



Aptamil



Bebelac

Follow-on
milk



Neocate



NUTRICIA
Fortime

Protein

High energy,
high protein



DANONE

danacol



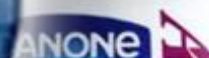
DANONE

ACTIVIA

AU BIFI-DUS ACTIF ESSENCIS

Saveur

Goûter



DANONE

Actimel

L. CASEI DEFENS.



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Results H1 2010

July 27th, 2010



evian

BONAFONT



AQUA

AIR MINUT

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.

KEY FIGURES - H1 10

Sales



€ 8,364 mln

**+7.0% like-for-like ⁽¹⁾
+11.2% reported**

Trading operating income



€ 1,280 mln

**+2.0% like-for-like ⁽¹⁾
+6.1% reported**

Trading operating margin



15.30%

**(74) bps like-for-like ⁽¹⁾
(73) bps reported**

**Underlying net income
from continuing activities**



€ 848 mln

**+10.1% like-for-like ^(1,2)
+17.5% reported**

**Underlying EPS (fully diluted)
from continuing activities**



€ 1.38

**+7.7% like-for-like ^(1,2)
(7.9)% reported**

Free cash flow ⁽³⁾



€ 858 mln

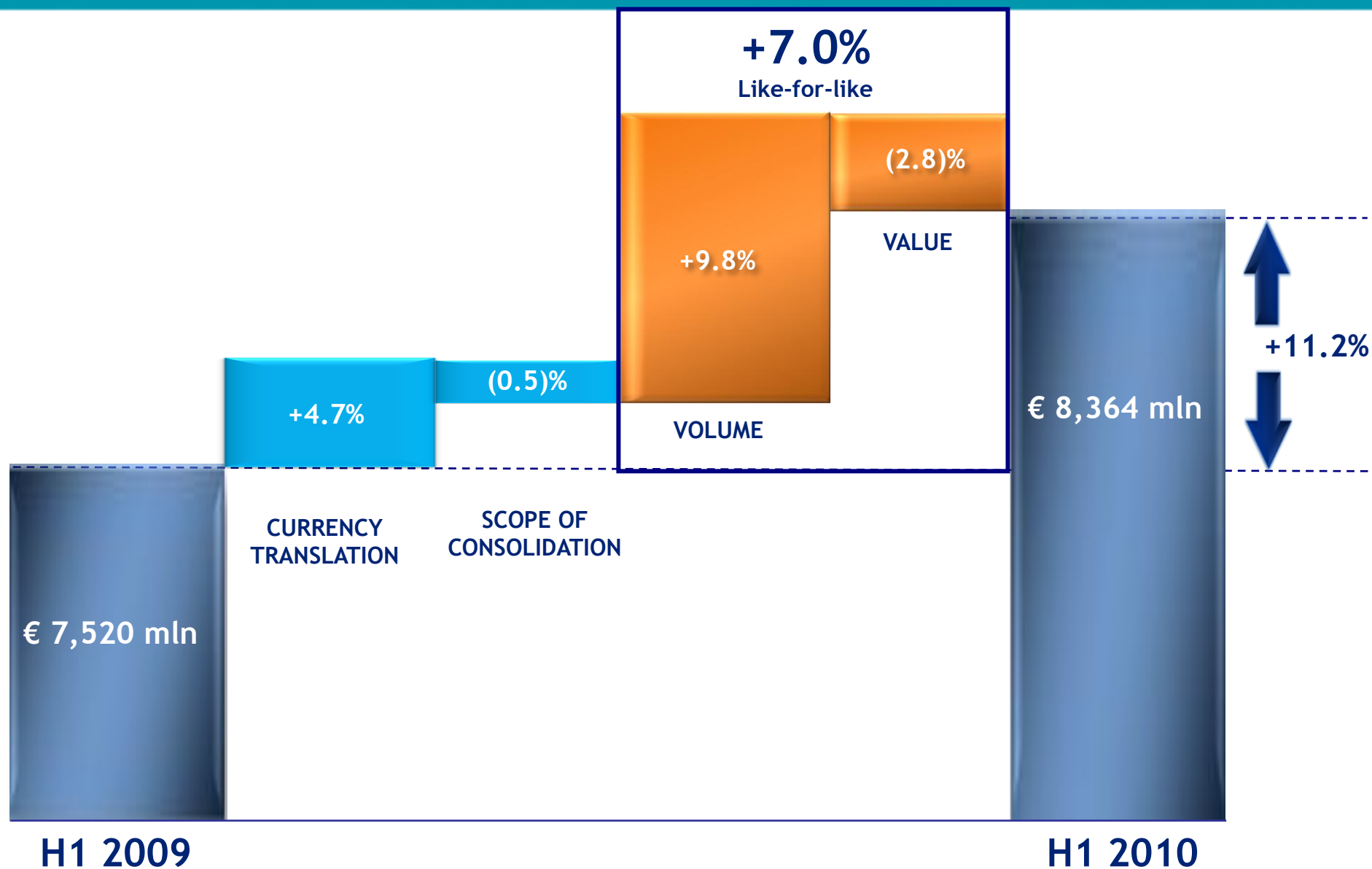
+ 34.9% reported

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

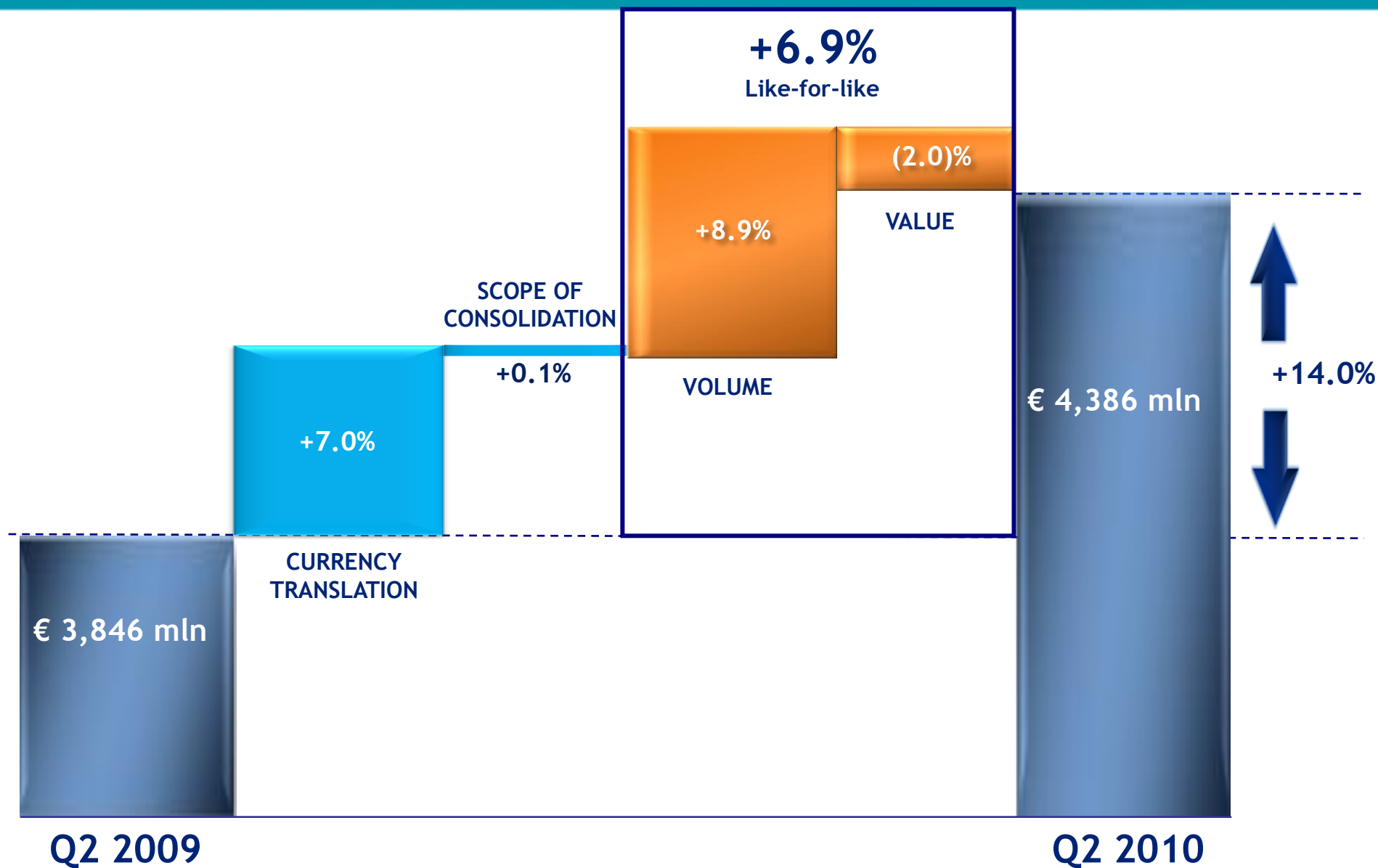
(2) Excluding exceptionals and excluding the effects of the capital increase

