



**DANONE**

# FORWARD LOOKING STATEMENTS



**This presentation contains forward-looking statements that reflect Danone's current views and estimates. These statements are based on many factors and assumptions. Changes in such factors or assumptions could produce significantly different results.**



# Analyst meeting

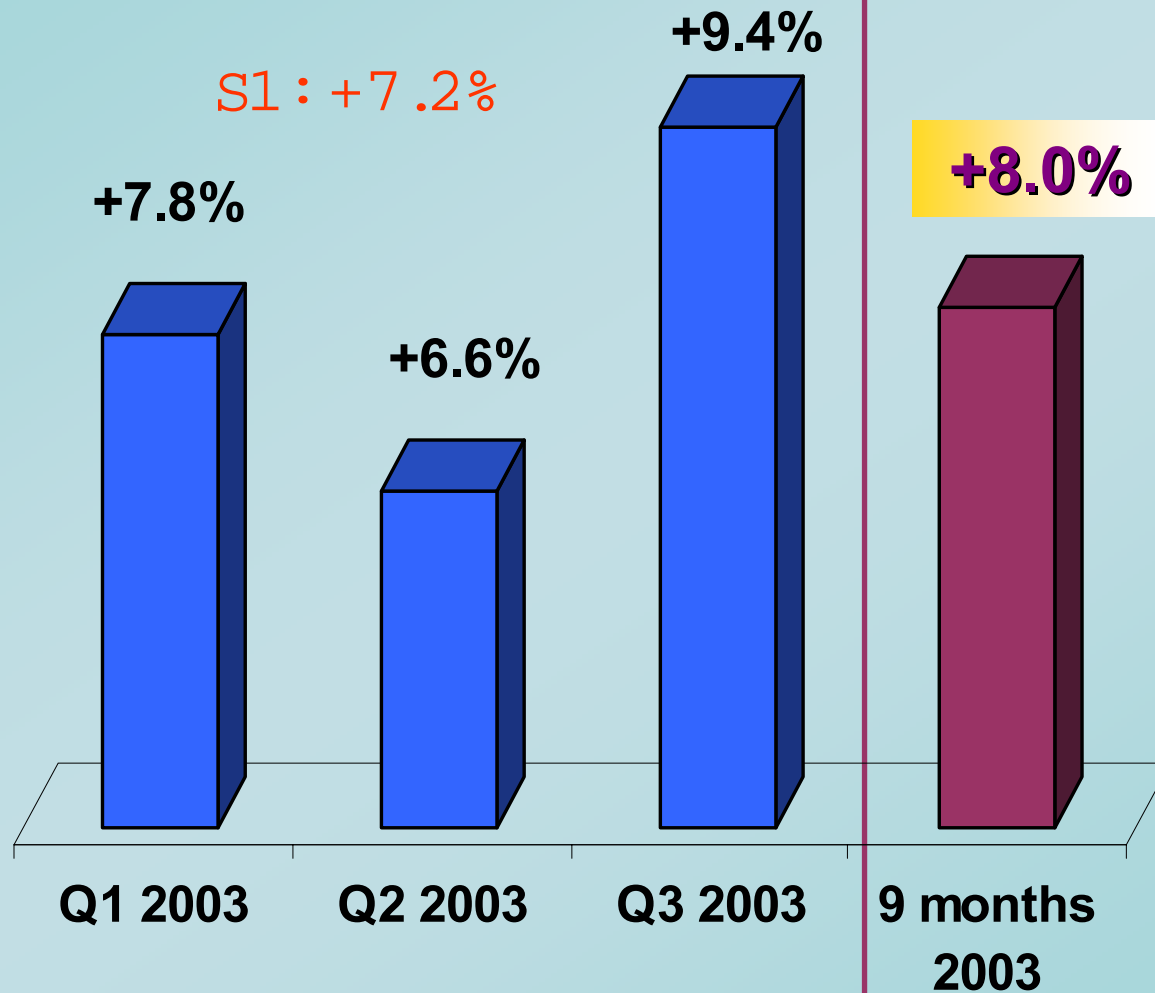
## Paris & London

### October 2003

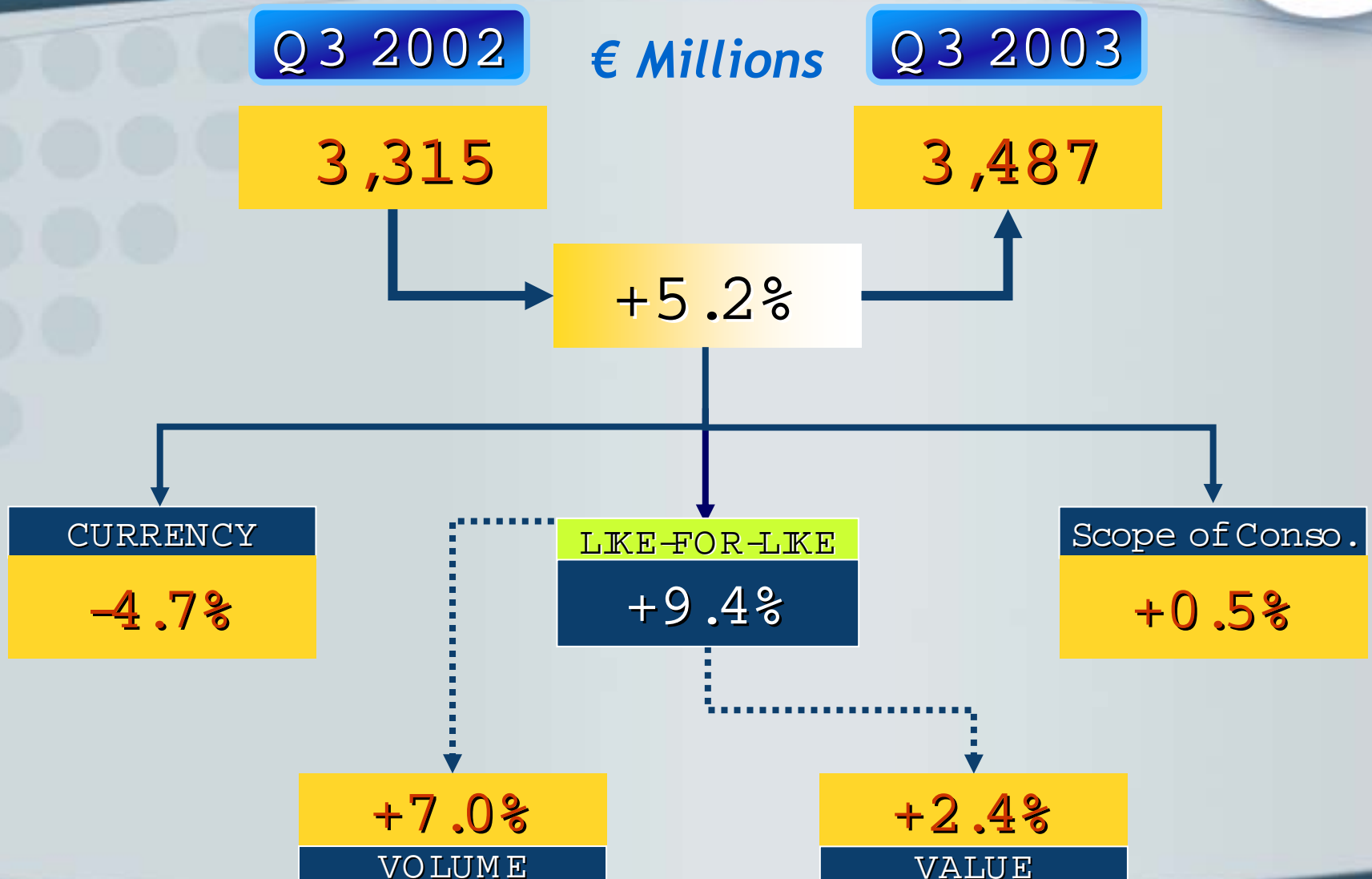


