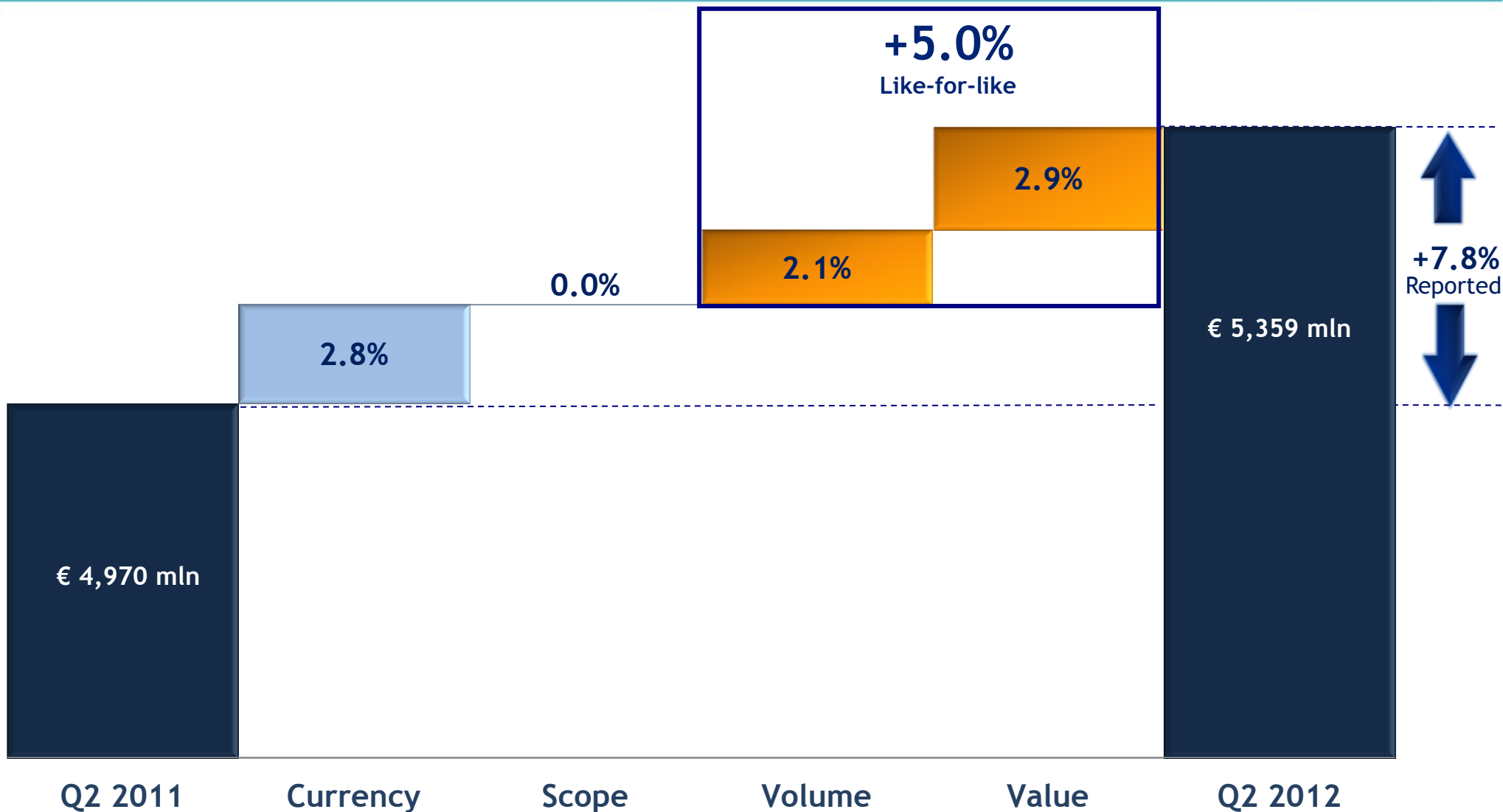
(2) Excluding exceptionals

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

Sales growth analysis - H1 2012

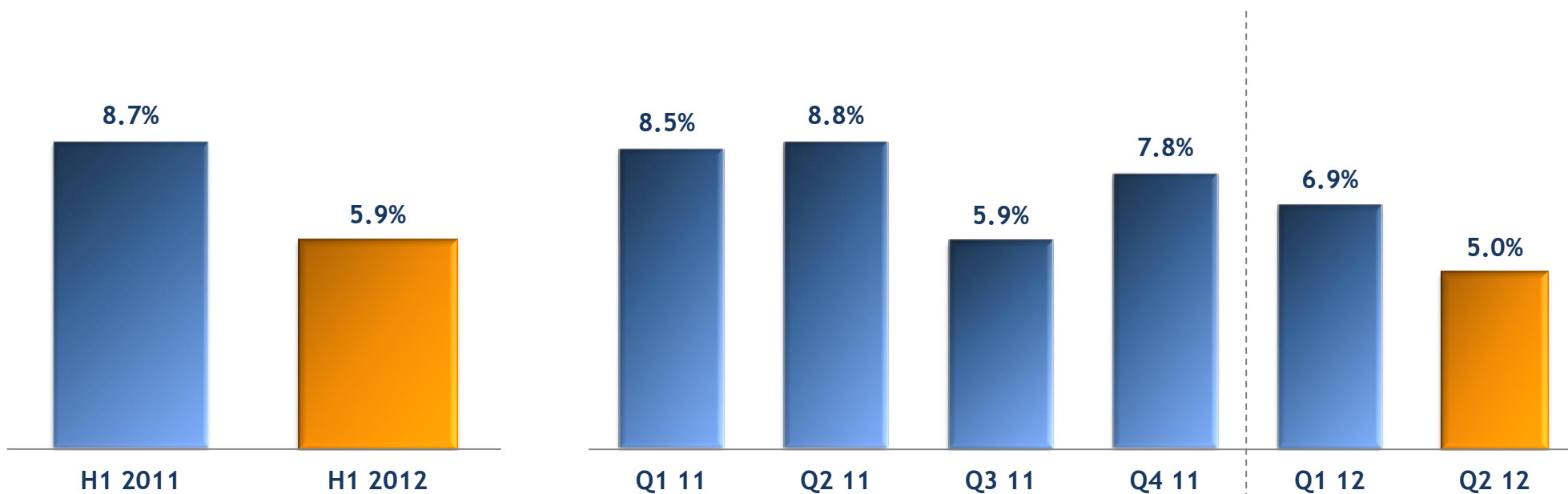


Sales growth analysis - Q2 12



Total Group : Q2 sales, as expected, at the bottom end of the full-year guidance

Like-for-like sales growth



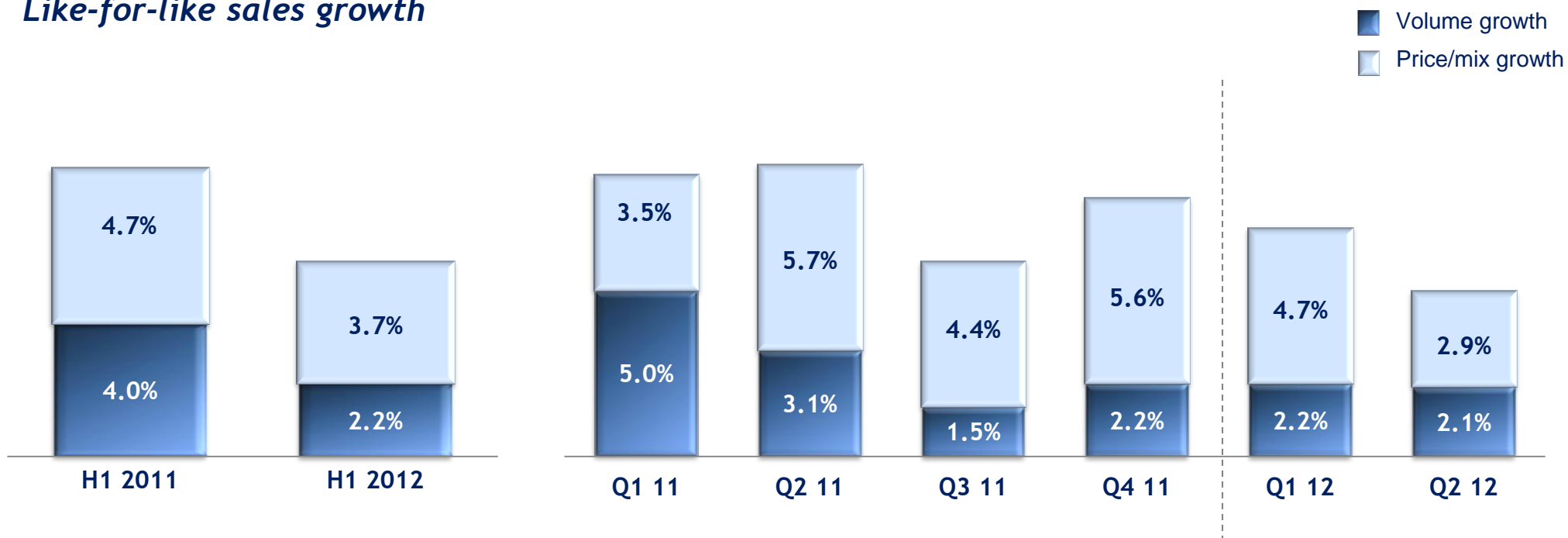
- Good H1 sales, well into the 5-7% range, providing a good idea of overall underlying trends
- A dual picture: Western Europe sales declining, and rest of world growing double digit
- Waters the main game changer in Q2 vs Q1: high 2011 comps and poor weather in Q2 2012 in Western Europe