(3) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals)

Sales growth analysis - H1 10



Sales growth analysis - Q2 10



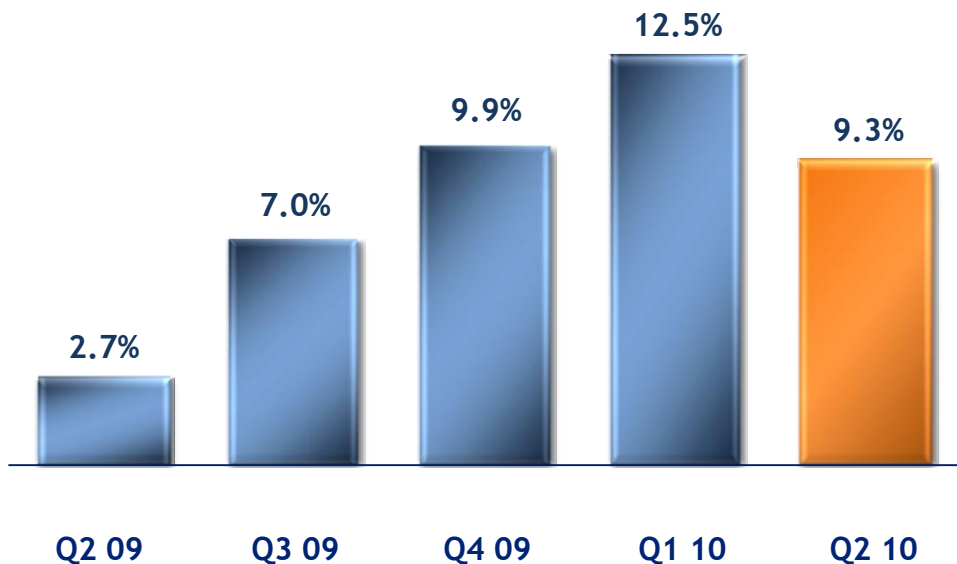


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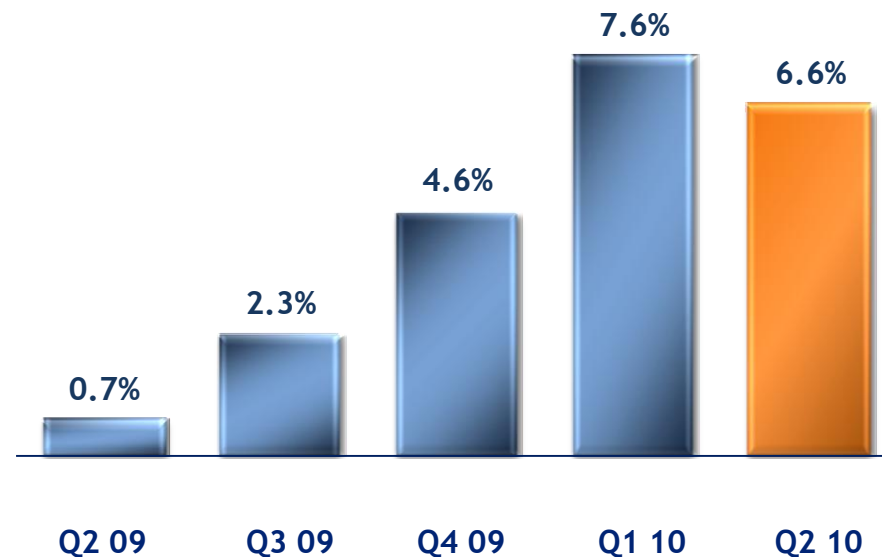
Sales performance by division

FRESH DAIRY - Continued strong momentum

Volume growth



Like-for-like sales growth



- Virtually all countries deliver positive volume growth
- “Reset” countries deliver sustained volume and sales momentum
- Particular strong growth momentum coming from the US, Brazil, Mexico, Argentina and Japan

FRESH DAIRY - Volume performance remains strong while value growth trends up

Like-for-like growth





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FRESH DAIRY - Volumes & Price/kg per quarter



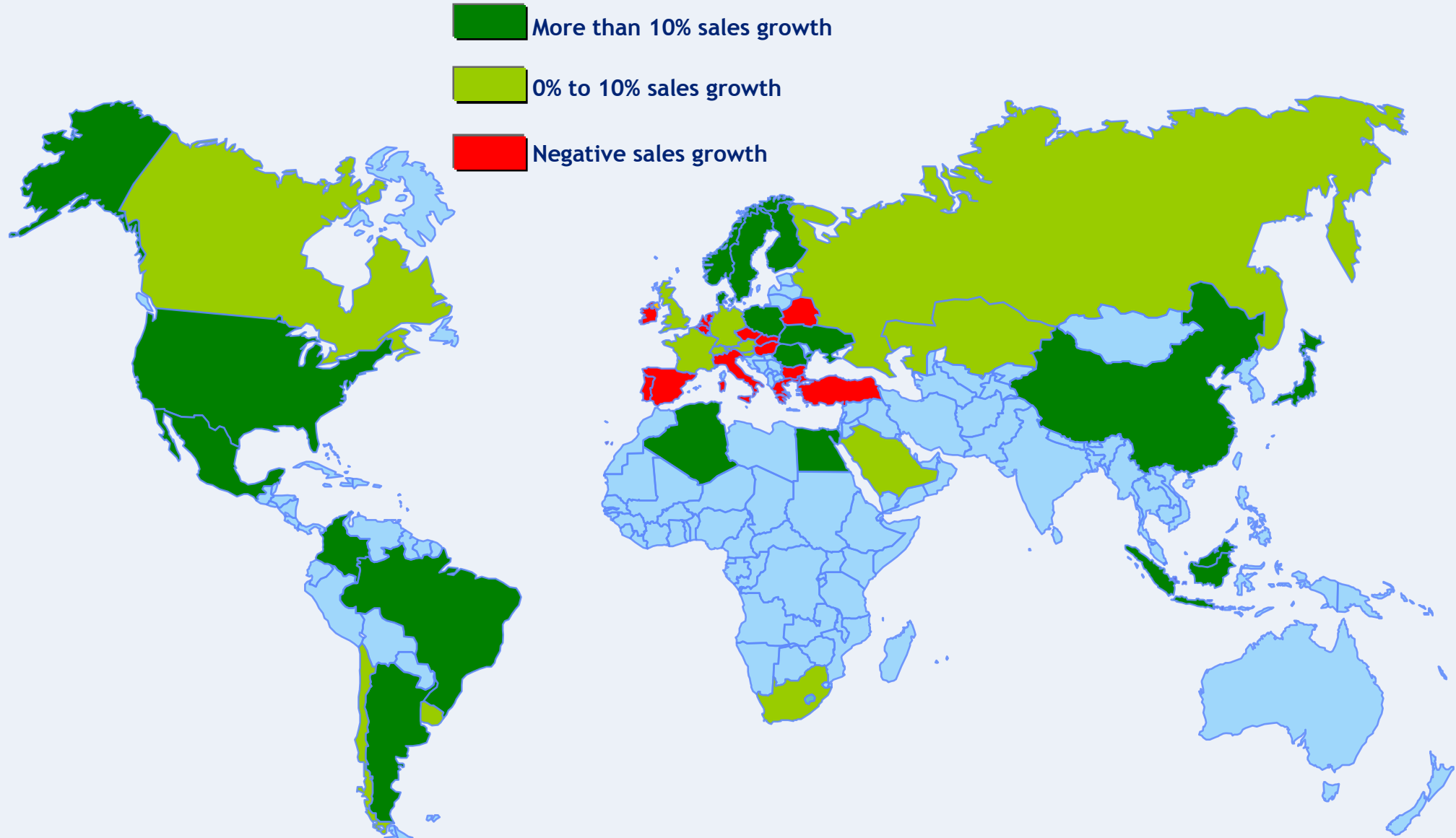
FRESH DAIRY - Volumes & Price/kg per quarter USA





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FRESH DAIRY - Sales growth is geographically broad-based





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FRESH DAIRY- Selected innovations