# Q3 SALES

# 2003 Sales growth like-for-like



# Q3 2003: Net Sales Evolution



# From Reported Sales to like-for-like Sales



	S1 2003	Q3 2003	9M 2003
Reported Net Sales	-7 .4%	+5 .2%	-3 .4%
Currency	-8 .2%	-4 .7%	-7 .2%
Scope of conso .	-6 .4%	+0 .5%	-4 .2%
Like-for-like Net Sales	+7 .2%	+9 .4%	+8 .0%

# Q3 2003: major changes in exchange rates



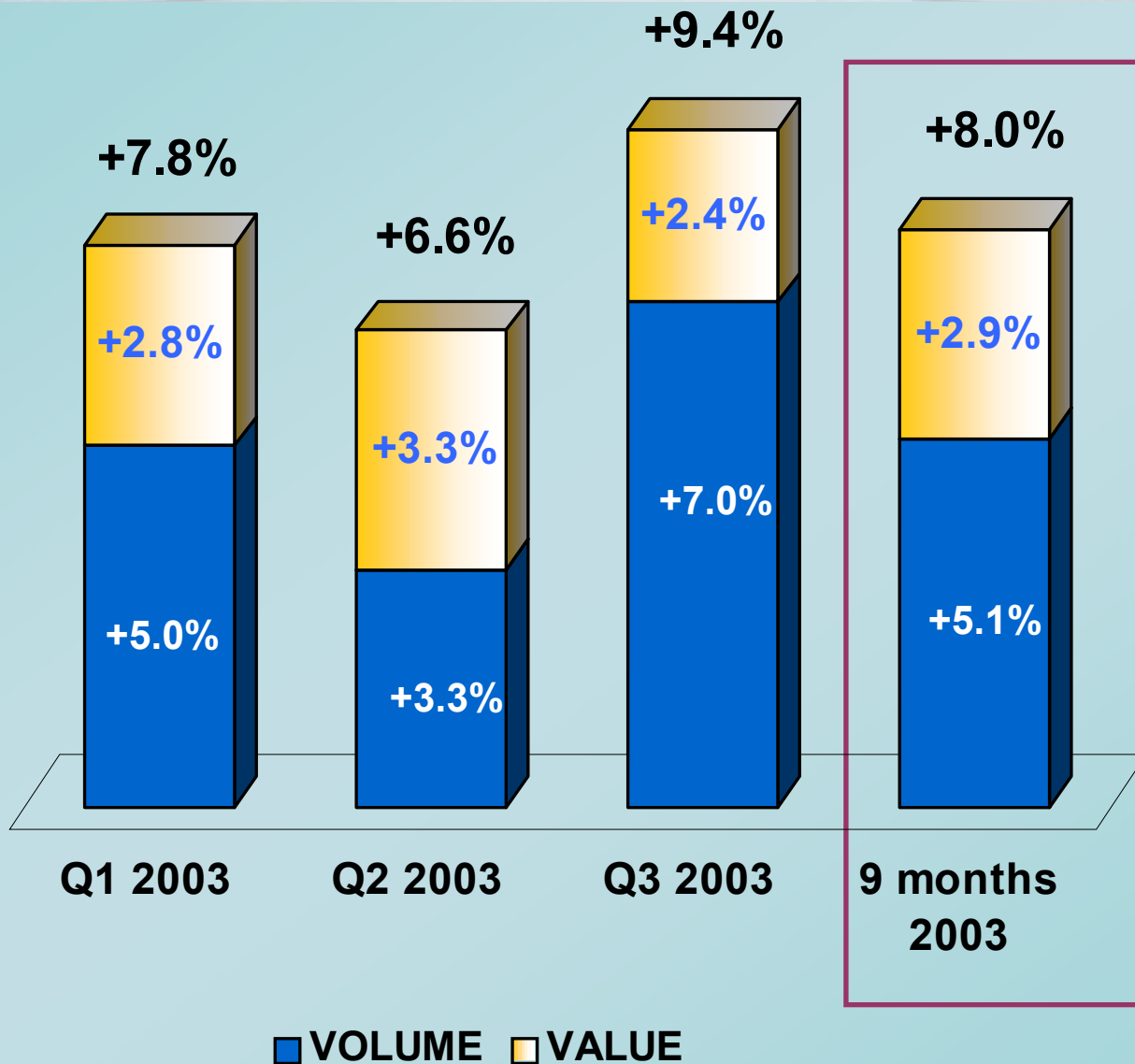
	H1 03 vs H1 02	Q3 03 vs Q3 02	9M 03 vs 9M 02
US Dollar	-18 %	-13 %	-17 %
Chinese Yuan	-18 %	-13 %	-17 %
Mexican Peso	-28 %	-20 %	-25 %
Brazilian Real	-37 %	+1 %	-25 %
Pound sterling	-10 %	-10 %	-10 %