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Total Group : resilient volume growth

Like-for-like sales growth



- Resilient volume, 2011 price increases lapsing gradually



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Sales performance by division



FRESH DAIRY PRODUCTS

Soft Q2, impacted by Southern Europe

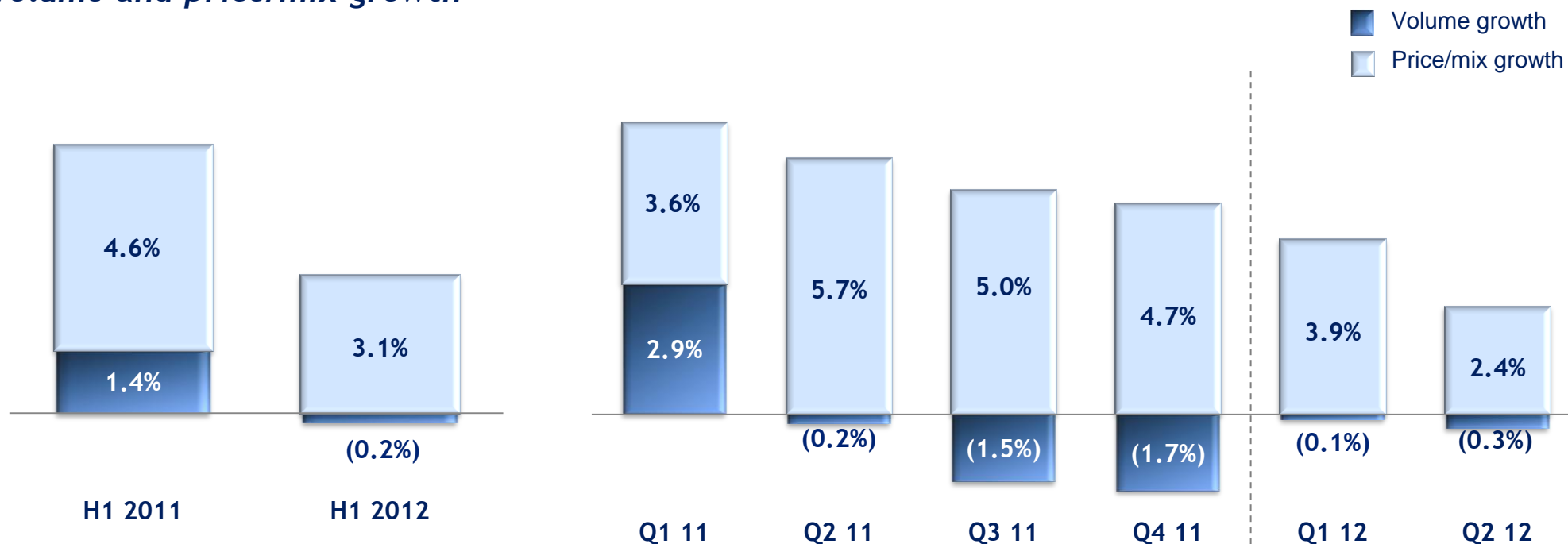
Like-for-like sales growth



- Q2 not benefiting from the leap day of Q1, impacted by Southern Europe deterioration
- Continued outperformance in Latam, AME, Asia
- CIS and North America on track with their plans

FRESH DAIRY PRODUCTS - Volume stabilized

Volume and price/mix growth

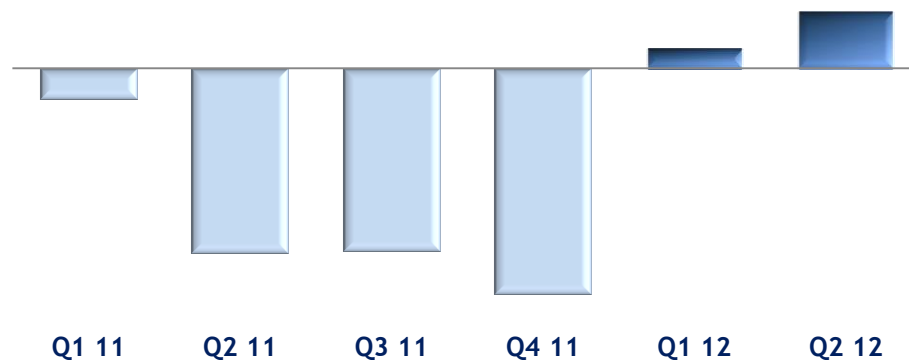


- 2011 price increases lapsing
- CIS volume recovery offset by Spain deterioration