Griego Fruta Cortada
Spain, Portugal



Vitalinea Stevia
France



Danonino Ice
Spain & Portugal



Activia Big Bottle
Brazil



Danonino Family Pack
Brazil



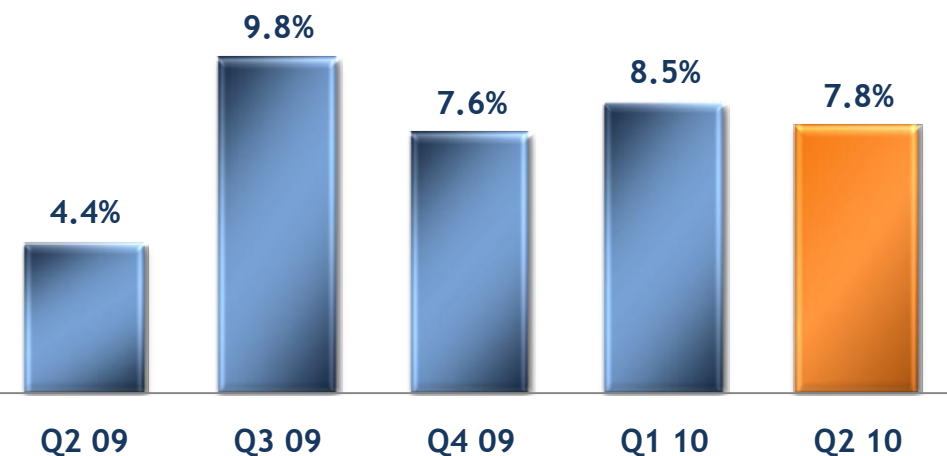
Ser Calci+
Argentina



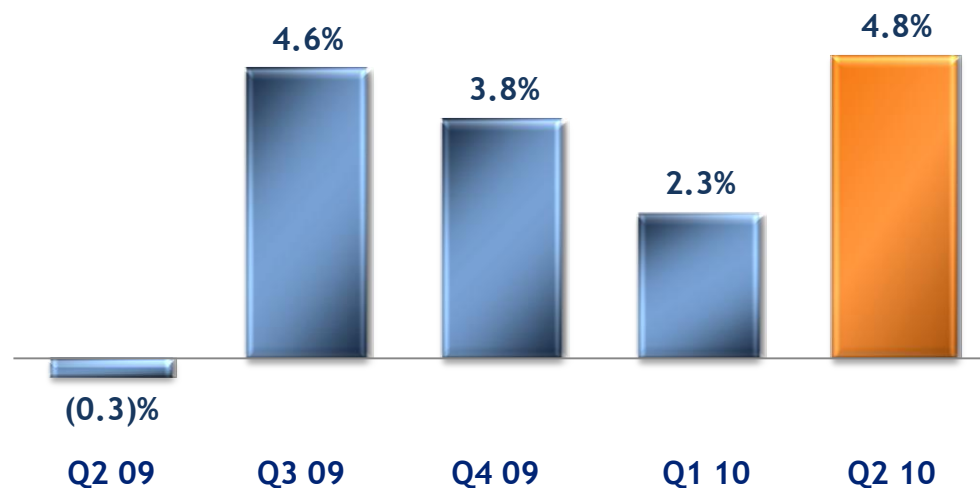
Activia Flora
Mexico

WATERS - Best sales growth performance since Q1 08

Volume growth



Like-for-like sales growth

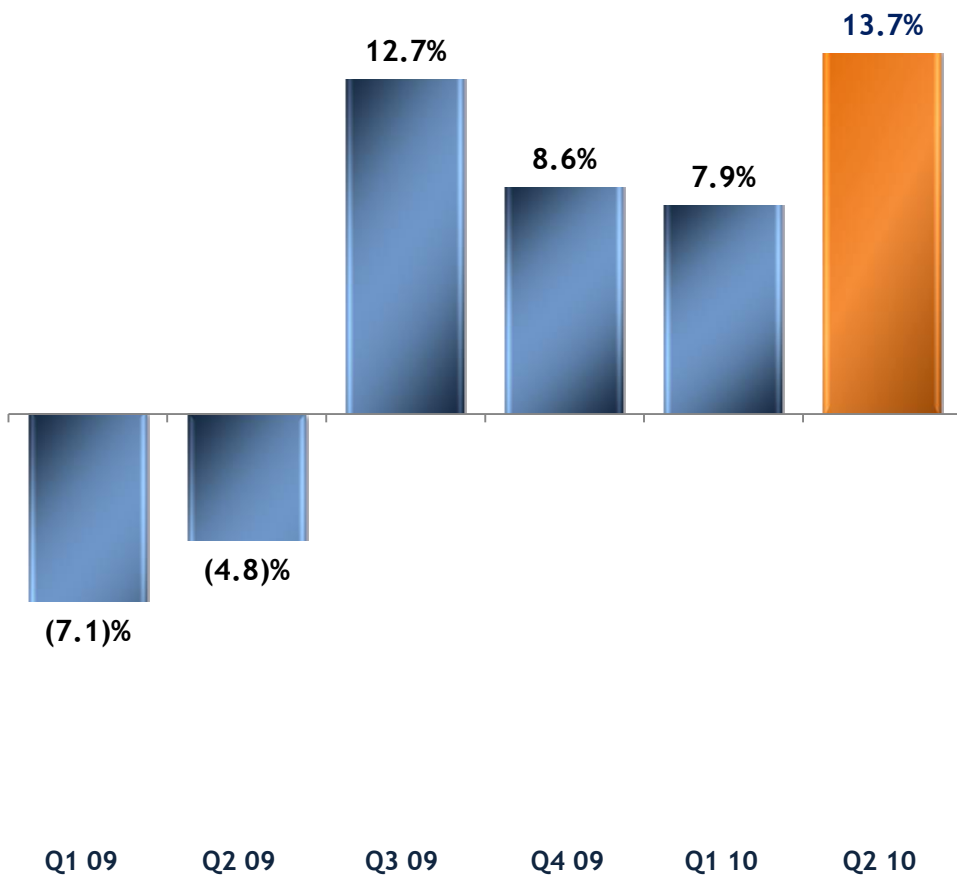


- Improving, volume-driven, growth partly offset by negative country mix
- Continued, broad-based, mid-teens growth in developing countries
- 3rd consecutive quarter of underlying improving trend in industrialized markets

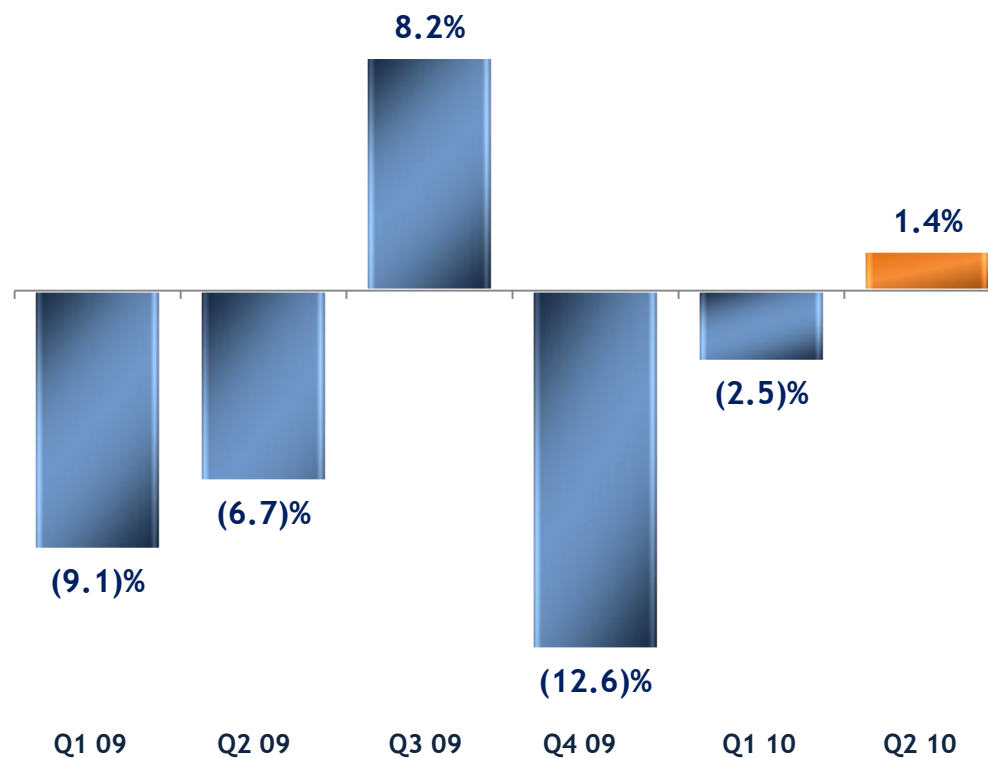
WATERS - Sales France & Germany

Like-for-like sales growth

Germany



France





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WATERS - Selected innovations