57% of total Group sales = denominated in Euro (9 M 2003)



# 2003 Sales growth like-for-like

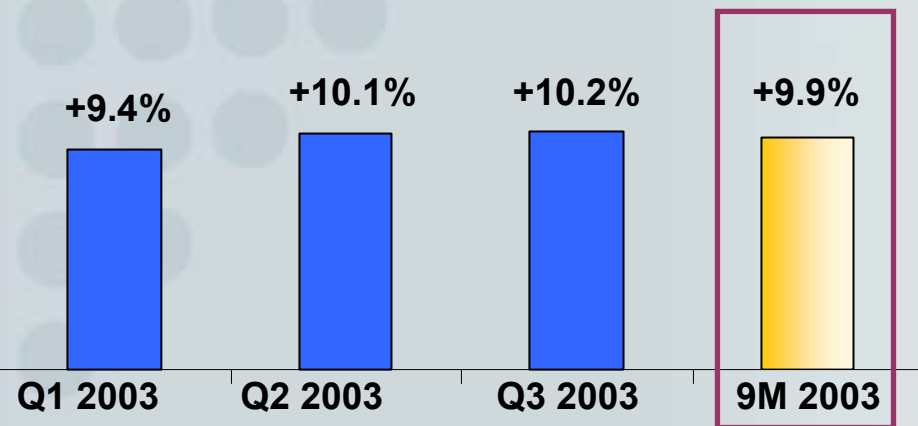
## Breakdown volume/value



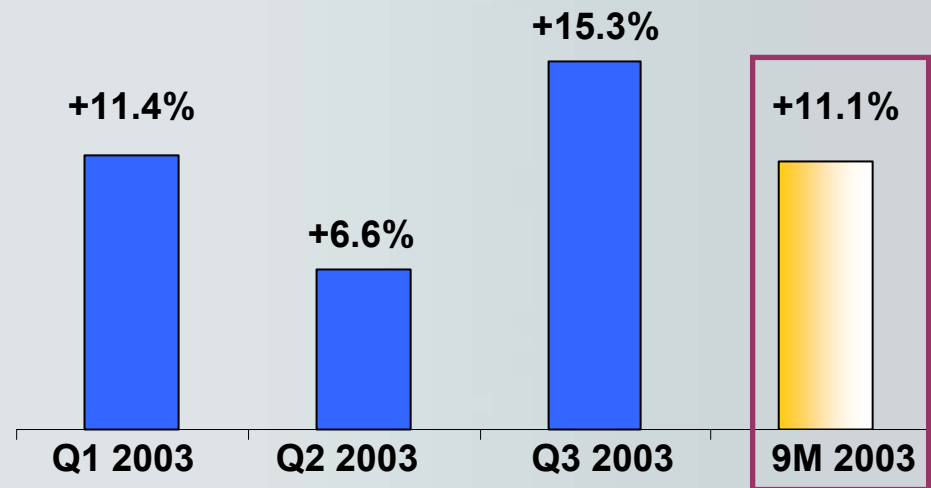
# Like-for-like sales growth by business line