2012 agenda: Activating the key brands



Danone-Unimilk CIS % volume growth



- Volume growth gradually improving while pricing not material any more

Fresh Dairy CIS - Prostokvashino - New Brand Identity in Q2 2012



H1 12 like-for-like
growth - Russia

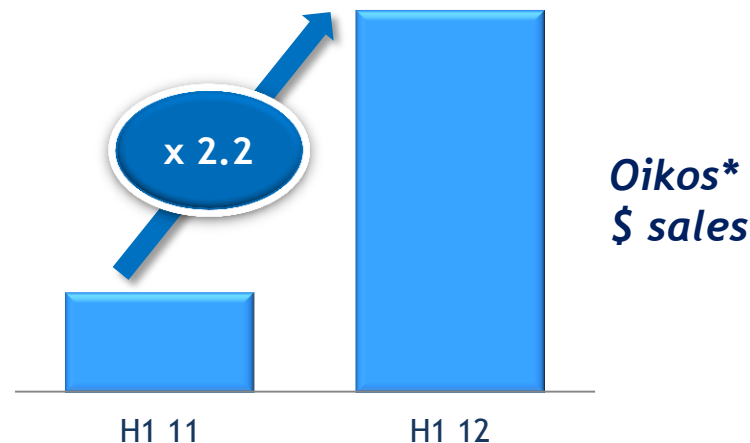


+11%

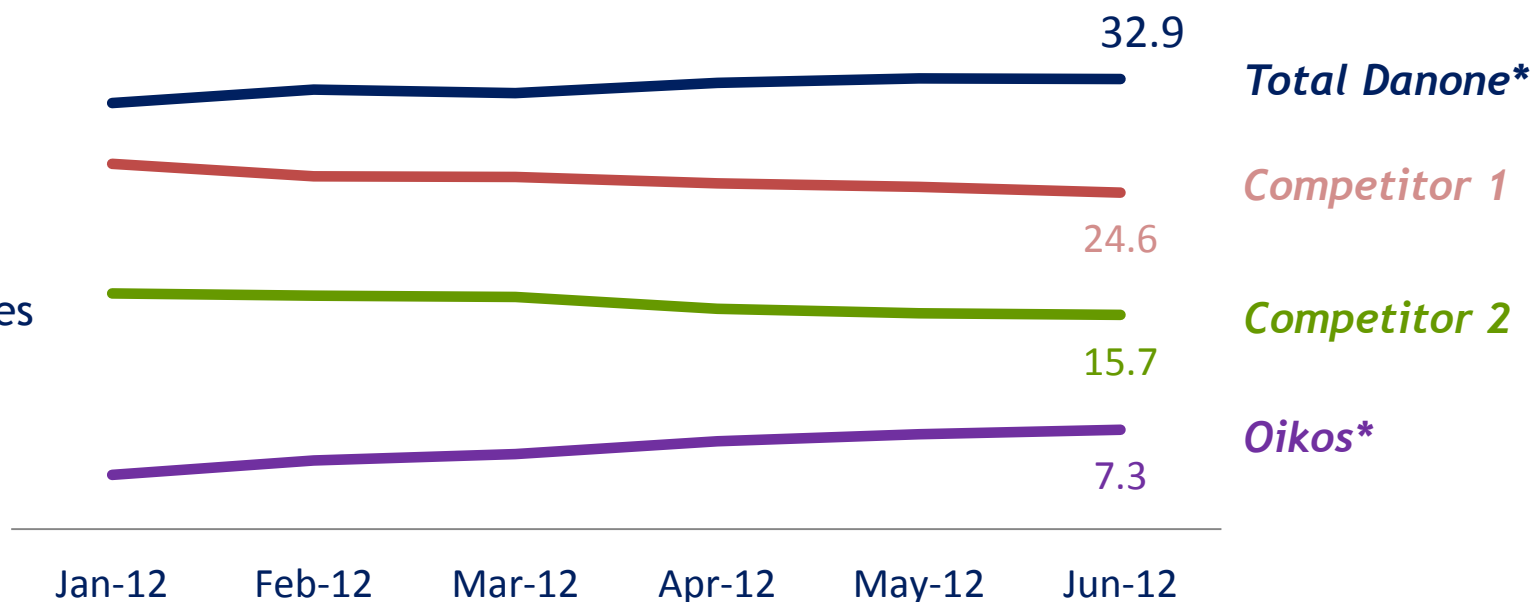


Fresh Dairy US

Continued share gains globally and on the Greek segment



US
Value Market shares
Source : IRI Grocery





Fresh Dairy US - Entering Q3 with strong plans and additional capacities, in a very competitive market

Oikos - Multipack



Greek – Light & Fit



Activia Breakfast





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FRESH DAIRY PRODUCTS - Selected innovations

Yolado (Spain)



Activia Toppers for Breakfast (Czech)



Greek segment

Oikos "best new product award" (Canada)



Griego Light (Spain)

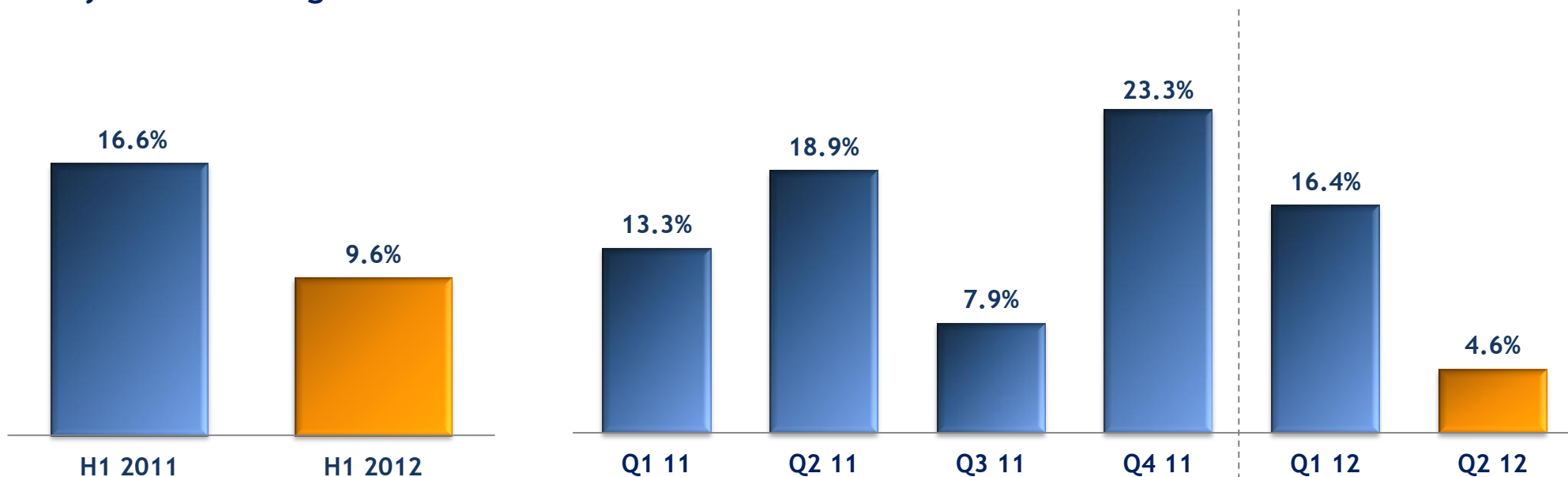


Oykos (UK)



WATERS - Soft Q2 +4.6% on the back of high comps

Like-for-like sales growth



- Strong H1 growth
- Q2 hit by high 2011 comps (earthquake in Japan and favorable weather in WE & Latam) and poor Western European weather
- Continued strong underlying category dynamics
- Continued outperformance of Aquadrinks

WATERS - Balanced growth

Volume and Price/mix growth



- Positive mix brought by Aquadrinks, and still carry over effect of price increases taken from Q2 2011
- Partly offset by negative geographical mix

WATERS - Selected innovations

Volvic Sparkling (Germany)



FontVella (Spain)
New image & TV campaign



Villa del Sur Levite Limonada (Argentina)



Evian Masters to become a Major
(France)



BABY NUTRITION - Excellent performance, pulled by Asia

Like-for-like sales growth



- Continued great performance across the board, boosted by Asia
- China : gaining market shares and renovating Dumex
- Positive mix from Milk outperformance vs Food decline



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BABY NUTRITION - Selected innovations

Dumex renovation (China)



Blédina du jour - Chilled food range (France)



STAGE ENHANCED NUTRITION

PRODUCTS



PROGRAM

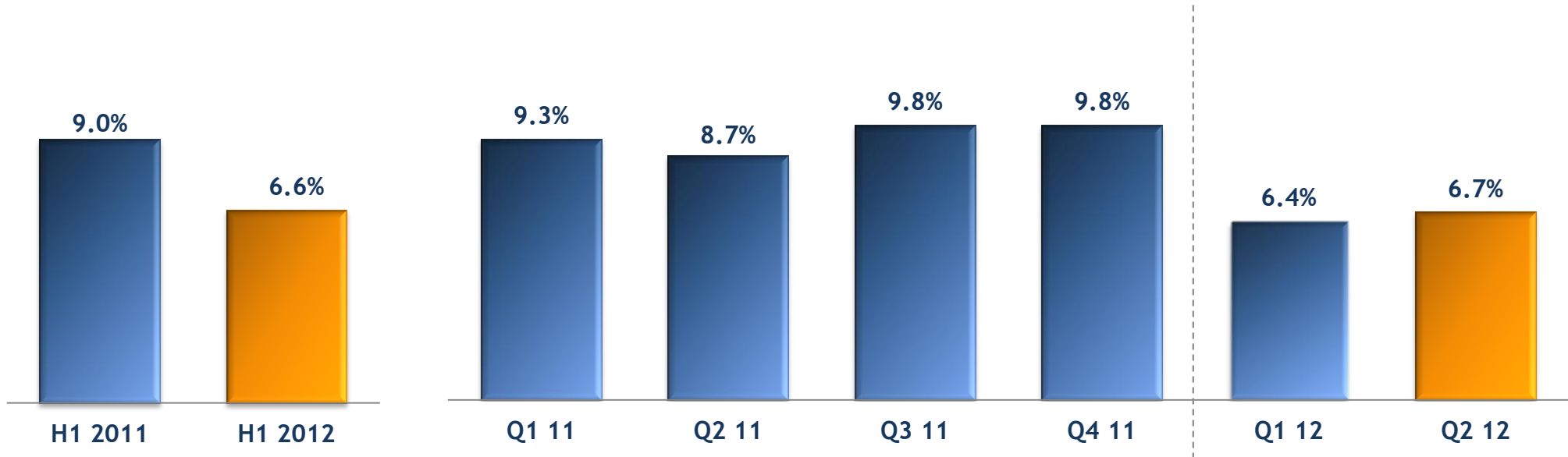


✓ Optimized "1000Days Growth Program"



