



**DANONE**



# **RESULTS 2000**

## **MARCH 2001**

### **AUDITED**

## KEY STRATEGIC MOVES

- 1
  - Disposal of the European Beer business
  - Strategic move into HOD (McKesson)
  - Strengthening of existing positions : UB + Water China + Fresh Dairy Product in Brazil

## ROBUST GROWTH IN SALES

- 2
  - + 7.0% (like for like)

## SIGNIFICANT MARGIN IMPROVEMENT

- 3
  - 10.46%  $\Rightarrow$  10.84% (in a difficult context)

## STRONG INCREASE IN fully diluted EPS

- 4
  - + 13.2% (excl. capital gains)

# 2000 RESULTS AT A GLANCE

**NET SALES**

**€ 14,287 M**

**+ 7.5 %**  
**(+ 7.0 % like for like)**

**OPERATING RESULT**

**€ 1,550 M**

**+ 11.4 %**  
**(+ 13.0% like for like)**

**OPERATING MARGIN**

**10.8%**

Vs {  
10.5 % 1999  
10.0 % 1998

**NET PROFIT**

**€ 721 M (\*)**  
**+ 5.7 %**

**Excl. Capital Gains**

**€ 720 M**  
**+ 10.2 %**

**EPS fully diluted**

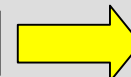
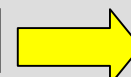
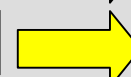
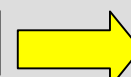
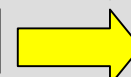
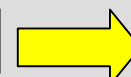
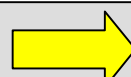
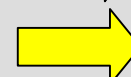
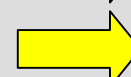
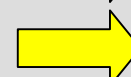
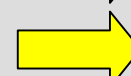
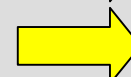
**€ 5.10**  
**+ 8.7 %**