Volvic 3 Ltr
France



Fontvella 6.25 Ltr
Spain



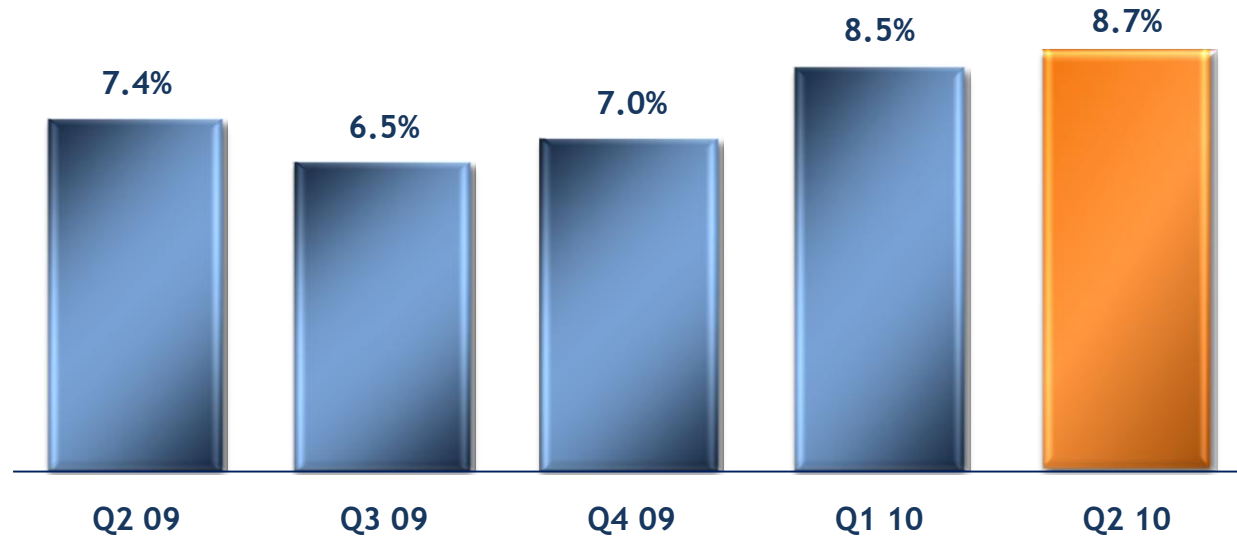
Bonafont Mineralizada
Mexico



Evian Live Young Campaign
Worldwide

Maria
Sharapova

BABY NUTRITION - Continued strong performance



- Resilient high single-digit performance driven by volumes (+8.4%)
- Milk portfolio continues to drive the growth while weaning food category stabilizes
- Most markets continue to show market share gains, most notably the UK, Argentina, Brazil, France and Turkey



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BABY NUTRITION - Selected innovations



Pregnancy & Lactation products
France & Ireland



Olvarit Fruit Premium Cups
The Netherlands



Mein MiluMenü
Austria



Mellin & Milupa 1.2 Kg packs
Italy

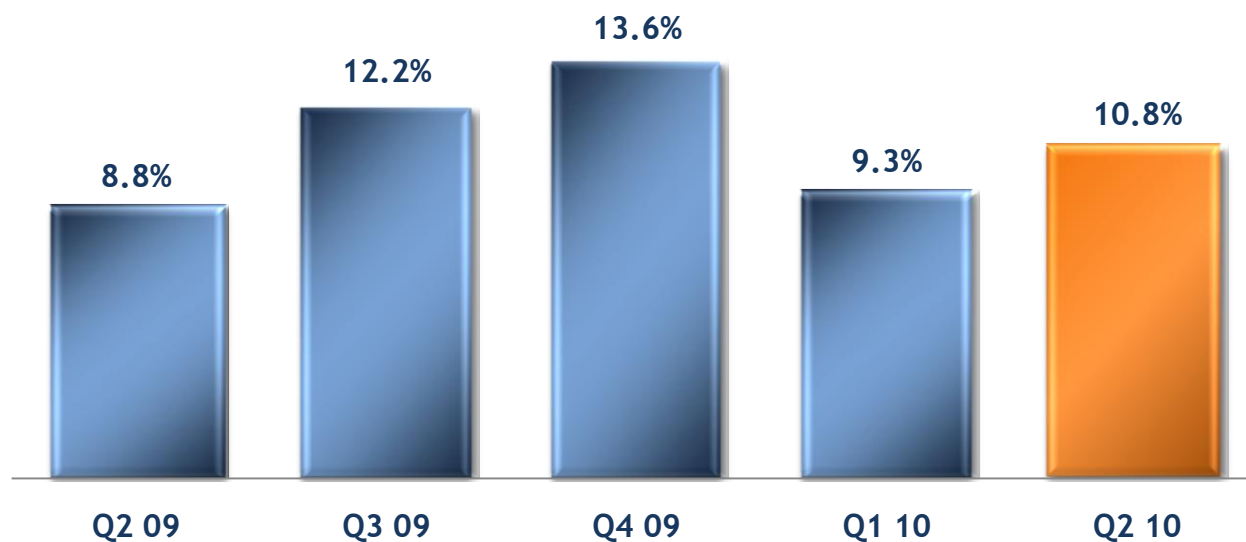


Blédina plates
France



Pregnancy Supplements
France

MEDICAL NUTRITION - Broad-based double-digit performance



- Strong double-digit sales growth, driven by volumes (+10.5%)
- Performance continues to be broad-based across regions and across product groups
- Pediatrics and the gastro intestinal allergy product range continue to outgrow the divisional average



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MEDICAL NUTRITION - Selected innovations



Nutilis Aqua

3 flavors: orange, grenadine, mint



Nutilis Complete, swallowing issues
3 flavors: vanilla, strawberry, chocolate



Milupa Fruta

Protein ready to drink



KetoCal - Epilepsy
USA



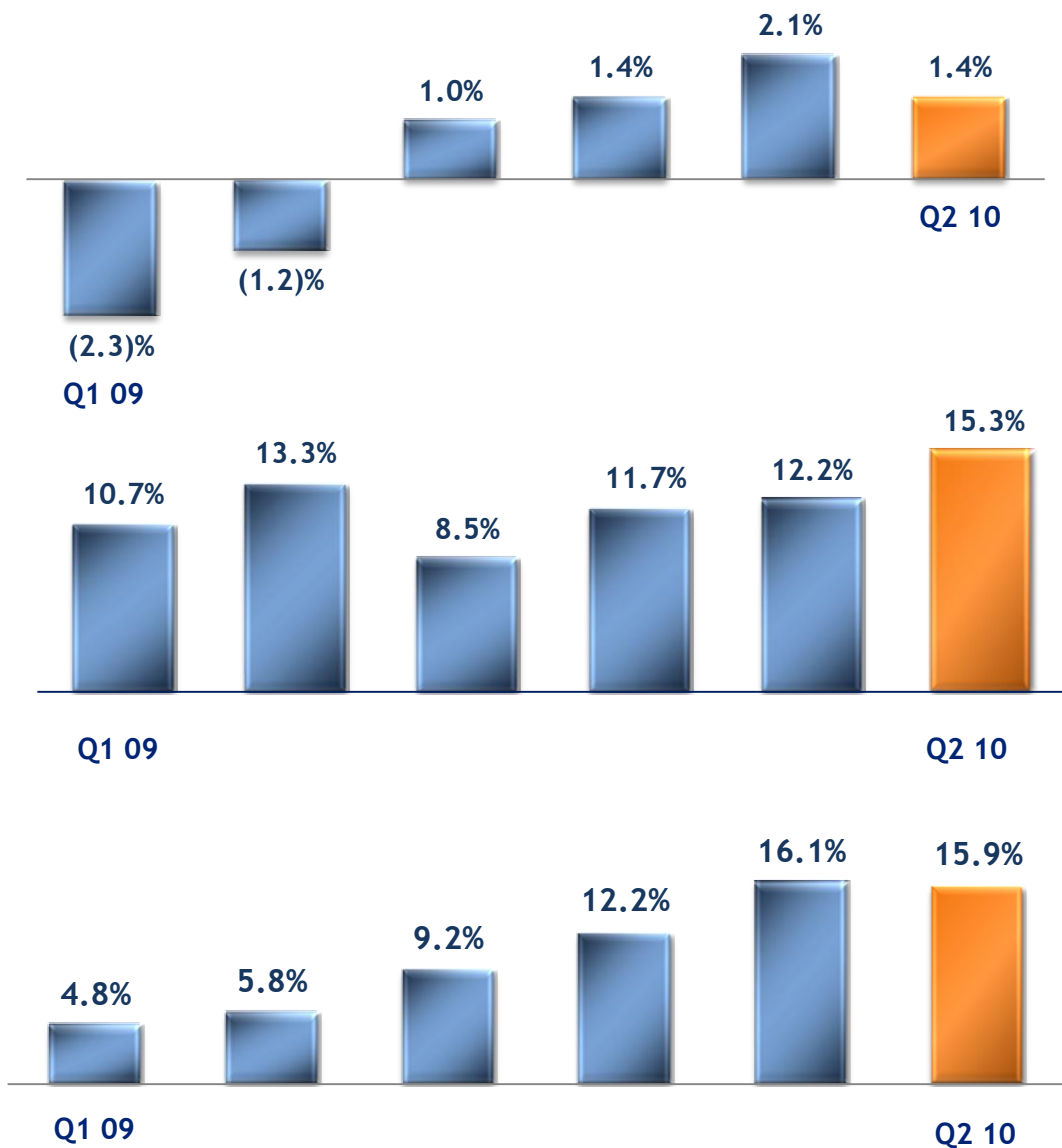
Nutrison Advanced Protison for
increased protein requirements