MEDICAL NUTRITION - Similar trend to Q1

Like-for-like sales growth



- Continued adverse market conditions in Southern Europe and Noram
- China, Turkey, Brazil outperforming

MEDICAL NUTRITION - Selected innovations



Compact protein
(6 more countries)



Presenting Souvenir II trials results



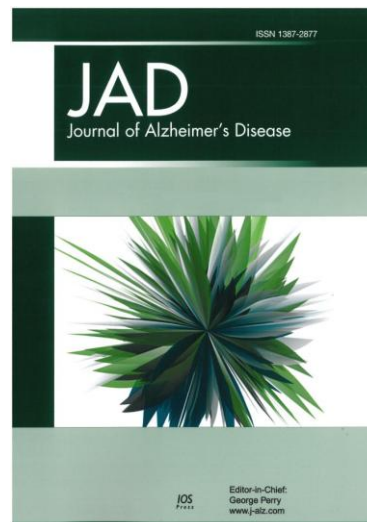
Journal of Alzheimer's Disease
Issue : Volume 31, Number 1, July
2012

Alzheimer's Association International
Conference

Neocate LCP upgrade
(All Markets)



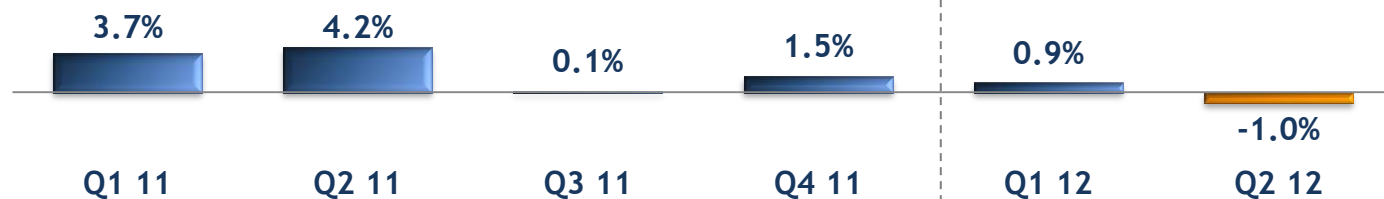
Infatrini Peptisorb
(UK)