**Excl. Capital Gains**

**€ 5.09**  
**+ 13.2 %**

**(\*) : incl. Net Capital gains after taxes = € 1 M**

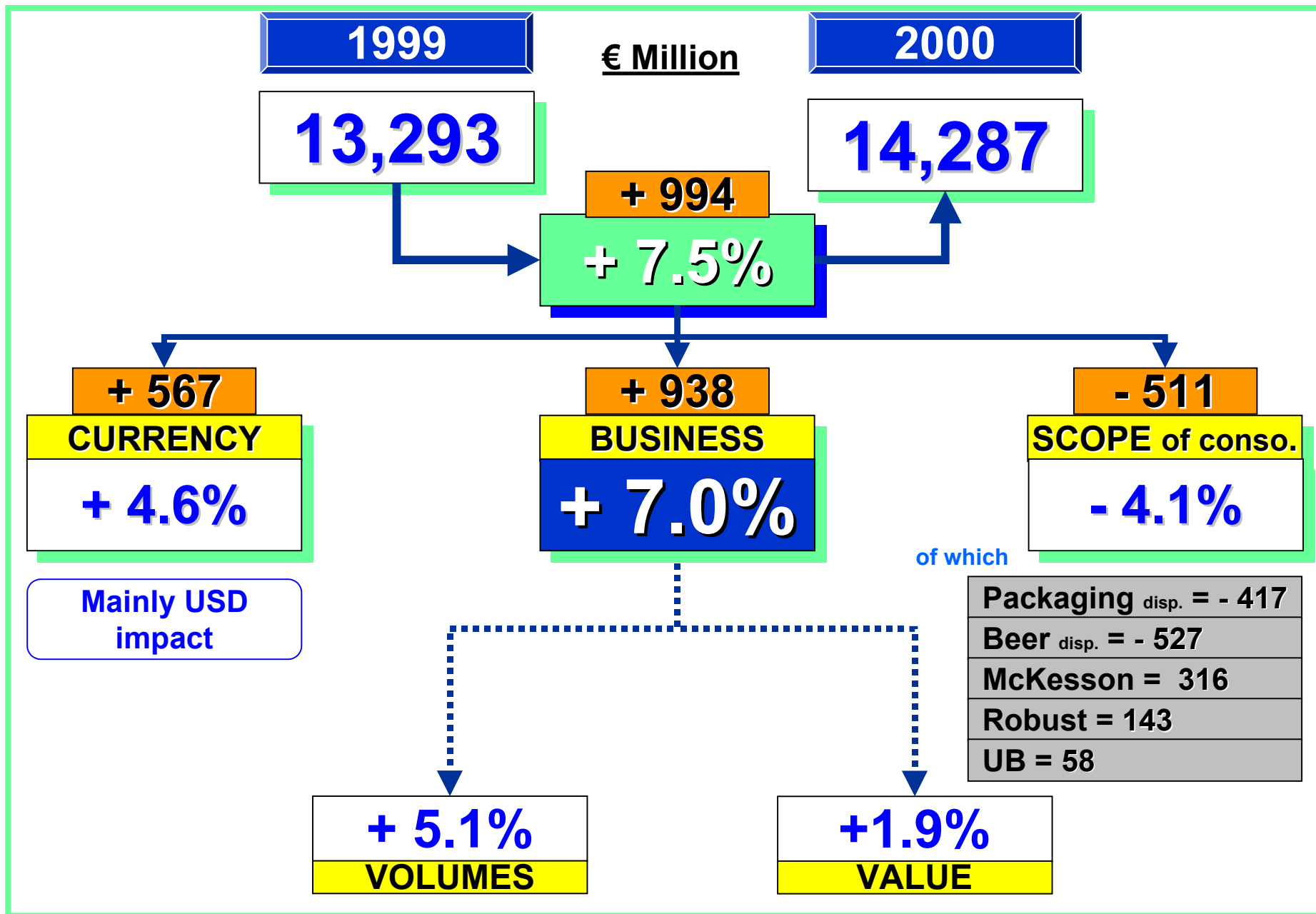
# KEY CHANGES IN THE SCOPE OF CONSOLIDATION

**1999**
**2000**
**Δ sales**
**# of Months**
**Danone Ciastka**
**9 m**

**12 m**
**€ + 7 M**
**Villavicencio**
**0 m**

**12 m**
**€ + 59 M**
**Aymore**
**0 m**

**12 m**
**€ + 63 M**
**McKesson**
**0 m**

**10 m**
**€ + 316 M**
**Robust**
**0 m**

**9 m**
**€ + 143 M**
**UB some businesses (\*)**
**0 m**

**7 m**
**€ + 58 M**
**Beer Business (\*\*)**
**12 m**

**6 m**
**€ - 527 M**
**Packaging**
**6 m**

**0 m**
**€ - 417 M**
**Marie Surgelés**
**6 m**

**0 m**
**€ - 114 M**
**Générale Traiteur**
**6 m**

**0 m**
**€ - 57 M**
**Pycasa**