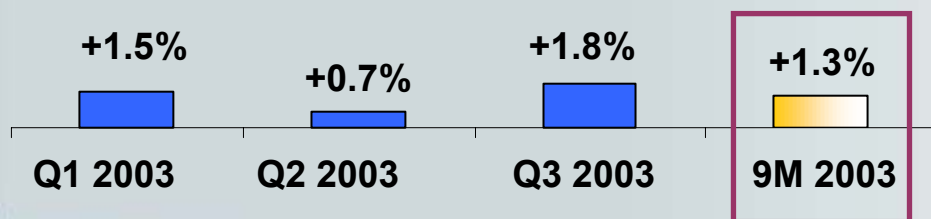
## Fresh Dairy Products



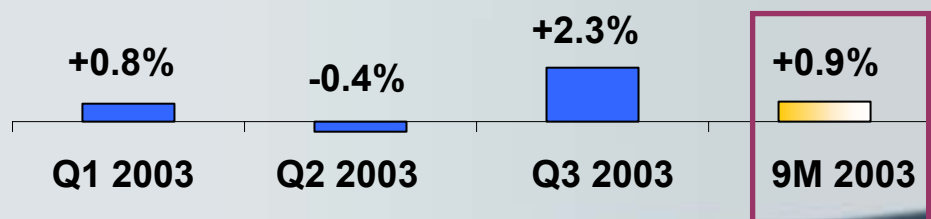
## Beverages



## Biscuits & Cereal Products



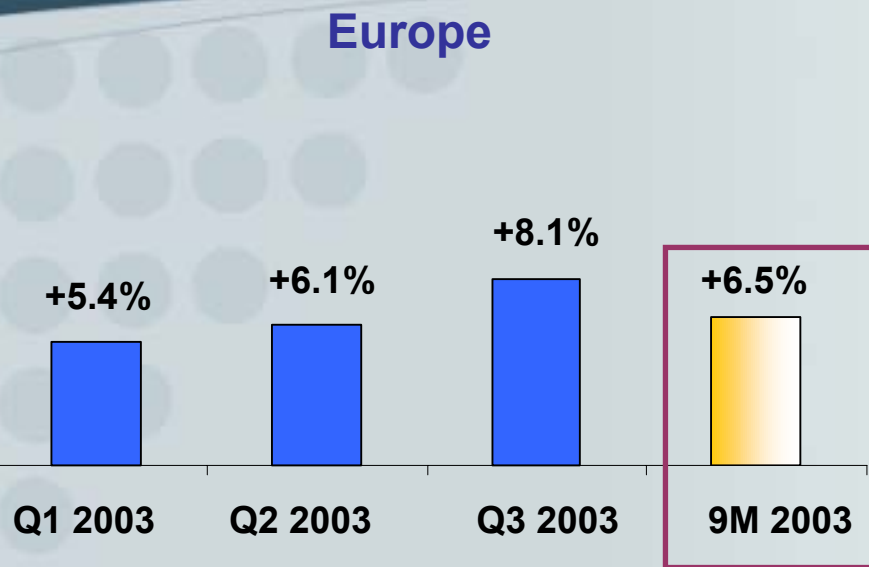
## Other Food Business



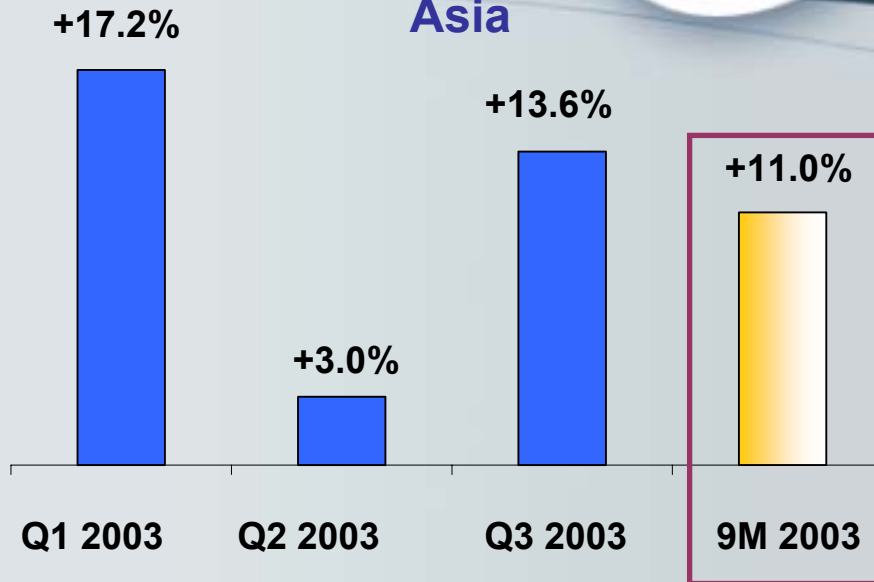
# Like-for-like sales growth by geographical area