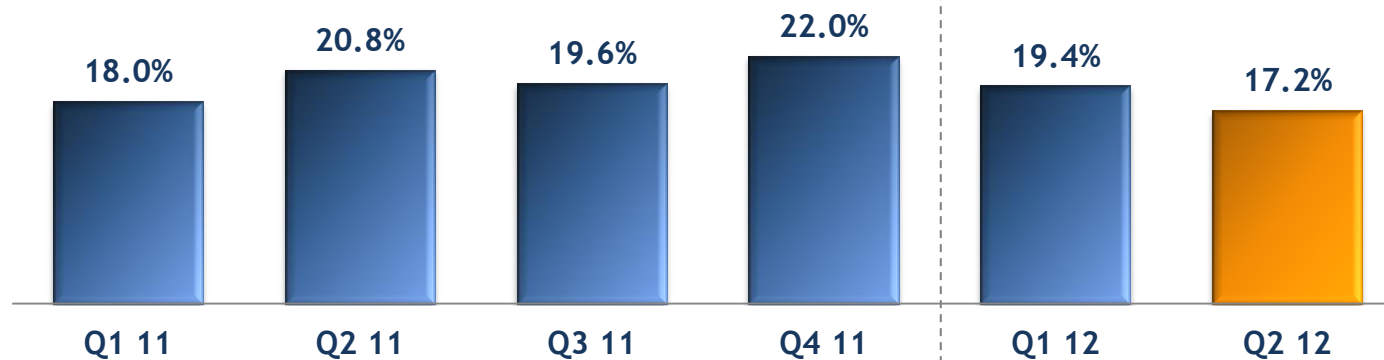
Dual geographical dynamics

Like-for-like sales growth by region

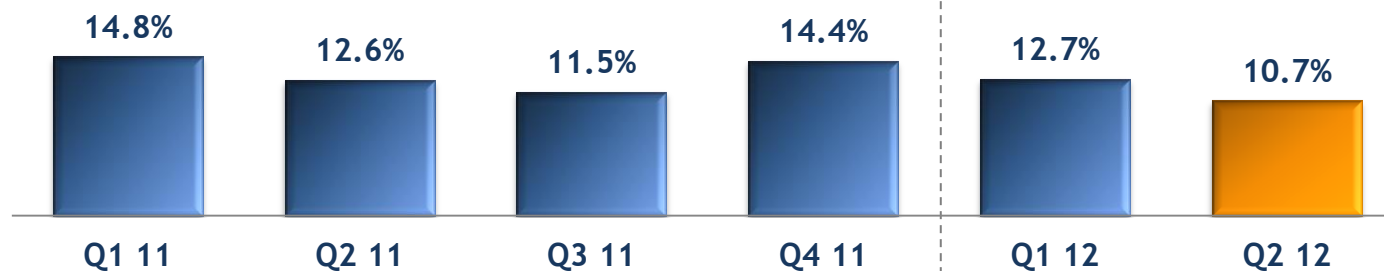
EUROPE



ASIA



REST OF THE WORLD

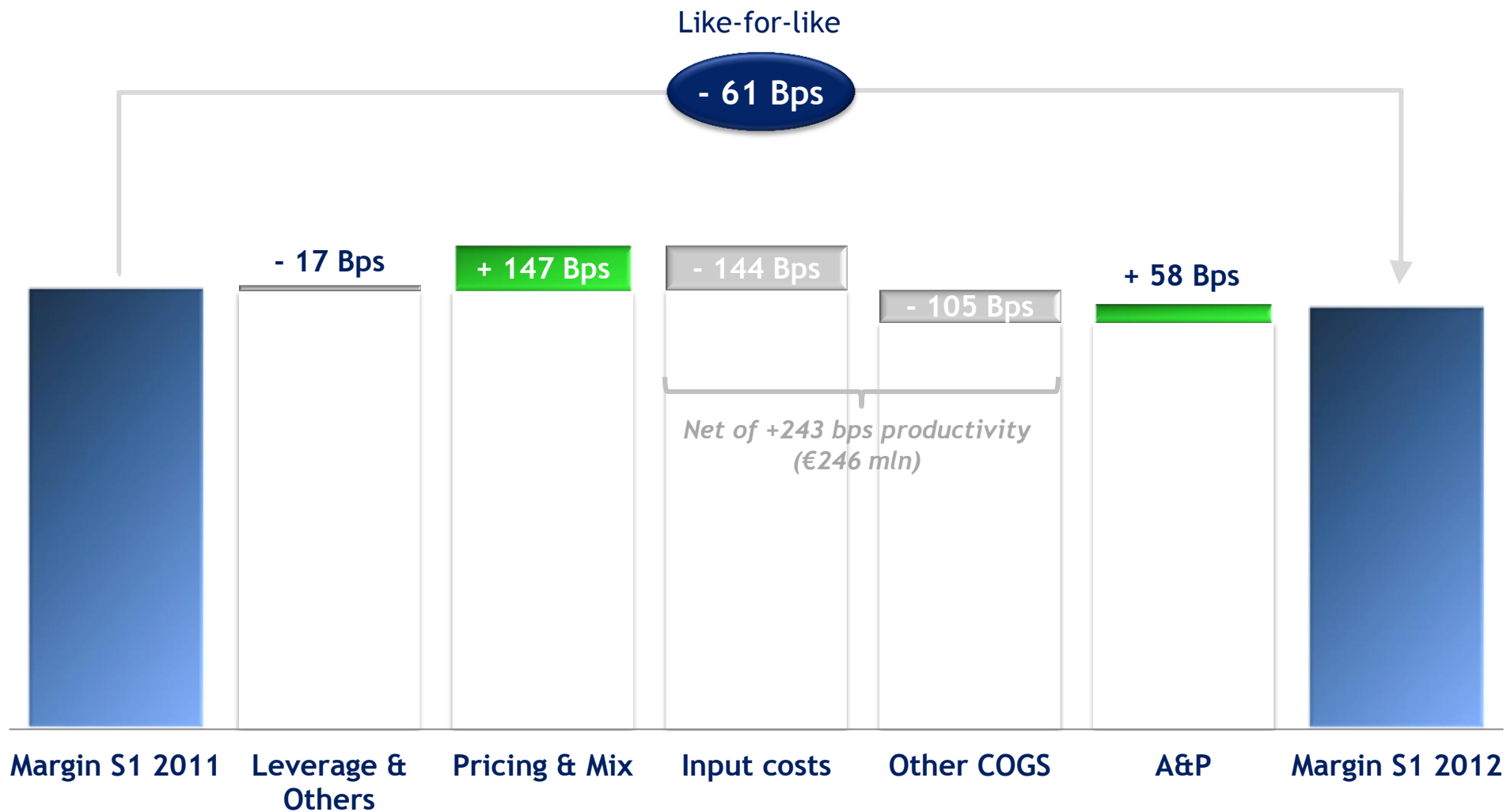


Trading operating income and margin

€ mln	H1 2011 Reported	H1 2011 Restated ⁽¹⁾	H1 2012
Trading operating income	1,396	1,407	1,451
Other operating items	(4)	(4)	(40)
Operating income	1,392	1,403	1,411
Trading operating margin	14.35%	14.47%	13.85%

(1) 2010 restatement performed on 31 Dec 2011 : related to change of IAS 19 option (employee benefits) and Unimilk final purchase price allocation. See Note 2 of consolidated financial statements at June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

Margin bridge





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H1 Inflation higher than expected

Input cost inflation vs. last year (in %)

Whey & Milk Proteins: > 20%

Packaging: mid-single digit

Milk: very low cream resale price

Fruits & sugar: > 10%

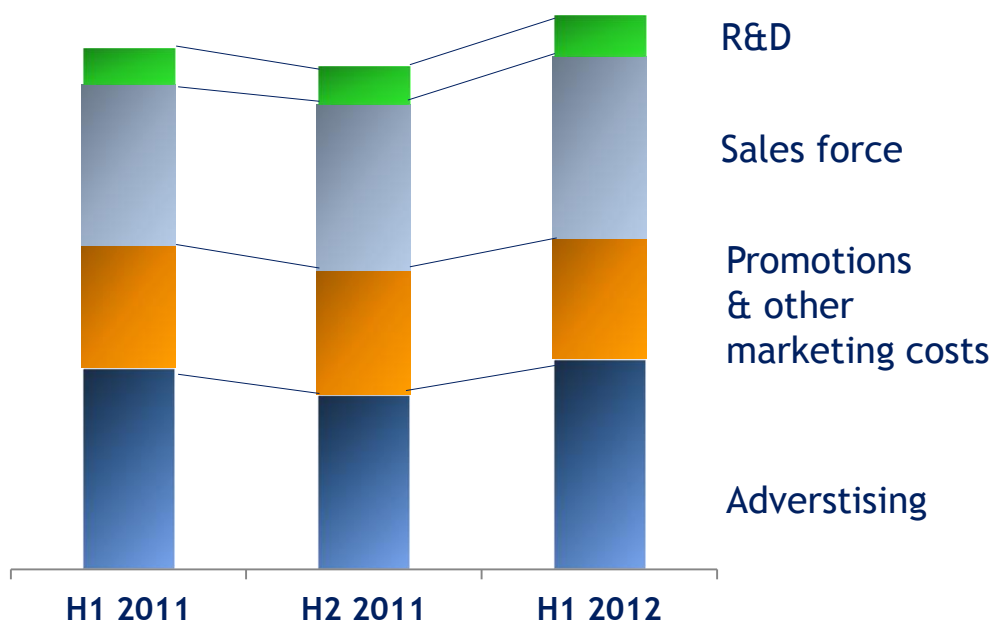
**mid-to-high single digit
inflation expected for
2012**

Productivity 2008-2012 (€ mln)



Keeping on fueling the topline : A&P, Salesforce and R&D

A&P, sales force and R&D costs (€mln)



- A&P spends stable vs. last year, digital media spends keep growing
 - Advertising slightly up, keeping high brand visibility
 - Promotion down
- Salesforce and R&D spends growing double-digit

STRATEGIC JOINT BUSINESS PLAN WITH KEY INTEGRATOR



Ambition

Build and leverage digital advantage
in multi-touchpoint dialogue
with consumers

Priority 1

Optimize media
mix through
digital

Priority 2

Innovate
(media, sales)

Priority 3

Build digital
capabilities

Trading operating margin by business line & geographical area

	Reported		Like-for-like change
	H1 2011 ⁽¹⁾	H1 2012	
Fresh Dairy	12.17%	11.23%	(85) bps
Waters	14.02%	13.67%	(35) bps
Baby Nutrition	19.86%	19.97%	(9) bps
Medical Nutrition	21.44%	18.70%	(252) bps
Europe	14.16%	11.93%	(201) bps
Asia	20.64%	22.57%	+168 bps
Rest of World	12.00%	12.36%	+36 bps
Total	14.47%	13.85%	(61) bps

From operating income to net income

€ mln	H1 2011 Underlying (restated)	H1 2012 Underlying	Non current items	H12012
Trading operating income	1,407	1,451	-	1,451
Other operating items	-	-	(40)	(40)
Operating income	1,407	1,451	(40)	1,411
Total financial expenses	(133)	(138)	(6)	(144)
Income tax	(331)	(351)	10	(341)
Net income of affiliates	23	39	-	39
Net income	966	1,001	(36)	965
<i>Attributable to minority interests</i>	92	90	(6)	84
<i>Attributable to the parent</i>	874	911	(30)	881

Tax rate development

€ mln	H1 2011 (restated) ⁽¹⁾	H1 2012
Total income tax (reported)	(333)	(341)
<i>Reported tax rate</i>	26.3%	26.9%
Non current income tax ⁽²⁾	(2)	10
Current income tax	(331)	(351)
<i>Underlying tax rate</i>	26.0%	26.7%