**3 m**

**0 m**
**€ - 13 M**
**Adult dietetic products**
**12 m**

**0 m**
**€ - 33 M**

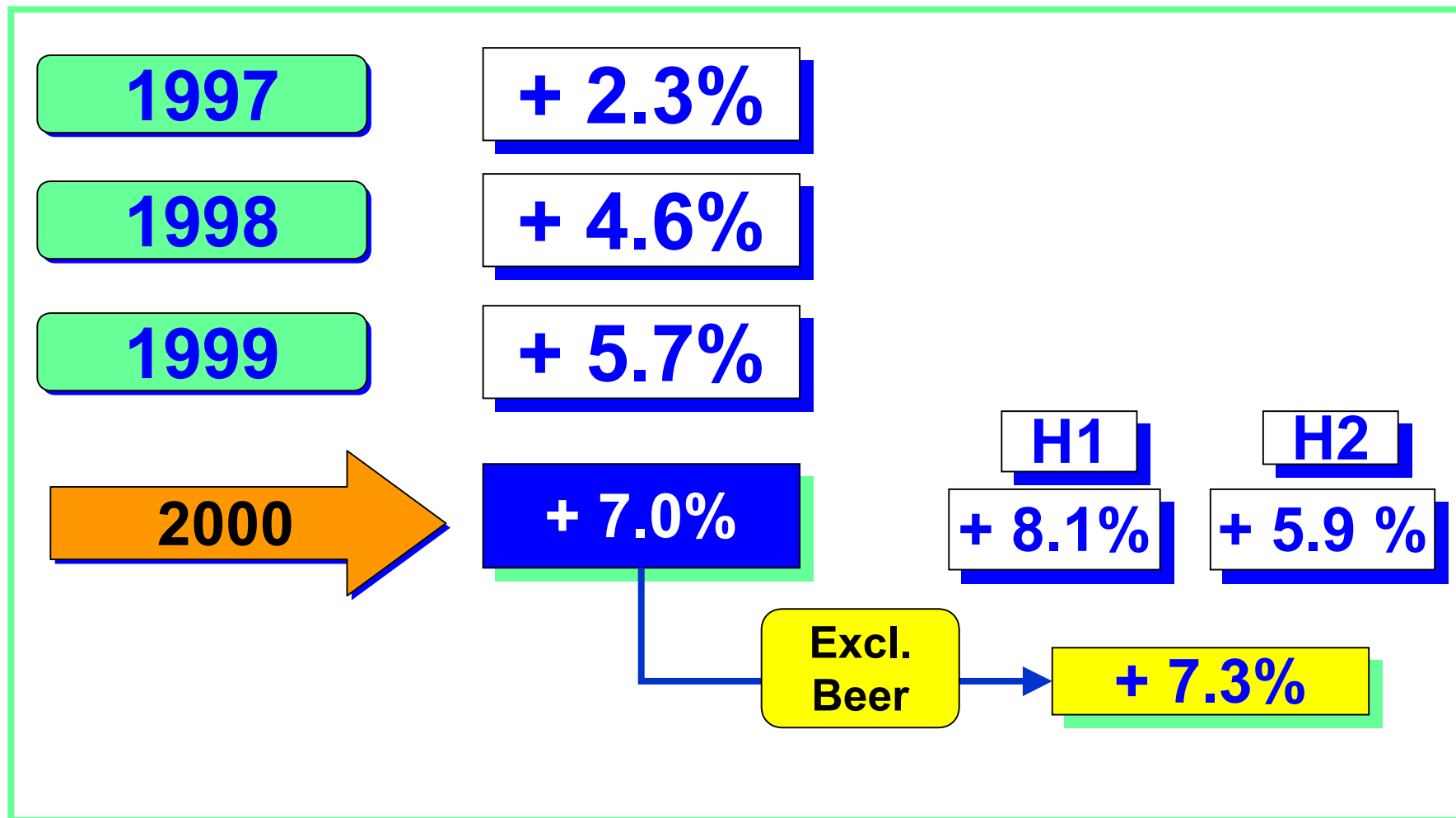
(\*) : UK, Denmark, Sweden, Norway, Italy; (\*\*) San Miguel will be deconsolidated as of 31/12/2000

# NET SALES

# NET SALES EVOLUTION



# NET SALES PROGRESSION (like for like)





# NET SALES GROWTH BY BUSINESS AND REGION [1]

Like for like

**1999**

**2000**

**Dairy products**

**+ 5.4%**

**+ 6.7%**

**Beverages**

**+ 9.4%**

**+ 8.4%**

**Biscuits**

**+ 3.4%**

**+ 6.4%**

**Other Food**

**+ 1.2%**

**+ 3.2%**

**Containers**

**(1.0%)**

**-**

**France**

**+ 4.2%**

**+ 5.2%**

**Rest of Europe**

**+ 3.4%**

**+ 5.8%**

**Rest of World**

**+ 10.6%**

**+ 9.4%**

**GROUP**

**+ 5.7%**

**+ 7.0%**

# NET SALES GROWTH BY BUSINESS AND REGION [2]

Like for like	2000		