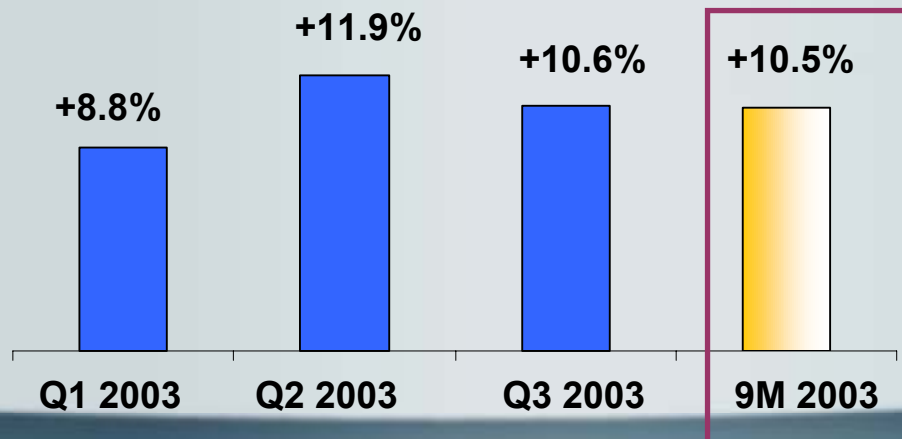
## Europe



## Asia



## Rest of World





# 1st HALF RESULTS

**final figures**

# H1 2003 Key Figures



**Net Sales**



**€ 6,622 M**

**-7,4%**  
**(+7,2% like-for-like)**

**Operating Income\***



**€ 787 M**

**-1.1%**

**Operating Margin\***



**11.9 %**

**Vs 11.1% H1 2002**  
**+ 75 bp**

**Net Income**  
**excl. exceptional one-time items**



**€ 403 M**

**Vs € 402 M H1 2002**  
**+0.2%**

**EPS fully diluted**  
**excl. exceptional one-time items**



**€ 3.08**

**Vs €2.94 H1 2002**  
**+4.8%**

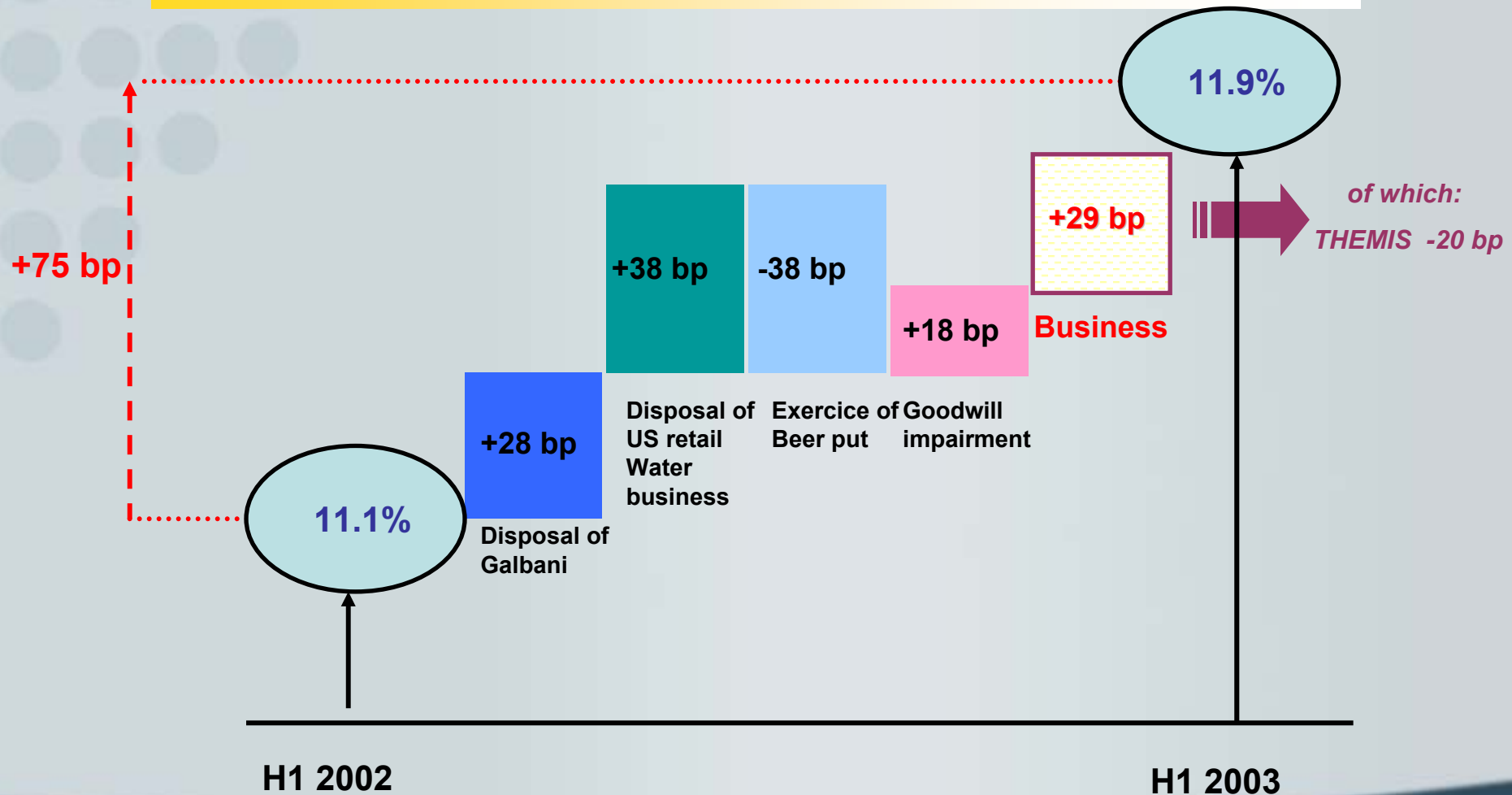
\* Respectively Ebit & Ebit margin

# A strong gain in EBIT margin



**Reported EBIT margin**

**+75bp**

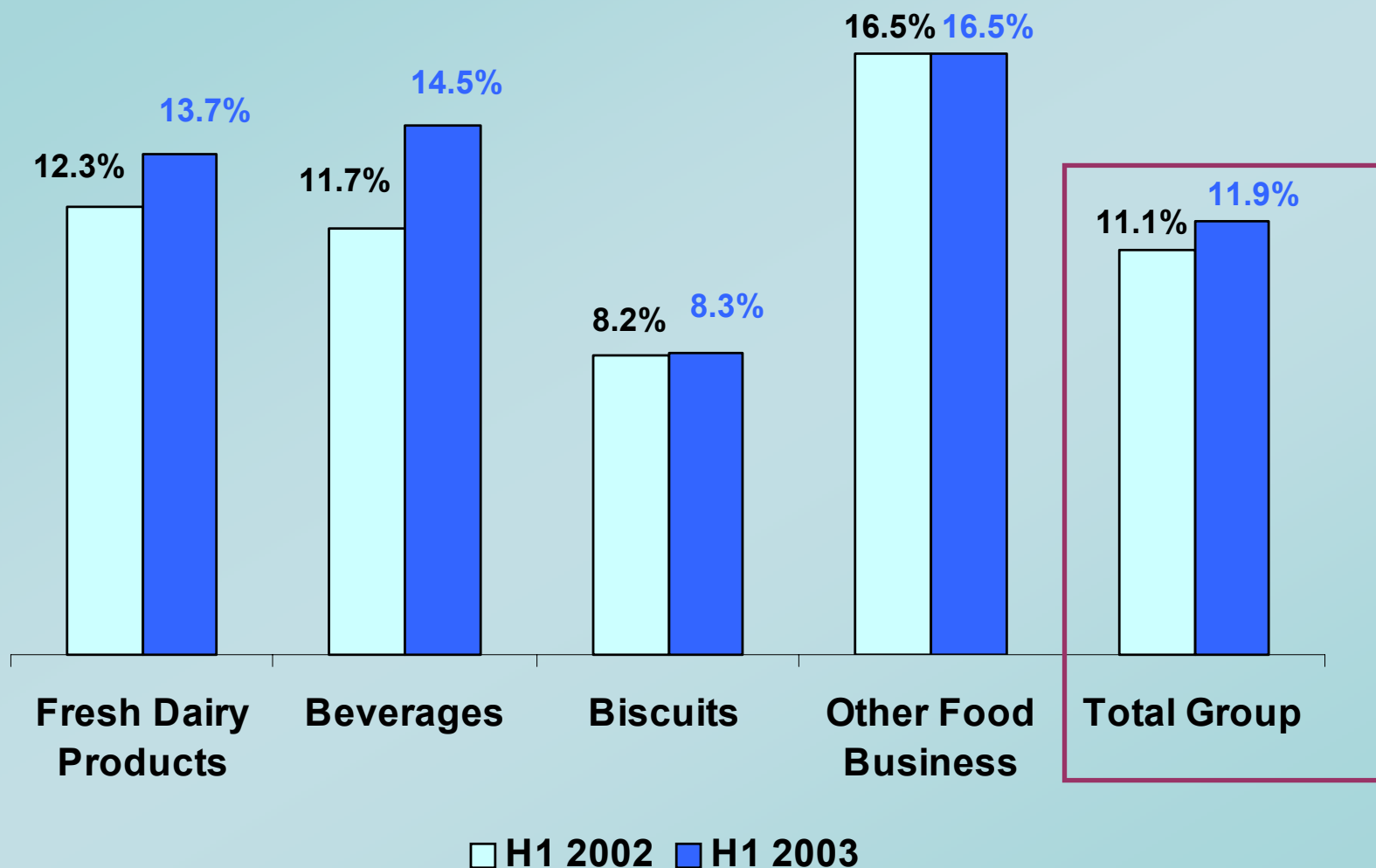


# EBIT margin by business line



**Reported EBIT margin**

**+75bp**

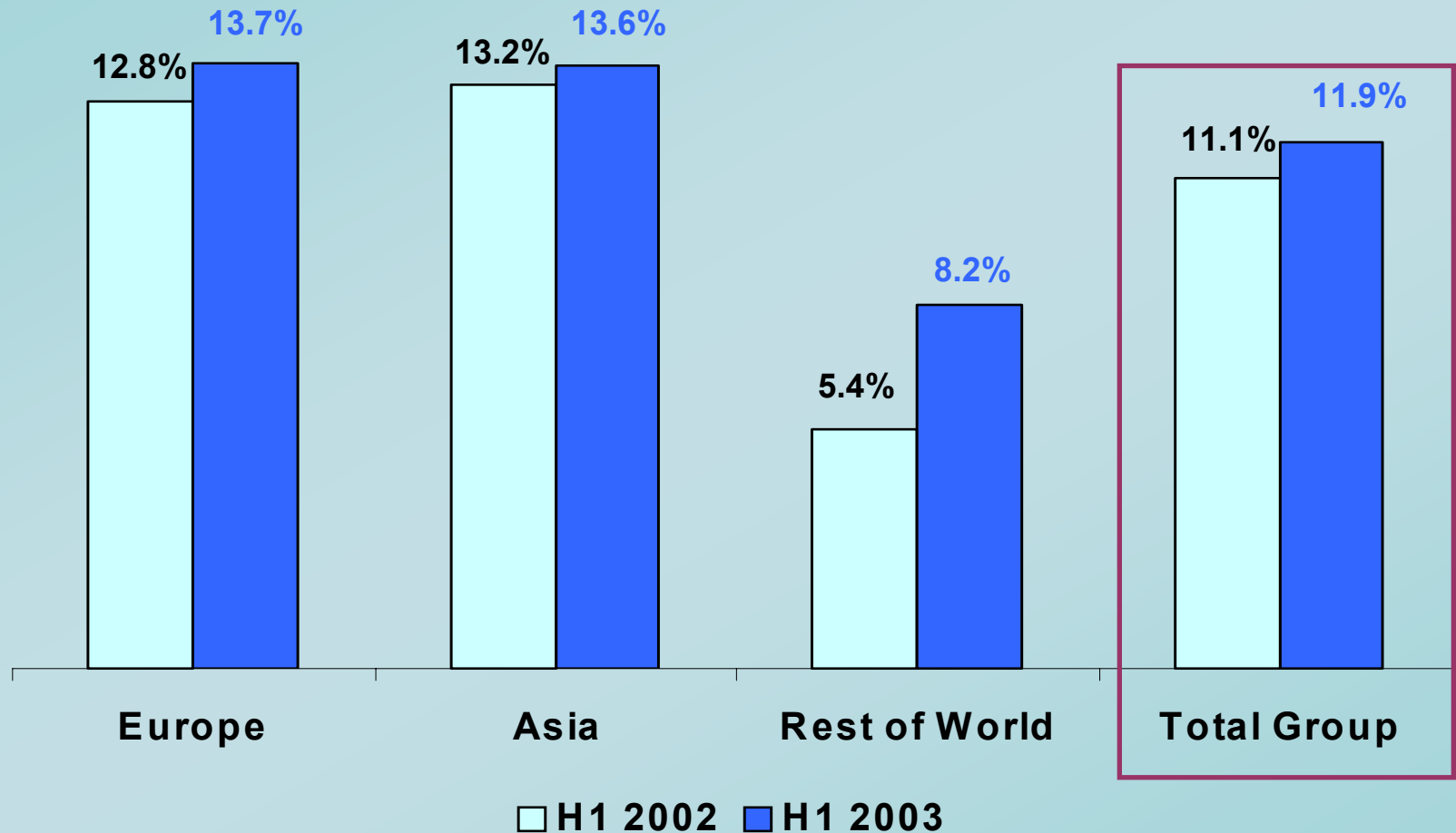


# EBIT margin by geographical area



**Reported EBIT margin**

**+75bp**





# From EBITA to EBIT



€ Millions

H1 2002

H1 2003

EBITA

860

830

EBITA margin

12.0%

12.5%

Goodwill amortization

- 64

-43

EBIT

796

787

EBIT margin

11.1%

11.9%

# From EBIT to Net profit



€ Millions	H1 2002	H1 2003
EBIT	796	787
Exceptional items	(1039)	(29)
Net financial charges	(66)	(41)
Taxes	(240)	(243)
Minority interests	(103)	(93)
Associates	22	22
Net profit	(630)	403
Net exceptional one-time items	(1032)	–
Net profit	402	403
Excl. exceptional one-time items		

# Earnings Per Share Fully Diluted excluding exceptional one-time items



		H1 2002	H1 2003	
<b>Net Profit</b> Adjusted for convertible charges	€ Millions	408	408	
<b>Shares</b> f.d.	Millions of Shares	138.7	132.7	
		↓	↓	
<b>EPS f.d</b> <i>excl. except. one-time items</i>		€ 2.94	€ 3.08	+4.8%
<b>EPS f.d</b> <i>beia*</i>		€ 3.45	€ 3.45	+0%