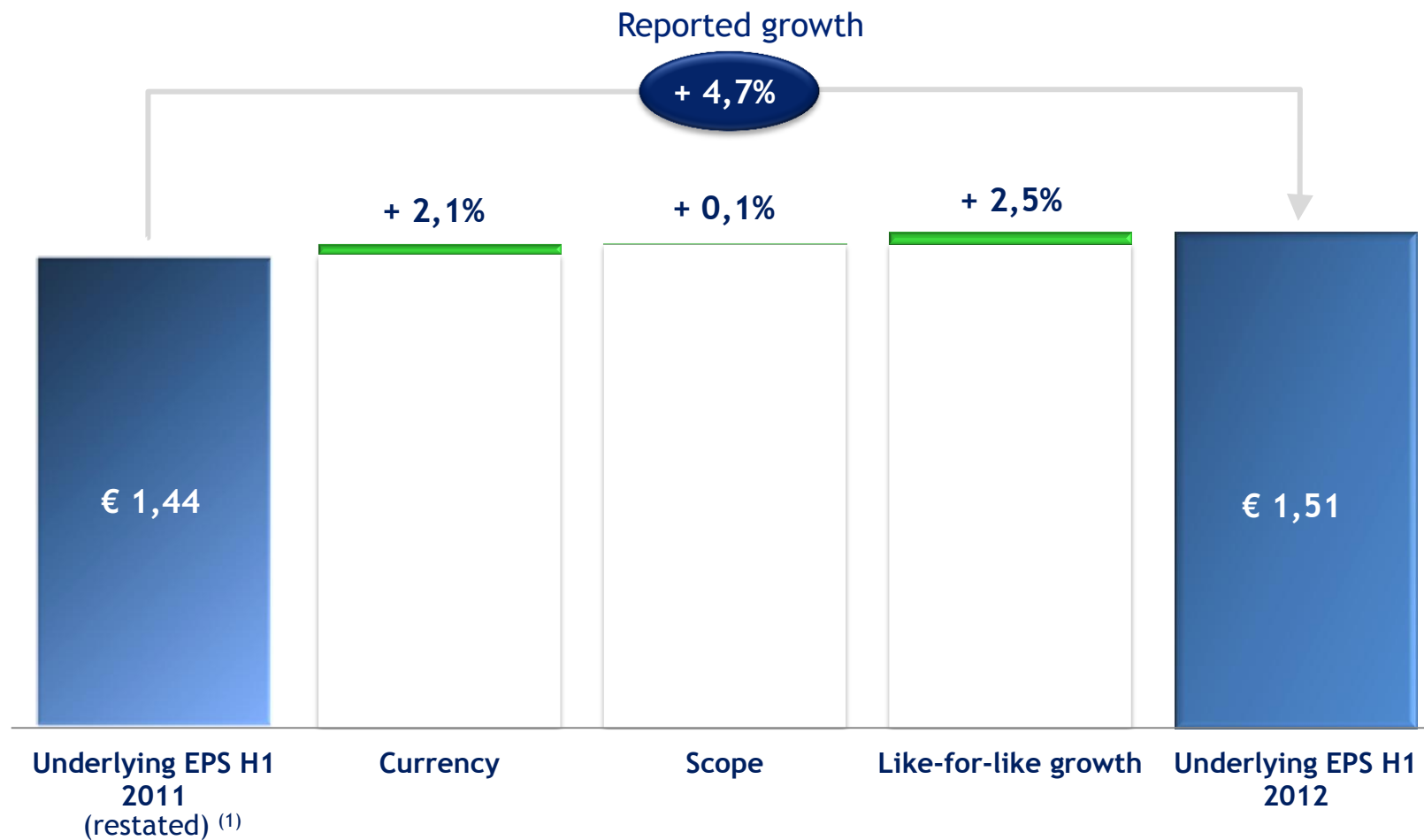
(1) Refers to 2011 restatement

(2) Tax related to non current items

Underlying EPS

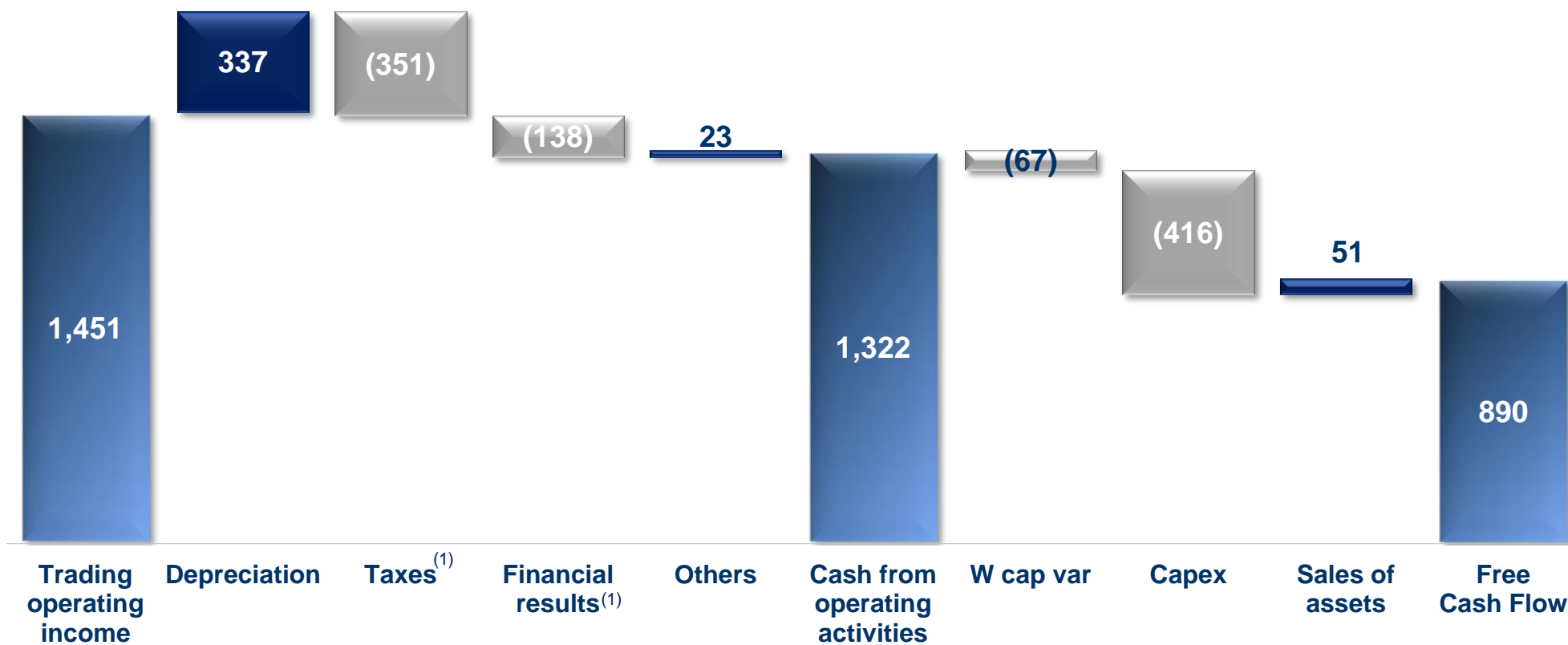
		H1 2011 (restated) ⁽¹⁾	H1 2012
Underlying net income	€ million	874	911
Fully diluted number of shares	million	606	603
		↓	↓
Fully diluted underlying EPS		€ 1.44	€ 1.51

Analysis of underlying fully diluted EPS growth FY 11



(1) Refers to 2011 restatement

Cash bridge



Consistent cash-flow excellence

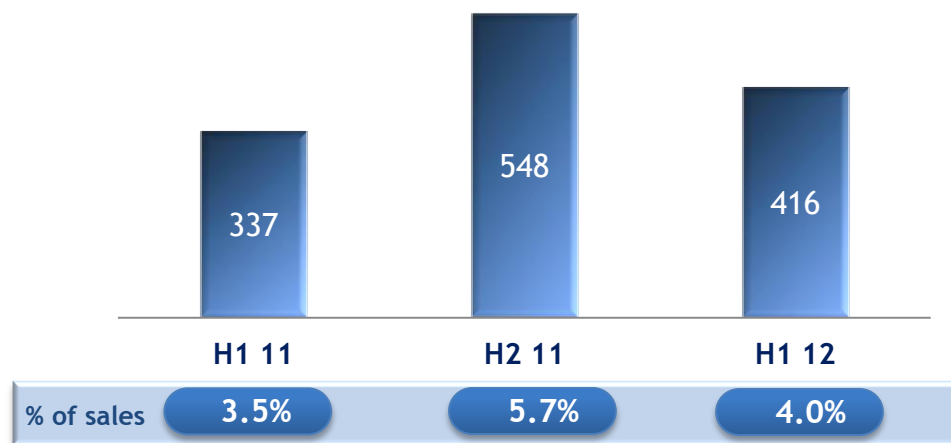
Free cash flow (€ mln)