	9 Months	4th Q	YEAR
Dairy Products	+ 7.1%	+ 5.6%	+ 6.7%
Beverages	+ 9.2%	+ 4.6%	+ 8.4%
Biscuits	+ 6.4%	+ 6.4%	+ 6.4%
Other Food	+ 5.0%	( 1.7%)	+ 3.2%
France	+ 5.3%	+ 5.0%	+ 5.2%
Rest of Europe	+ 6.0%	+ 5.4%	+ 5.8%
Rest of World	+ 10.6%	+ 5.6%	+ 9.4%
<b>GROUP</b>	<b>+ 7.5%</b>	<b>+ 5.4%</b>	<b>+ 7.0%</b>

	<b>GROWTH</b> like for like 2000 vs 1999	<b>WEIGHT (*)</b> REGION vs GROUP
<b>INTERNATIONAL</b>	<b>+ 9.4%</b>	<b>40.7%</b>
<b>ASIA</b>	<b>+ 12.8%</b>	<b>11.6%</b>
<b>LATIN AMERICA</b>	<b>+ 9.8%</b>	<b>10.5%</b>
<b>NORTH AMERICA</b>	<b>+ 5.0%</b>	<b>11.7%</b>
<b>EASTERN EUROPE</b>	<b>+ 12.3%</b>	<b>4.8%</b>
<b>OTHERS</b>	<b>+ 6.3%</b>	<b>2.1%</b>