Broad-based geographic growth

EUROPE

ASIA

REST OF THE WORLD



Trading operating income and margin

€ mln

H1 2009

H1 2010

Trading operating income

1,206

1,280

Other operating items

205

(17)

Operating income

1,411

1,263

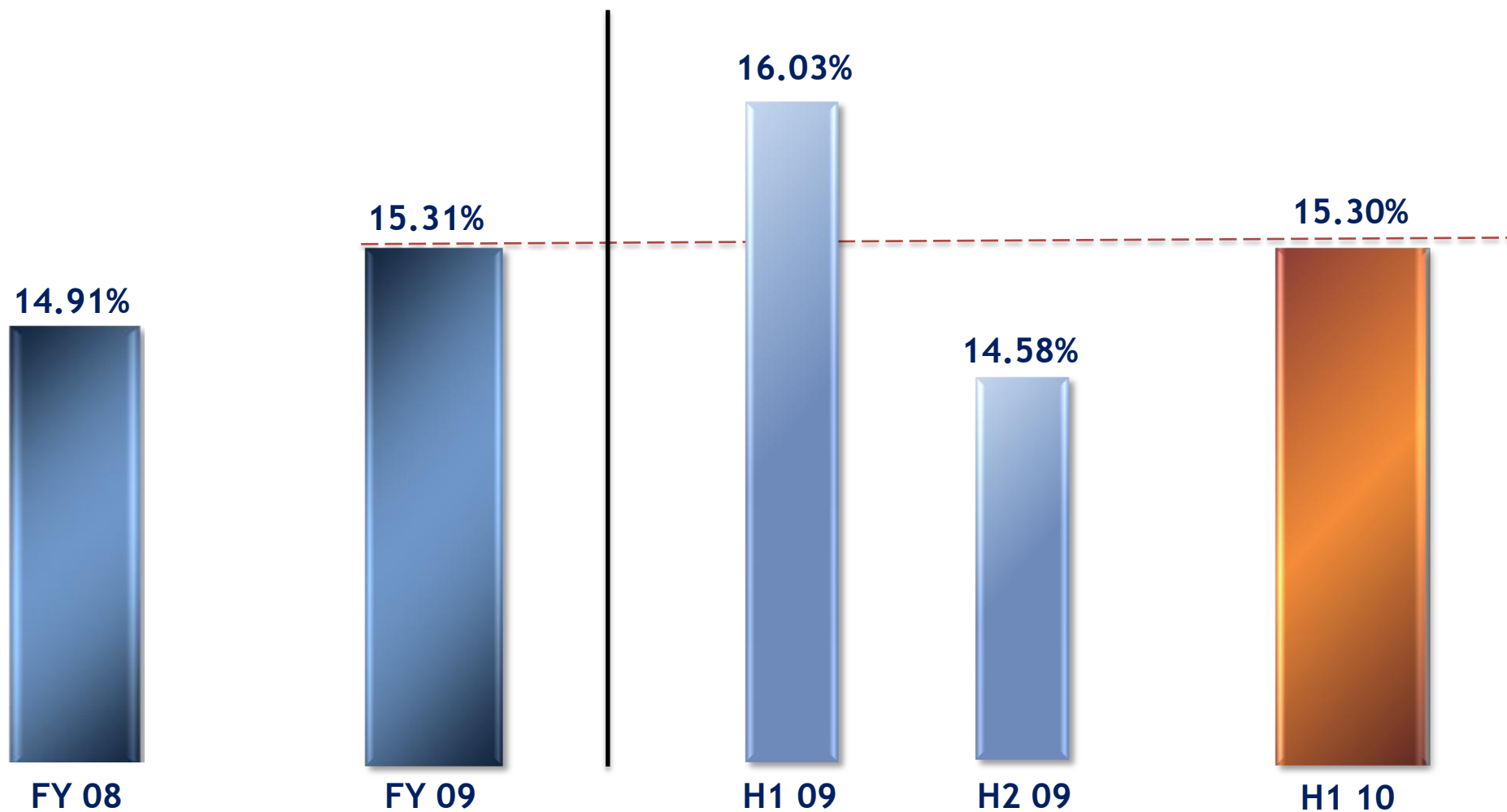
Trading operating margin

16.03%

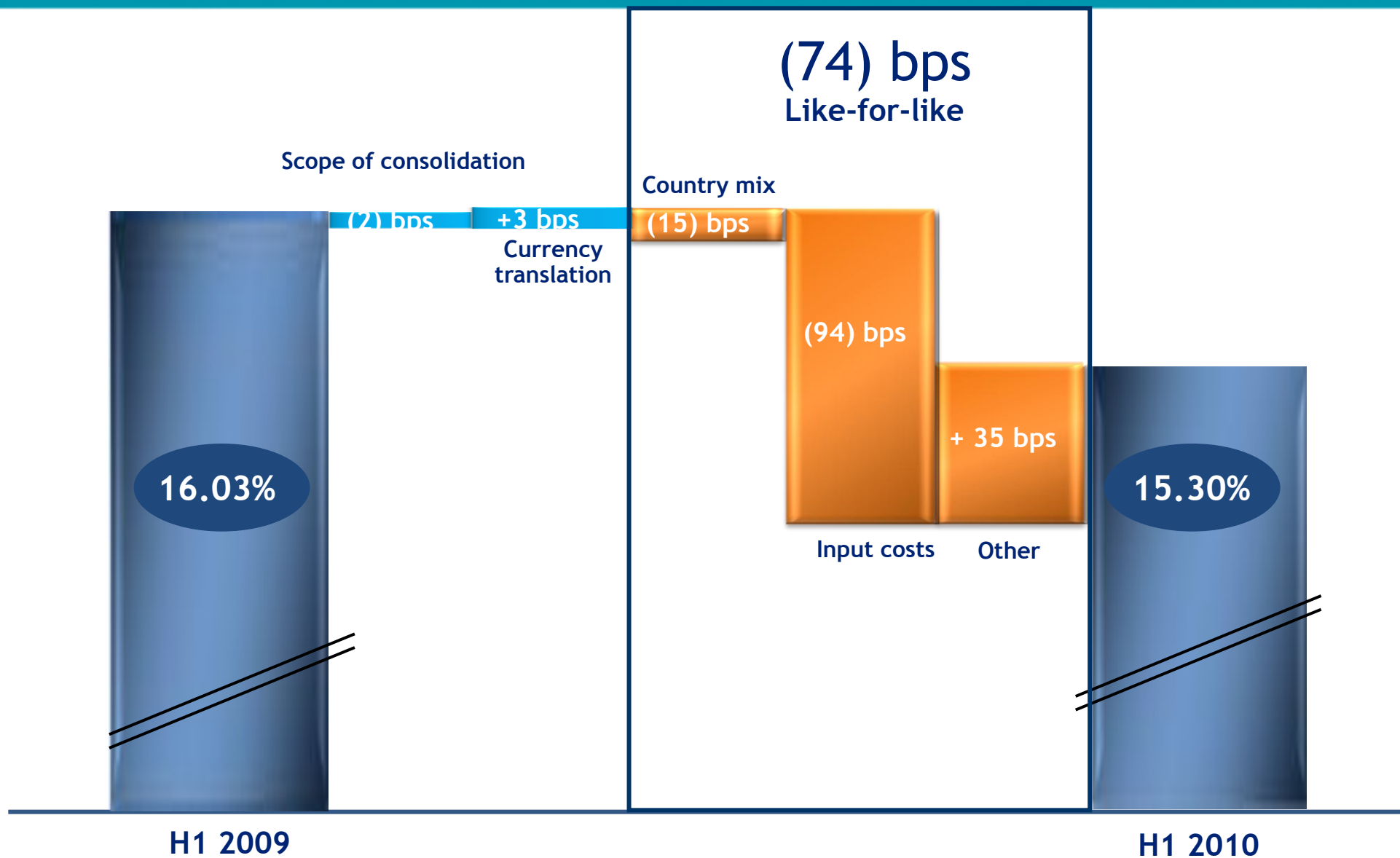
15.30%

Stable margin compared to FY 2009

Reported margins



Stable margin compared to FY 09 despite raw material headwind

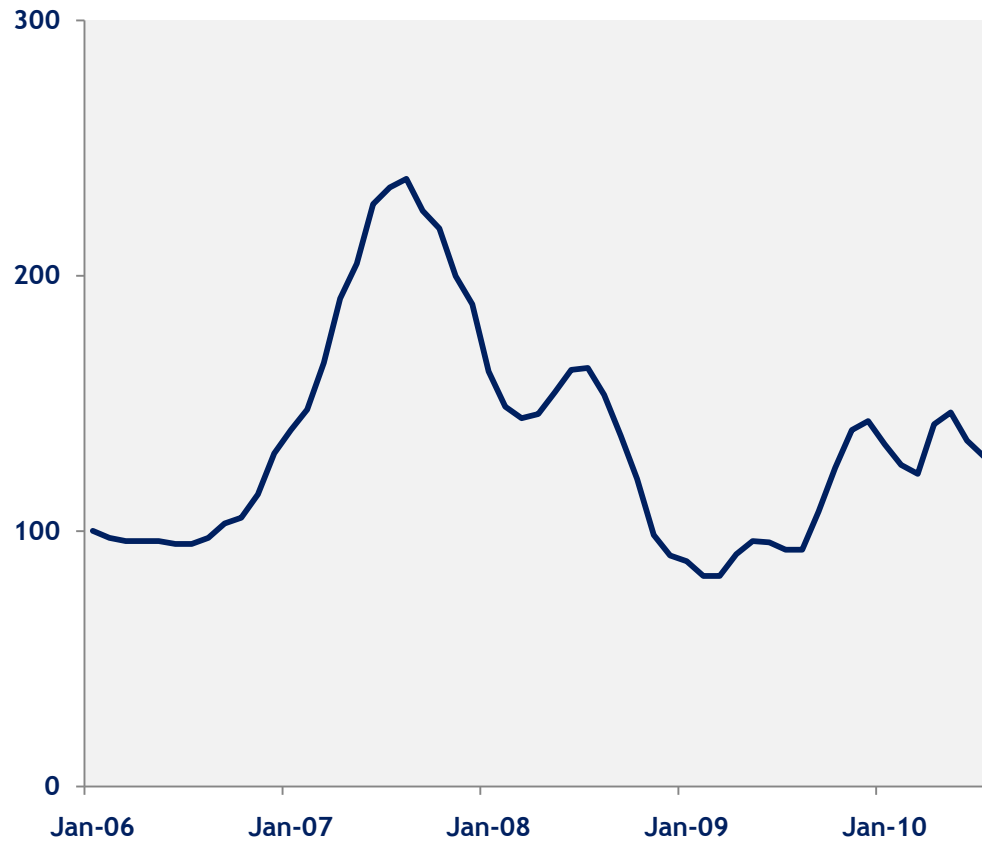




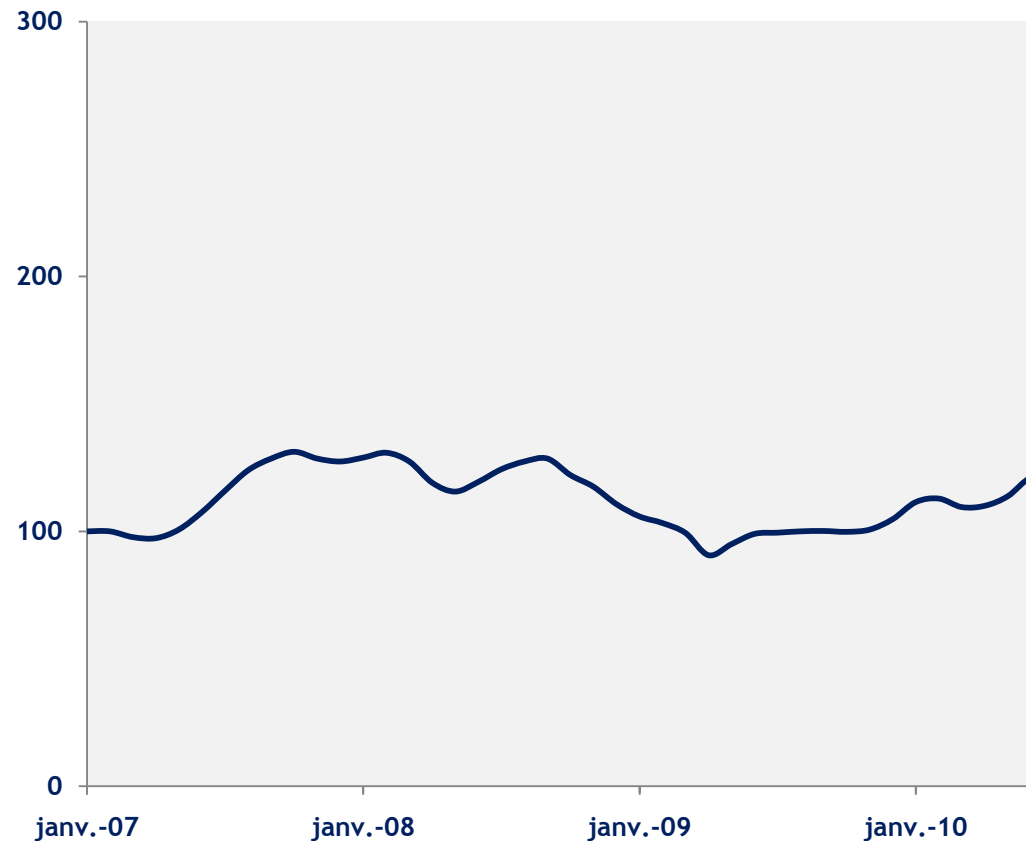
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Danone's milk cost inflation expected to be around 10%

*Development of worldwide SMP price,
January 2006 to July 2010,
(USD/kg indexed)*



*Development of average farm gate price,
January 2007 to June 2010,
(price/ton indexed)*



Cost saving initiatives well on track to deliver approx € 500 mln of savings by year-end

- € 230 mln of cost savings achieved in H1 10
- Well on track to achieve full-year target of approximately € 500 mln
- Examples of efficiency initiatives:

FRESH DAIRY