\*before exceptional one-time items and goodwill amortization

# Impact of Beer disposal on H1 EPS Growth



Business	+11.3%
Currency translation	-5.1%
Share buyback	+2.3%
Disposals and goodwill impairment	+6.5%
Exercise of S&N Put	-10.2%
H1 EPS Growth	+4.8%

# Financing



€ Millions

2002  
Dec. 31

2003  
June 30

**NET DEBT**

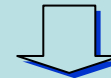
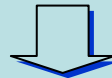
**2,269**

**3,163**

**EQUITY**  
incl. minorities

**5,816**

**5,365**

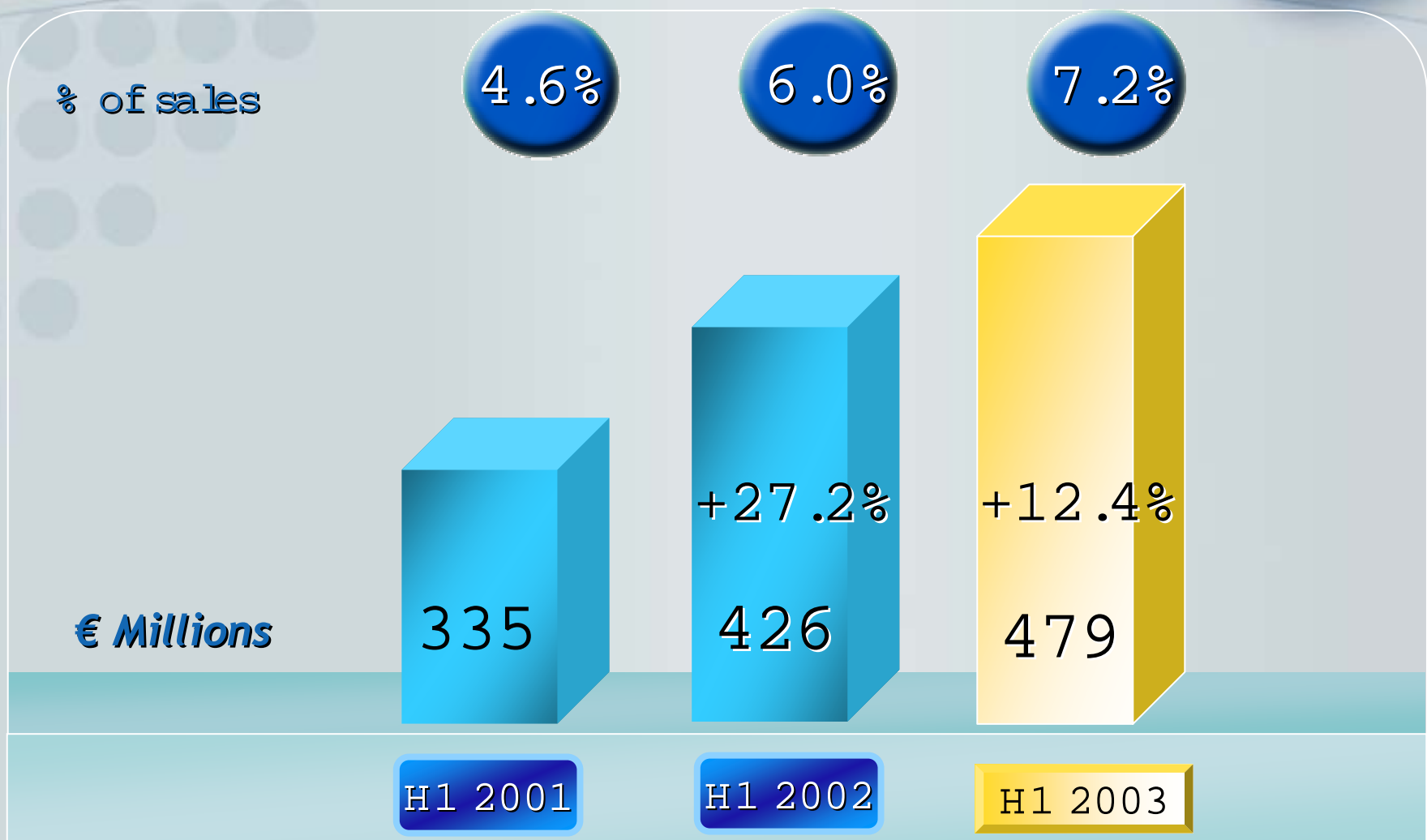


**Gearing ratio**

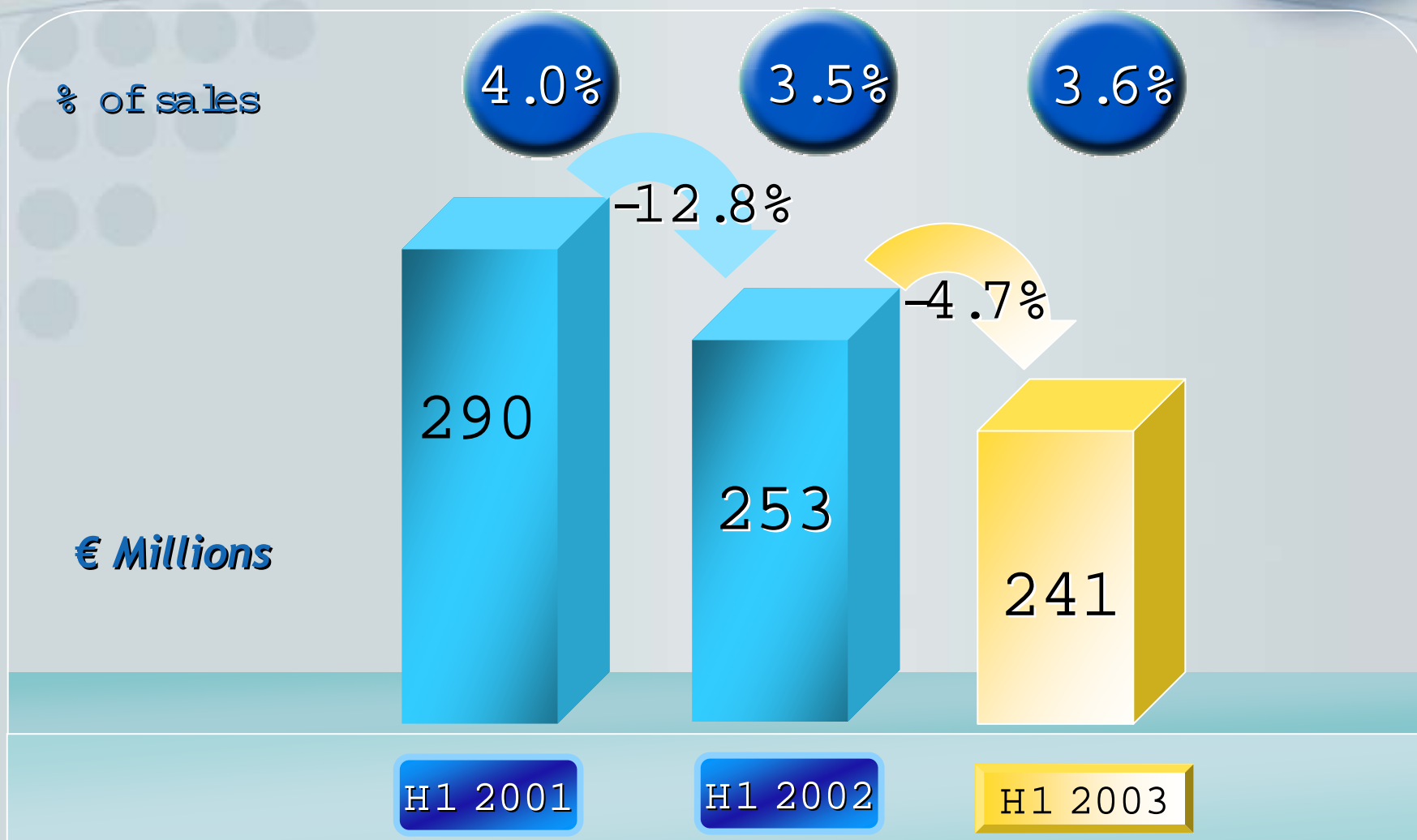
**39%**

**59%**

# Free cash flow from operations



# Capital expenditures



# 2003 Targets



**Sales like-for-like**

**Top end of  
our [+5% to +7%] target**

**EBIT margin**

**Top end of  
our [+20 bp - +40 bp] target**

**EPS growth**

**Mid single digit**





**BACK-UP**

# Q3 2003: major changes in scope of consolidation



Q3 2002

Q3 2003

Number of months

**Shape**

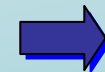
1 m



3 m

**Sparkling Spring  
North America**

0 m



3 m



# 2003 Q3 Sales by business & geographical area



€ Millions	Q3 2002	Q3 2003	Like-for-like growth
Fresh Dairy Products	1,467	1,572	+10.2%
Beverages	947	1,042	+15.3%
Biscuits & Cereal Products	816	796	+1.8%
Other Food Business	85	77	+2.3%
Europe	2,166	2,321	+8.1%
Asia	459	549	+13.6%
Rest of World	690	617	+10.6%
<b>GROUP</b>	<b>3,315</b>	<b>3,487</b>	<b>+9.4%</b>

# 2003 Q3 Sales growth Breakdown volume/value



Like-for-like

Volume

Value

Total

Fresh Dairy Products	+6.7%	+3.5%	+10.2%
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Beverages	+16.2%	-0.9%	+15.3%
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Biscuits & Cereal Products	-1.8%	+3.6%	+1.8%