## INTERNATIONAL : NET SALES BY REGION [2]

Like for like	2000		
	9 Months	4th Q	Year
INTERNATIONAL	+ 12.3%	+ 5.6%	+ 9.4%
ASIA	+ 15.8%	+ 1.8%	+ 12.8%
LATIN AMERICA	+ 11.2%	+ 6.1%	+ 9.8%
NORTH AMERICA	+ 4.5%	+ 6.4%	+ 5.0%
EASTERN EUROPE	+ 12.5%	+ 12.0%	+ 12.3%
OTHERS	+ 8.8%	+ 3.2%	+ 6.3%

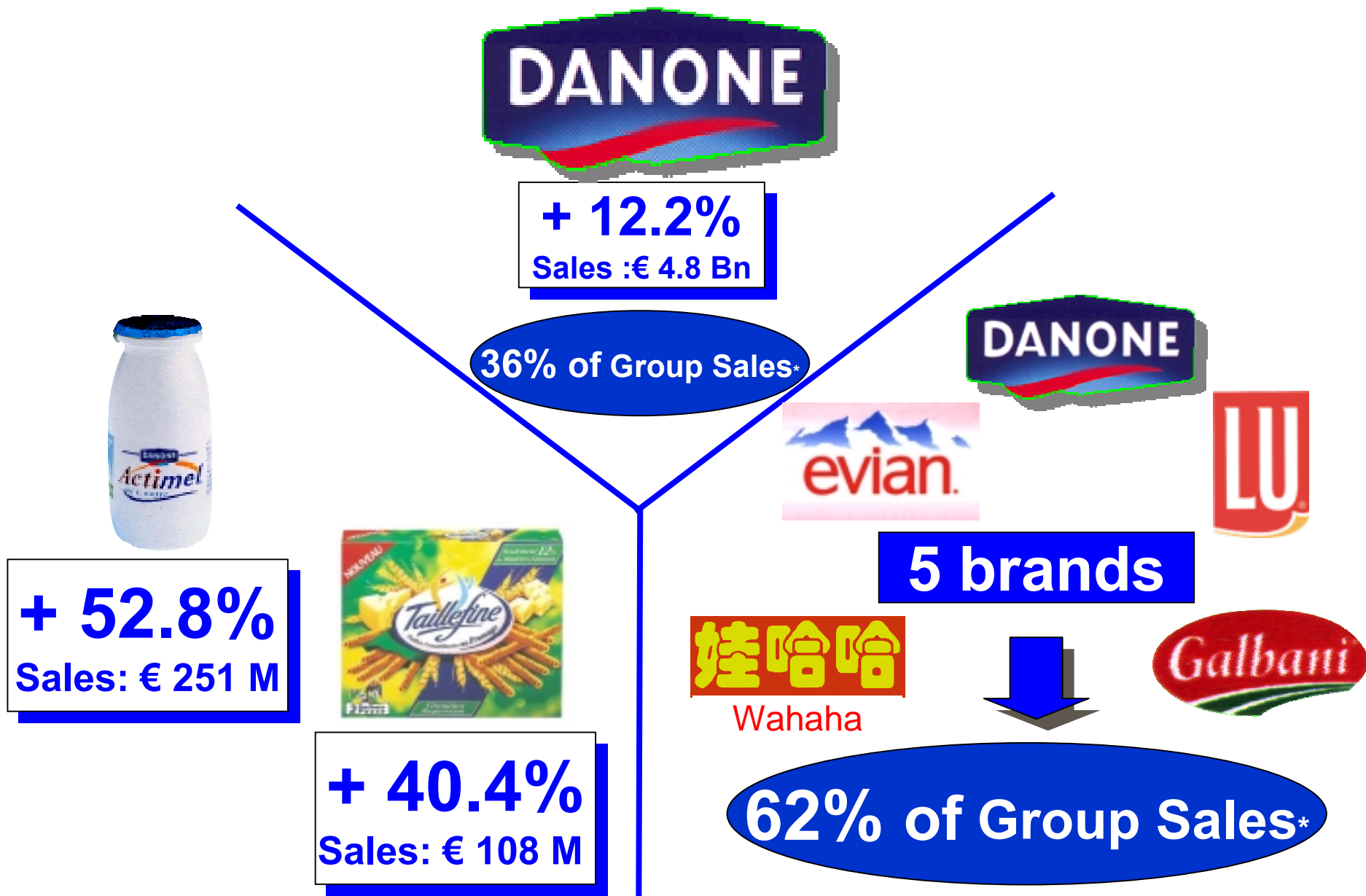
# BREAKDOWN VOLUME / VALUE

	Volumes	Value	TOTAL
Dairy products	+ 4.1%	+ 2.6%	+ 6.7%
Beverages	+ 8.7%	-0.3%	+ 8.4%
Water	+ 11.7%	-1.0%	+ 10.7%
Beer	-0.9%	+ 1.8%	+ 0.9%
Biscuits	+ 3.1%	+ 3.3%	+ 6.4%
Other Food	+ 2.5%	+ 0.7%	+ 3.2%
<b>GROUP</b>	<b>+ 5.1%</b>	<b>+ 1.9%</b>	<b>+ 7.0%</b>
France	+ 2.0%	+ 3.2%	+ 5.2%
Rest of Europe	+ 3.1%	+ 2.7%	+ 5.8%
Rest of World	+ 9.9%	-0.5%	+ 9.4%
<b>GROUP</b>	<b>+ 5.1%</b>	<b>+ 1.9%</b>	<b>+ 7.0%</b>

# NET SALES BREAKDOWN

	1999	2000	
	Historical	PUBLISHED	PROFORMA (*)
Dairy Products	45%	46%	48%
Beverages	27%	29%	25%
Biscuits	21%	23%	24%
Other Food	4%	2%	3%
Containers	3%	-	-
France	36%	26%	24%
Rest of Europe	36%	35%	35%
Rest of World	28%	39%	41%