Optimization of on-pack printing
Less wrap packaging
Weight reduction of packaging

WATERS

PET bottle weight reduction

BABY NUTRITION

Purchasing method on Asian milk base powder due to enhanced partnership with suppliers

Trading operating margin by business line & geographical area

	Reported		Like-for-like change
	H1 2009	H1 2010	
Fresh Dairy	15.07%	13.94%	(94) bps
Waters	14.01%	13.70%	(75) bps
Baby Nutrition	19.11%	19.19%	(27) bps
Medical Nutrition	21.24%	19.90%	(86) bps
Europe	16.74%	16.26%	(44) bps
Asia	18.83%	19.54%	+12 bps
Rest of World	13.18%	11.55%	(155) bps
Total	16.03%	15.30%	(74) bps

From operating income to net income

€ mln	H1 2009	H1 2010	Non current items	H1 2010 Underlying
Trading operating income	1,206	1,280	-	1,280
Other operating items	205	(17)	(17)	-
Operating income	1,411	1,263	(17)	1,280
Total financial expenses	(205)	(118)	(5)	(113)
Income tax	(228)	(275)	5	(280)
Net income of affiliates	30	51	7	44
Net income of discon.activities	0	-	-	-
Net income	1,008	921	(10)	931
<i>Attributable to minority interests</i>	76	83	-	83
Attributable to the parent	932	838	(10)	848