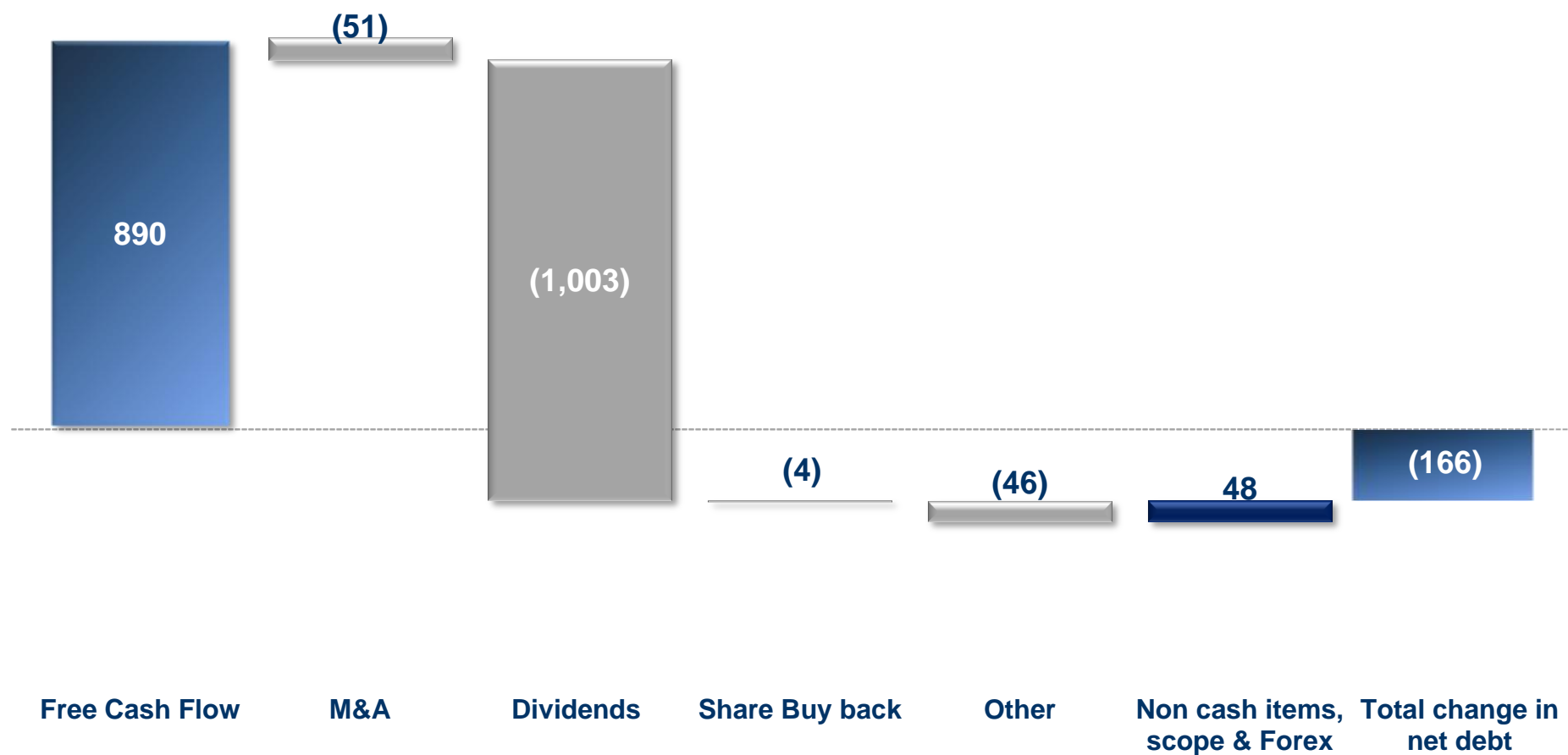
Working Capital (€ mln)



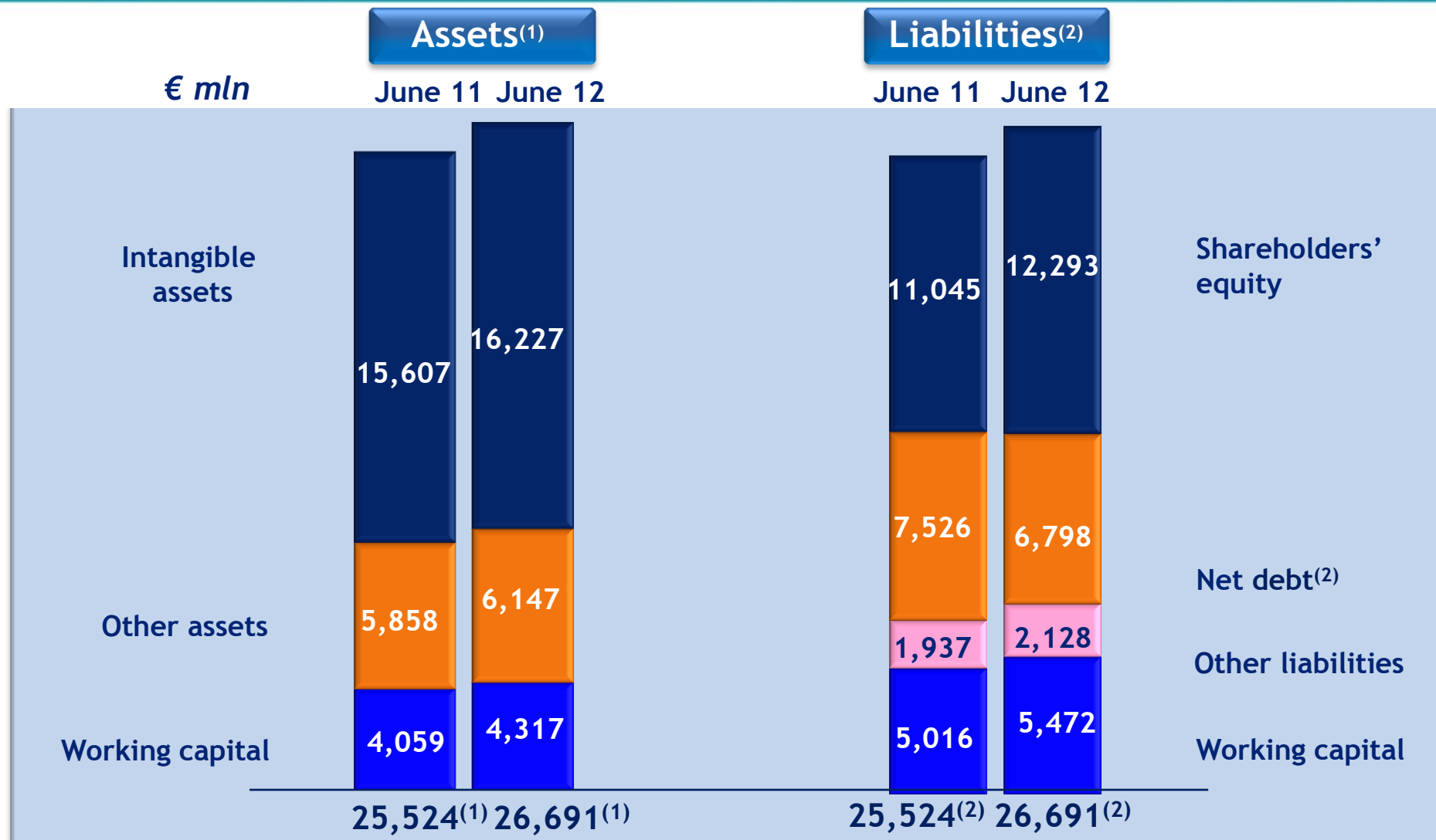
Capital expenditures (€ mln)



FCF to net debt change



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

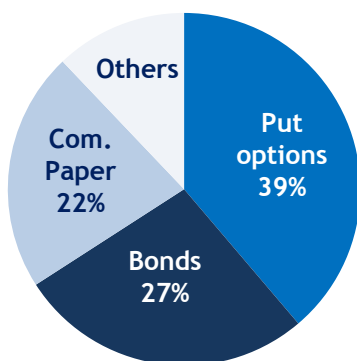


Debt profile

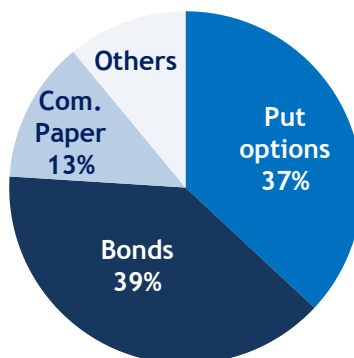
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Gross Debt profile