(\*) Proforma : Excluding discontinued Operations





**+ 65 bp  
Group**

**+ 140 bp  
Division**



**+ 23 bp  
Group**

**+ 100 bp  
Division**



# RESULTS

# OPERATING RESULT

# OPERATING PROFIT BUILDING

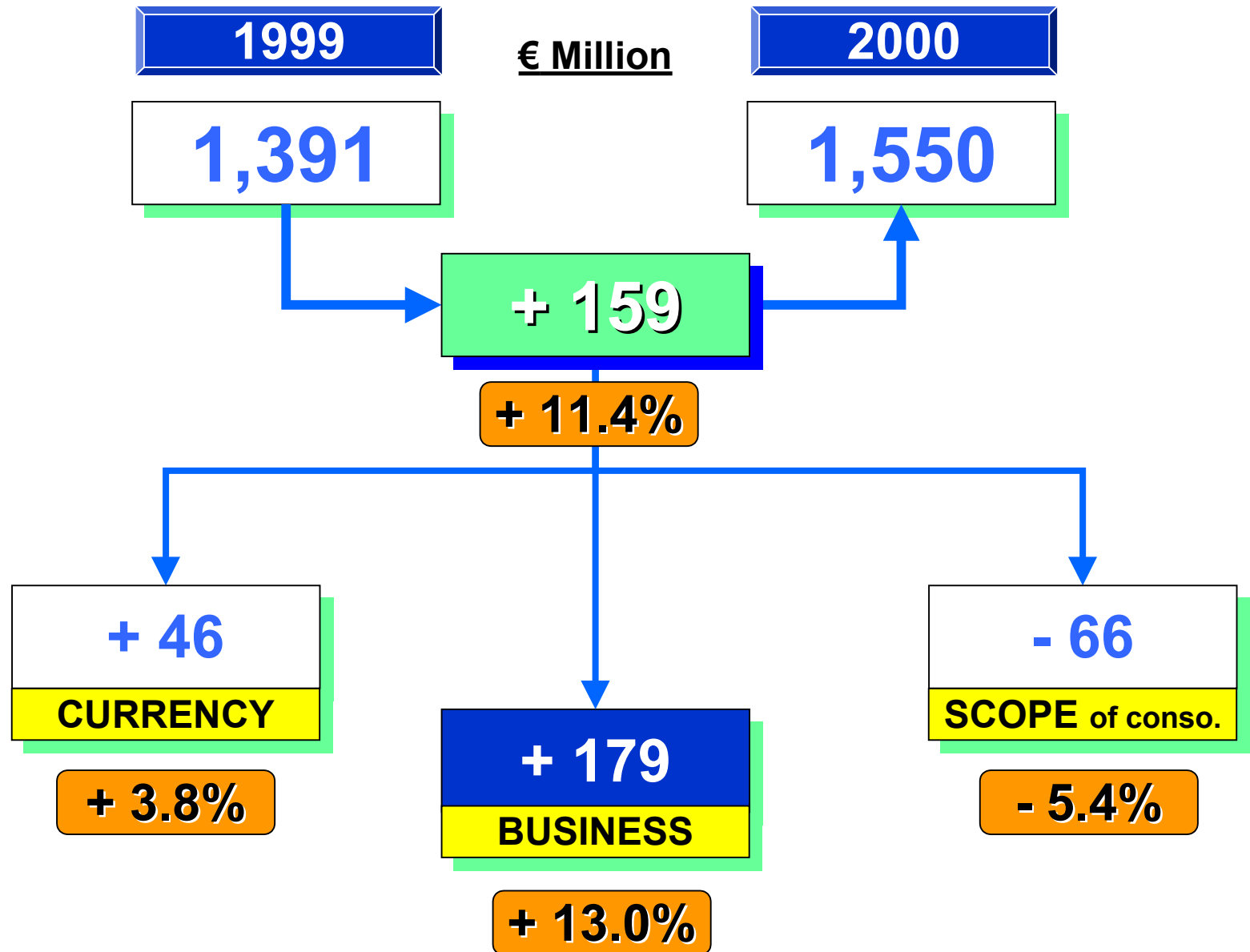
€ Million

	1999		2000	
		% net sales		% net sales
<b>NET SALES</b>	<b>13,293</b>	<b>100.0%</b>	<b>14,287</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>	<b>(6,663)</b>	<b>50.1%</b>	<b>(6,973)</b>	<b>48.8%</b>
<b>Selling Expenses</b>	<b>(3,964)</b>	<b>29.8%</b>	<b>(4,453)</b>	<b>31.2%</b>
<b>Others</b>	<b>(1,275)</b>	<b>9.6%</b>	<b>(1,311)</b>	<b>9.2%</b>
<b>OPERATING PROFIT</b>	<b>1,391</b>	<b>10.5%</b>	<b>1,550</b>	<b>10.8%</b>