Tax rate evolution

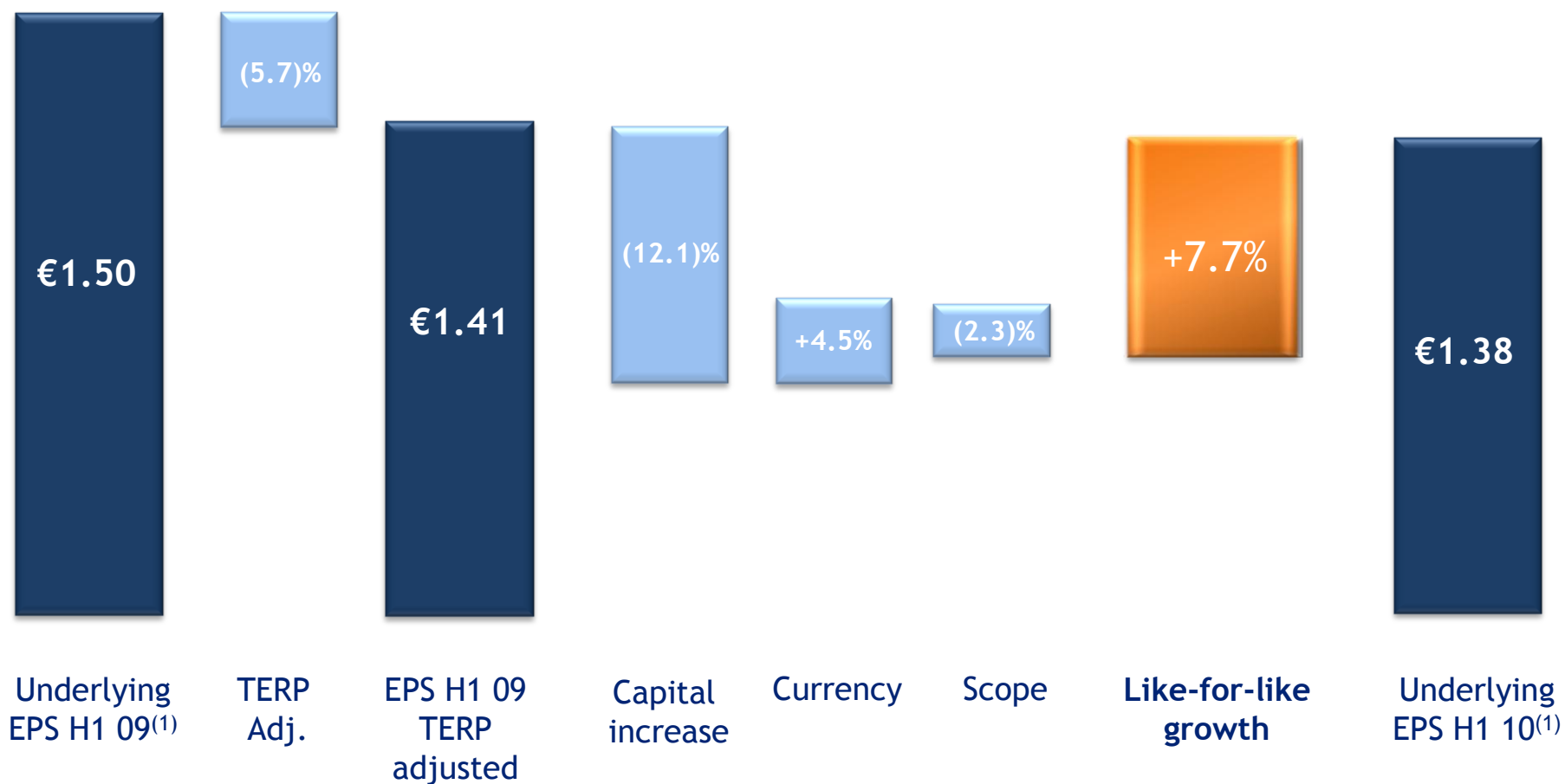
€ mln	H1 2009	H1 2010
Total income tax (reported)	(228)	(275)
<i>Reported tax rate</i>	18.9%	23.99%
Non current income tax	(8)	5
Current income tax	(220)	(280)
<i>Underlying tax rate</i>	22.5%	23.99%

Underlying EPS from continuing activities

		H1 2009 Reported	H1 2009 Restated ¹	H1 2010 Reported
Underlying net income from continuing activities	€ million	722	722	848
Fully diluted number of shares	million	483	512	616
		↓	↓	↓
Fully diluted underlying EPS from continuing activities		€ 1.50	€ 1.41	€ 1.38

¹ To reflect the effect of capital increase

Analysis of fully diluted EPS growth H1 10



⁽¹⁾ On a fully diluted basis

Free cash flow from operations

€ mln

H1 2009

H1 2010

Cash flow from operating activities

846

1,185

Net change in working capital

(13)

(68)

Capital expenditure

(305)

(275)

as a % of sales

4.1%

3.3%

Asset sales

108

16

Free cash flow from operations ⁽¹⁾

636

858

+ 34.9%

as a % of sales

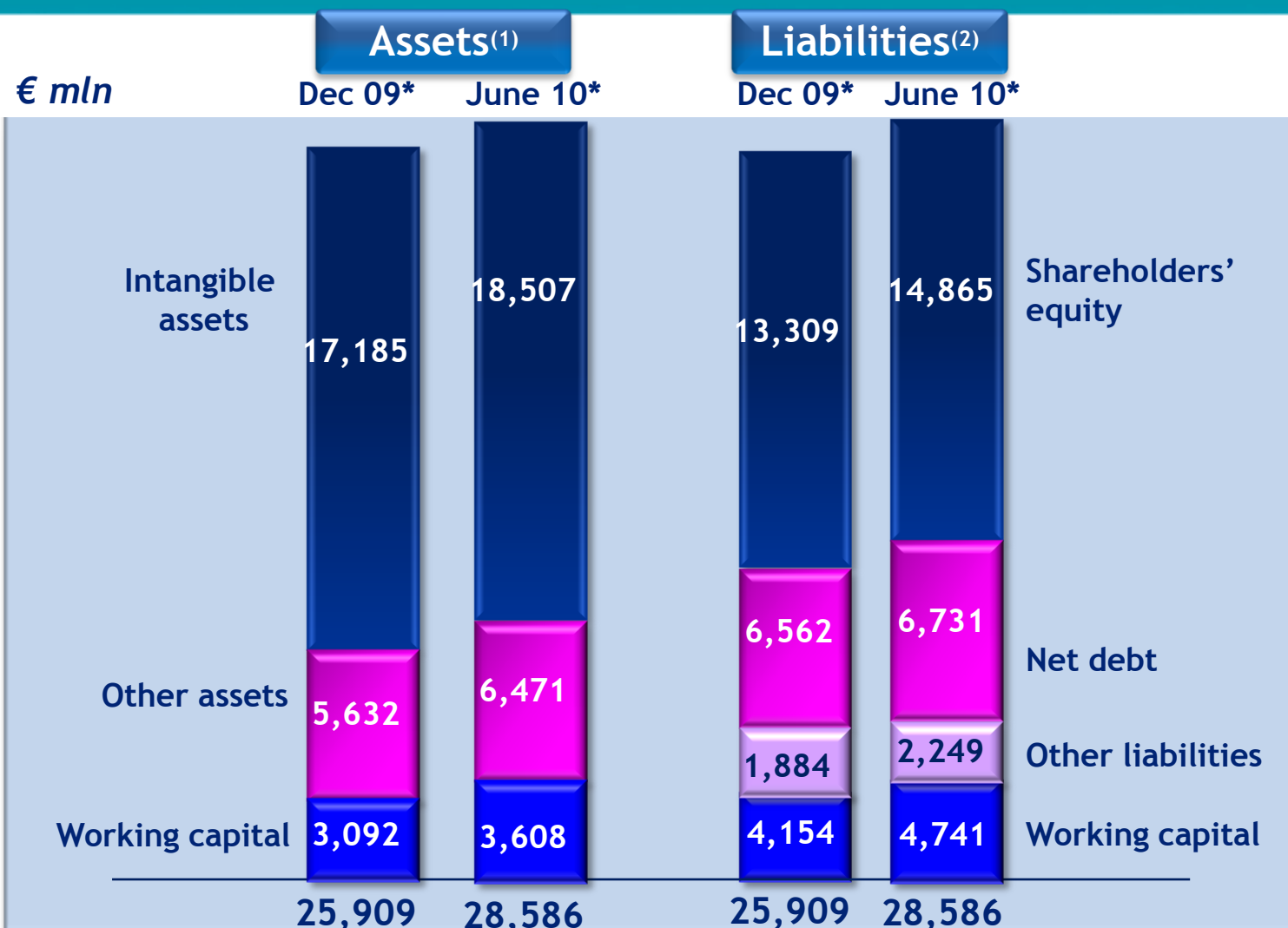
8.5%

10.3%

(1) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals)

* A detailed cash flow overview can be found in the appendix

Synthetic Balance Sheet



(1) Excluding cash & cash equivalents and marketable securities

(2) Net of cash & cash equivalents and marketable securities

* Derivative instruments with a positive fair value are now presented in a specific line on the asset side of the balance sheet and are no longer netted with non-current financial liabilities



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OUTLOOK

Objectives 2010

Sales growth¹

At least +6%

EBIT margin ¹

Stable margin

Free cash flow

At least +10%

¹ Based on constant scope of consolidation and constant exchange rates

APPENDIX

Impact of currency and scope - Q2 10

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
Reported sales growth	+13.8%	+12.5%	+15.7%	+16.0%	+14.0%
Currency	+6.9%	+7.5%	+7.7%	+4.8%	+7.0%
Scope of consolidation	+0.3%	+0.2%	(0.7)%	+0.4%	+0.1%
Like-for-like sales growth	+6.6%	+4.8%	+8.7%	+10.8%	+6.9%