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Other Food Business	-1.9%	+4.2%	+2.3%
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Europe	+6.2%	+1.9%	+8.1%
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Asia	+14.9%	-1.3%	+13.6%
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Rest of World	+3.1%	+7.5%	+10.6%
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GROUP	+7.0%	+2.4%	+9.4%
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# 9 months 2003 sales by business & geographical area



€ Millions	9 months 2002	9 months 2003	Like-for- like grow th
Fresh Dairy Products	4,820	4,674	+9.9%
Beverages	2,986	2,907	+11.1%
Biscuits & Cereal Products	2,394	2,293	+1.3%
Other Food Business	267	235	+0.9%
Europe	6,721	6,752	+6.5%
Asia	1,586	1,568	+11.0%
Rest of W orld	2,160	1,789	+10.5%
<b>GROUP</b>	<b>10,467</b>	<b>10,109</b>	<b>+8.0%</b>

# EBIT by business & region



€ M illions

H1 2002

H1 2003

Fresh Dairy Products	413	424
Beverages	238	270
Biscuits & Cereal Products	129	124
Other Food Business	30	26
Unallocated item s	-14	-57
<b>GROUP</b>	<b>796</b>	<b>787</b>
Europe	582	609
Asia	149	139
Rest of W orld	79	96
Unallocated item s	-14	-57

# Cash flow statement



€ Millions

**H1 2002**

**H1 2003**

Cash flow from operations	691	688
Change in working capital	-12	32
Capital expenditure	-253	-241
<b>Free Cash Flow from Operations</b>	<b>426</b>	<b>479</b>
Investments in sub. & affiliates	-341	-799
Disposals	1106	99
Dividends paid	-390	-418
Share buyback	-306	-294
Increase in capital	44	32
Others*	-191	-35
<b>Change in Net Financial Debt</b>	<b>+ 348</b>	<b>-936</b>
<i>Impact of Translation rates</i>	+23	+42
<b>Change in Net Financial Debt as shown in balance sheet</b>	<b>+ 371</b>	<b>-894</b>

\*(including securitization)