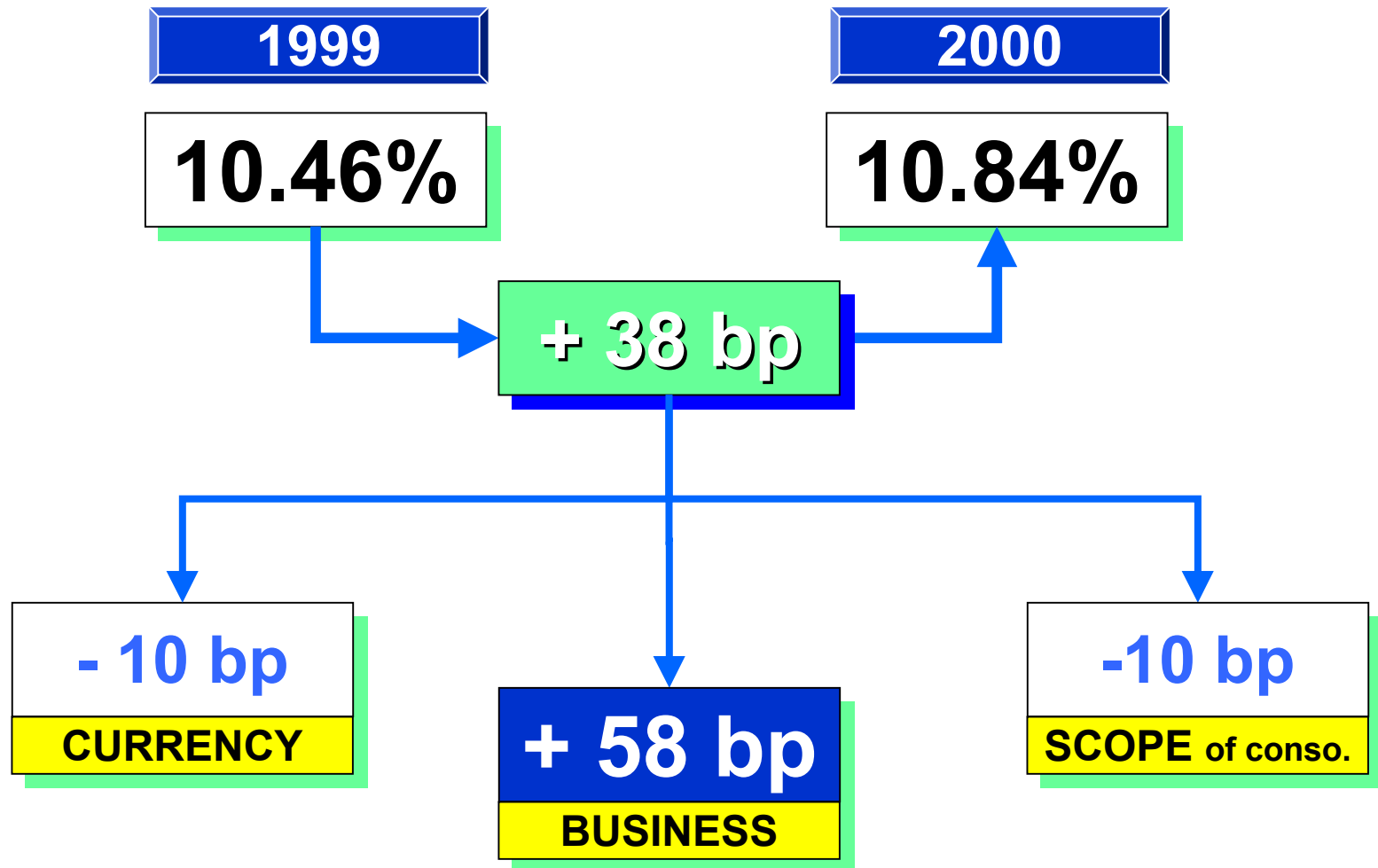
**+ 11.4%**

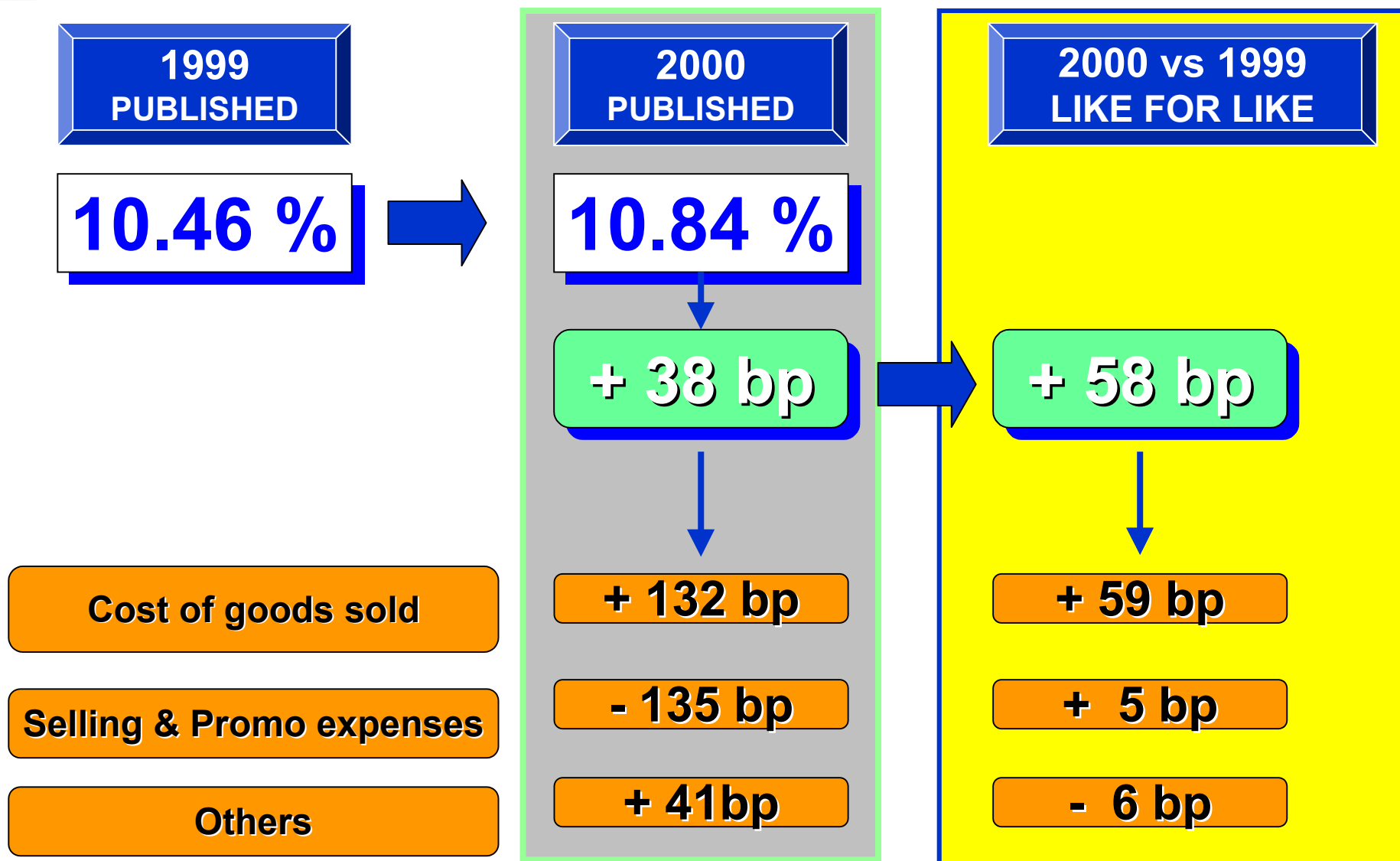
**+ 13 % Like for Like**

# OPERATING PROFIT CHANGE



# OPERATING MARGIN CHANGE





98	99	2000 PUBLISHED	2000 LIKE FOR LIKE
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% of sales

**4.0%**

**5.0%**

**5.5%**

Growth in bp

**+ 100bp**

**+ 50bp**

**+ 4bp**

Growth in %

**+ 12.2%**

**+ 18.9%**

**+7,9%**

# OPERATING MARGIN BY BUSINESS LINE & REGION

<u>€ Million</u>	1999	2000	1999	2000
	EBIT		EBIT Margin	
Dairy products	655	712	11.0%	10.9%
Beverages	440	513	12.3%	12.4%
Biscuits	222	282	7.9%	8.7%
Other Food	39	49	7.4%	13.0%
Packaging	51	-	10.3%	-
Unallocated items	-16	-6	-	-
<b>GROUP</b>	<b>1,391</b>	<b>1,550</b>	<b>10.5%</b>	<b>10.8%</b>
France	587	536	11.8%	12.5%
Rest of Europe	501	527	9.9%	10.0%
Rest of World	319	493	8.1%	8.9%
Unallocated items	-16	-6	-	-
<b>GROUP</b>	<b>1,391</b>	<b>1,550</b>	<b>10.5%</b>	<b>10.8%</b>

(\*) Beer royalties from S&N have been registered in "Unallocated Items" in the Group's EBIT