Impact of currency and scope - H1 10

	Dairy	Waters	Baby Nutrition	Medical Nutrition	Group
Reported sales growth	+11.6%	+7.3%	+13.0%	+13.9%	+11.2%
Currency	+4.4%	+5.3%	+5.2%	+3.6%	+4.7%
Scope of consolidation	+0.1%	(1.7)%	(0.8)%	+0.2%	(0.5)%
Like-for-like sales growth	+7.1%	+3.7%	+8.6%	+10.1%	+7.0%

Q2 2010 sales by business & geographical area

€ mln	Q2 2009	Q2 2010	Like-for-like sales growth
Fresh Dairy Products	2,141	2,436	+6.6%
Waters	735	828	+4.8%
Baby Nutrition	741	857	+8.7%
Medical Nutrition	229	265	+10.8%
Europe	2,327	2,420	+1.4%
Asia	479	635	+15.3%
Rest of World	1,040	1,331	+15.9%
GROUP	3,846	4,386	+6.9%

Q2 2010 like-for-like sales growth

Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	+9.3%	(2.7)%	+6.6%
Waters	+7.8%	(3.0)%	+4.8%
Baby Nutrition	+8.4%	+0.3%	+8.7%
Medical Nutrition	+10.5%	+0.3%	+10.8%
Europe	+5.1%	(3.7)%	+1.4%
Asia	+13.6%	+1.7%	+15.3%
Rest of World	+13.0%	+2.9%	+15.9%
GROUP	+8.9%	(2.0)%	+6.9%

H1 2010 sales by business & geographical area

€ mln	H1 2009	H1 2010	Like-for-like sales growth
Fresh Dairy Products	4,262	4,755	+7.1%
Waters	1,349	1,448	+3.7%
Baby Nutrition	1,464	1,654	+8.6%
Medical Nutrition	445	507	+10.1%
Europe	4,517	4,695	+1.7%
Asia	950	1,162	+13.8%
Rest of World	2,053	2,507	+16.0%
GROUP	7,520	8,364	+7.0%

H1 2010 like-for-like sales growth

Breakdown volume/value

<i>Like-for-like</i>	Volume	Value	Total
Fresh Dairy Products	+10.9%	(3.8)%	+7.1%
Waters	+8.1%	(4.4)%	+3.7%
Baby Nutrition	+8.6%	0.0%	+8.6%
Medical Nutrition	+9.4%	+0.7%	+10.1%
Europe	+5.8%	(4.1)%	+1.7%
Asia	+14.3%	(0.5)%	+13.8%
Rest of World	+14.6%	+1.4%	+16.0%
GROUP	+9.8%	(2.8)%	+7.0%

Cash flow statement

€ mln

	H1 2009	H1 2010
Operating income	1,206	1,280
Financial income	(226)	(113)
Income tax	(220)	(280)
Non-current income	218	(17)
Depreciation and amortization	260	285
Net change in provisions	30	41
Dividends received from equity-accounted affiliates	58	9
Other cash items	(141)	(73)
Other non-cash items	(339)	53
Cash flow provided by operating activities, excluding changes in net working capital	846	1,185

Cash flow statement

€ mln

H1 2009

H1 2010

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

846

1,185

Change in working capital

(13)

(68)

Cash flow from operations

833

1,117

Capital expenditure

(305)

(275)

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

(26)

(37)

Proceeds from the sale of businesses and other assets

811

18

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

12

3

Cash flow used in investing activities and disposals

492

(291)

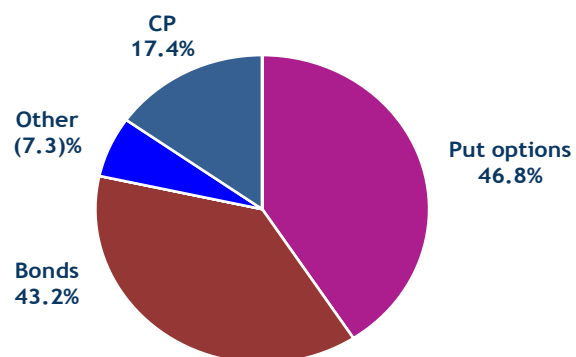
Cash flow statement

€ mln	H1 2009	H1 2010
Increase in capital and additional paid-in-capital	2,980	35
Purchases of treasury stock (net of disposal)	75	33
Dividends paid to Danone shareholders	(221)	(737)
Transactions with non-controlling interests*	(54)	(93)
Settlement of debt hedge financial instruments	-	(8)
Change in bonds	-	0
Change in non-current financial liabilities	(3,100)	98
Change in current financial liabilities	(95)	89
Change in marketable securities	(871)	(147)
Cash flow used in financing activities	(1,286)	(730)
Exchange rate differences	(13)	101
Increase (decrease) in cash and cash equivalents	26	197

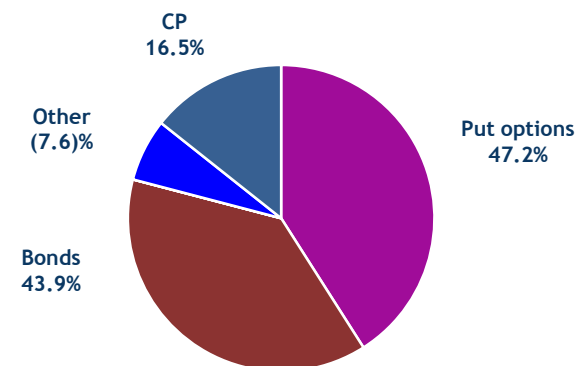
* Including dividends

Debt maturity profile

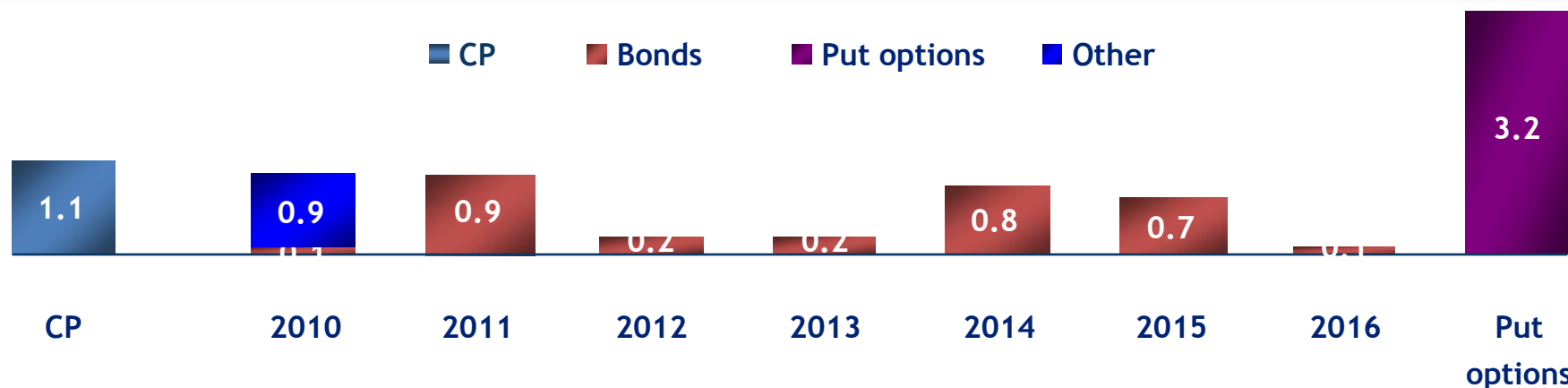
December 31 2009¹



June 30 2010¹



Debt maturity profile as of June 30 2010² (€ bn)



¹ Based on net debt of €6,562 mln on 31/12/2009 and €6,732 mln on 30/06/2010 ; ² Based on gross debt of €8,217 mln

Changes in exchange rates

39% of sales denominated in €

	H1 10 % total sales	H1 10 vs H1 09 (avg)	Q2 10 vs Q2 09 (avg)
US Dollar	9%	0%	+8%
Mexican Peso	6%	+10%	+14%
British Pound	5%	+3%	+4%
Chinese Yuan	5%	0%	+8%
Indonesian Rupee	5%	+21%	+25%
Argentinean Peso	4%	(6)%	+3%
Russian Ruble	4%	+10%	+14%
Polish Zloty	4%	+12%	+10%
Brazilian Real	4%	+23%	+26%
Canadian Dollar	2%	+17%	+22%
Turkish Lira	2%	+6%	+10%