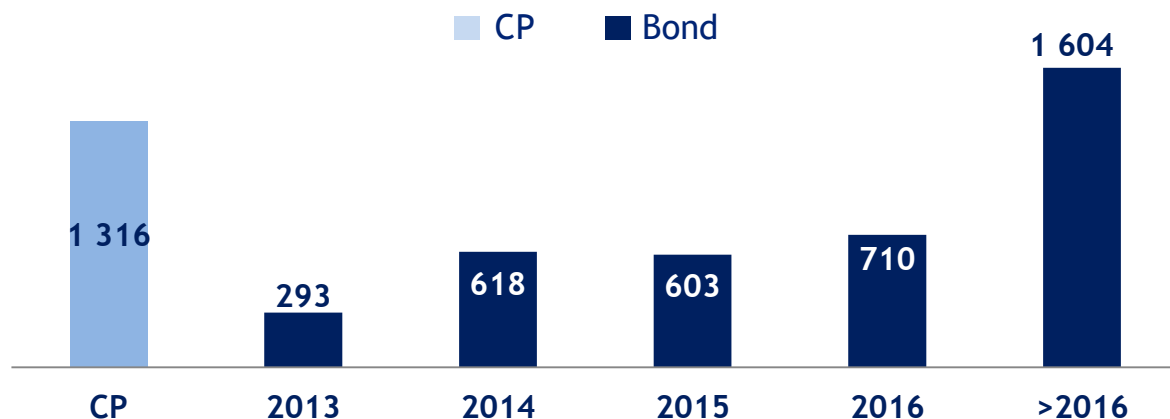
June 30 2011



June 30 2012



Gross Debt maturity profile as of June 30 2012 (€ bn)



Inaugural “Yankee” bond issue

Successful launch of a \$850 million 10-year bond on May 29, 2012 carried out by way of a private placement to institutional investors only to diversify geographically its sources of financing and extend the maturity of its debt at favorable market conditions.

Danone Spain minority shareholding evolution

31 december 2011

Danone Spain
Put Options
in group net debt

€ 2,153 mln

30 june 2012

Danone Spain
Put Options
in group net debt

Non-current

€ 1,693 mln

Current

€ 461 mln

=

%Shareholding
In Danone Spain

32.4%

8.6%

26 july 2012

- Agreement : 2 shareholders selling their 8.6% stake to Danone
- Transaction : €91.5mln cash + 6,110,039 Treasury shares
- Financed by debt : share buy back programs for the same quantity of shares
 - => no dilution for Group shareholders
 - => positive impact on net debt €81 mln⁽¹⁾
 - => accretive on EPS

(1) Based on an average price of €47,15 per Danone share, corresponding to the opening price on July 26, 2012.



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2012 OUTLOOK

New 2012 targets confirmed

	Objectives 2012
Sales growth ⁽¹⁾	5-7%
Trading operating margin ⁽¹⁾	-50 bps
Free cash flow ⁽²⁾	€ 2 bn

(1) Like-for-like : 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



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APPENDIX

2012 Share price & Shareholding

Danone Share price evolution

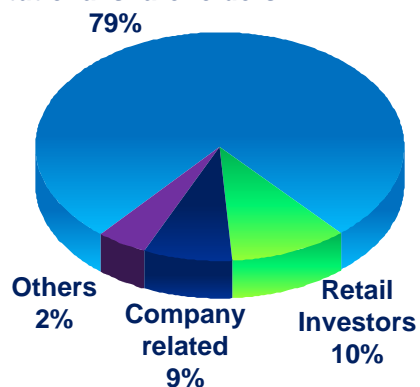


Danone YTD June 2012 stock performance

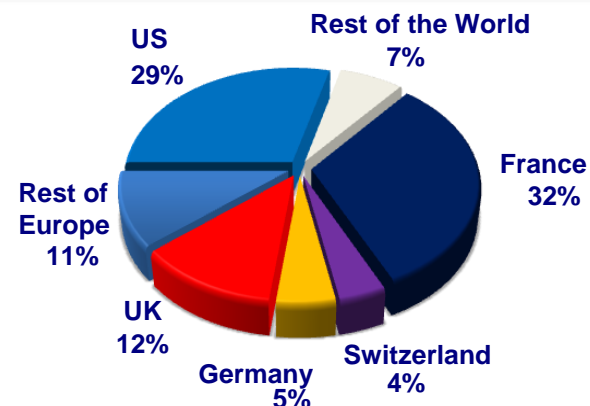
Absolute	+0.9%
Relative vs. CAC 40	-0.3%
Relative vs. Eurostoxx 50	+3.2%

Shareholding by investor ⁽¹⁾

Institutional shareholders



Institutional Shareholding by geography ⁽¹⁾



(1) The company conducted a survey of the Company's identifiable shareholders as of August 2011

Impact of currencies and scope - Q2 12

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Total
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Reported sales growth	+4.4%	+6.9%	+18.6%	+10.3%	+7.8%
Currency	+2.3%	+2.4%	+4.8%	+2.7%	+2.8%
Scope of consolidation	0.0%	(0.1)%	+0.2%	+0.9%	0.0%

Like-for-like sales growth	+2.1%	+4.6%	+13.6%	+6.7%	+5.0%
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Impact of currencies and scope - H1 12

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Total
<i>Including Unimilk</i>					
Reported sales growth	+4.1%	+11.3%	+15.0%	+9.3%	+7.7%
Currency	+1.4%	+1.9%	+3.7%	+1.9%	2.0%
Scope of consolidation	(0.2)%	(0.2)%	0.0%	+0.8%	(0.2)%
Like-for-like sales growth	+2.9%	+9.6%	+11.3%	+6.6%	+5.9%

Sales by business & geographical area - Q2 12

€ mln	Q2 2011	Q2 2012	Like-for-like sales growth
Fresh Dairy	2,821	2,946	+2.1%
Waters	949	1,014	+4.6%
Baby Nutrition	907	1,076	+13.6%
Medical Nutrition	293	323	+6.7%
Europe	2,845	2,839	(1.0)%
Asia	734	933	+17.2%
Rest of World	1,391	1,587	+10.7%
Total	4,970	5,359	+5.0%

Sales by business & geographical area - H1 12

€ mln	H1 2011	H1 2012	Like-for-like sales growth
Fresh Dairy	5,672	5,906	+2.9%
Waters	1,667	1,855	+9.6%
Baby Nutrition	1,818	2,090	+11.3%
Medical Nutrition	571	624	+6.6%
Europe	5,543	5,548	(0.1)%
Asia	1,395	1,762	+18.2%
Rest of World	2,790	3,165	+11.7%
Total	9,728	10,475	+5.9%

Like-for-like sales growth - Q2 12

Breakdown volume/value

<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy	(0.3)%	2.4%	+2.1%
Waters	+3.1%	1.5%	+4.6%
Baby Nutrition	+7.0%	+6,6%	+13.6%
Medical Nutrition	+7.1%	(0.4)%	+6.7%
Europe	(2.8)%	+1.8%	(1.0)%
Asia	+13.8%	+3.4%	+17.2%
Rest of World	+3.9%	+6.8%	+10.7%
Total	+2.1%	2.9%	+5.0%

Like-for-like sales growth - H1 12

Breakdown volume/value

<i>Like-for-like</i>	Volume	Price/mix	Total
Fresh Dairy	(0.2)%	+3.1%	+2.9%
Waters	+5.2%	+4.4%	+9.6%
Baby Nutrition	+5.4%	+5.9%	+11.3%
Medical Nutrition	+7.1%	(0.5)%	+6.6%
Europe	(2.6)%	+2.5%	(0.1)%
Asia	+14.2%	+4.0%	+18.2%
Rest of World	+4.1%	+7.6%	+11.7%
Total	+2.2%	+3.7%	+5.9%

Changes in exchange rates

31% of sales denominated in €

	% total H1 12 sales	H1 12 vs H1 11 (avg)	Q2 12 vs Q2 11 (avg)
Russian ruble	10%	+ 5%	+ 1%
US dollar	9%	+ 10%	+ 12%
Indonesian rupee	6%	+ 2%	+ 4%
Mexican peso	6%	+ 3%	- 3%
Chinese yuan	6%	+ 8%	+ 15%
British pound	5%	+ 8%	+ 9%
Argentinian peso	5%	+ 16%	+ 3%
Brazilian real	4%	- 1%	- 9%
Polish zloty	3%	- 3%	- 7%
Canadian dollar	2%	+ 5%	+ 8%
Turkish lira	2%	+ 1%	- 3%