# MARGIN EVOLUTION BY BUSINESS LINE AND REGION

FRESH DAIRY PRODUCTS

- 4 bp

- Galbani : ↓
- Western EUROPE (ex. Galbani) : ↗
- USA / Russia : ↗

BEVERAGES

+ 4 bp

- Water Europe : ↗
- USA : →
- Mexico / Argentina : ↗
- Acquisitions : ↓ (-60 bp)

BISCUITS

+79 bp

- Europe : →
- International : ↗

OTHER FOOD

+ 563 bp

- Disposals 99 : ↗ (+375 bp)
- Amoy : ↗

FRANCE

+ 65 bp

- Water + disposals 99 : ↗

Rest of EUROPE

+ 13 bp

- Galbani : ↓
- Water + Dairy Product : ↗

Rest of WORLD

+ 88 bp

- Asia : ↗
- Russia : ↗
- Latin America : ↗

**GROUP's Total = + 38 bp**

# DEPRECIATIONS & AMORTIZATIONS

**€ Million**

	<b>1999</b>	<b>2000</b>
<b>ON OPERATING PROFIT</b>		
On FIXED ASSETS and Others	665	633
On GW (Fully Conso.) [1]	93	124
<b>Impact OPERATING PROFIT</b>	<b>758</b>	<b>757</b>
<b>ON ASSOCIATES</b>		
On GW (Associates) [2]	10	10
<b>TOTAL AMO. GW [1] + [2]</b>	<b>103</b>	<b>134</b>

€ Million

1999

2000

EBITDA

2,149

2,307

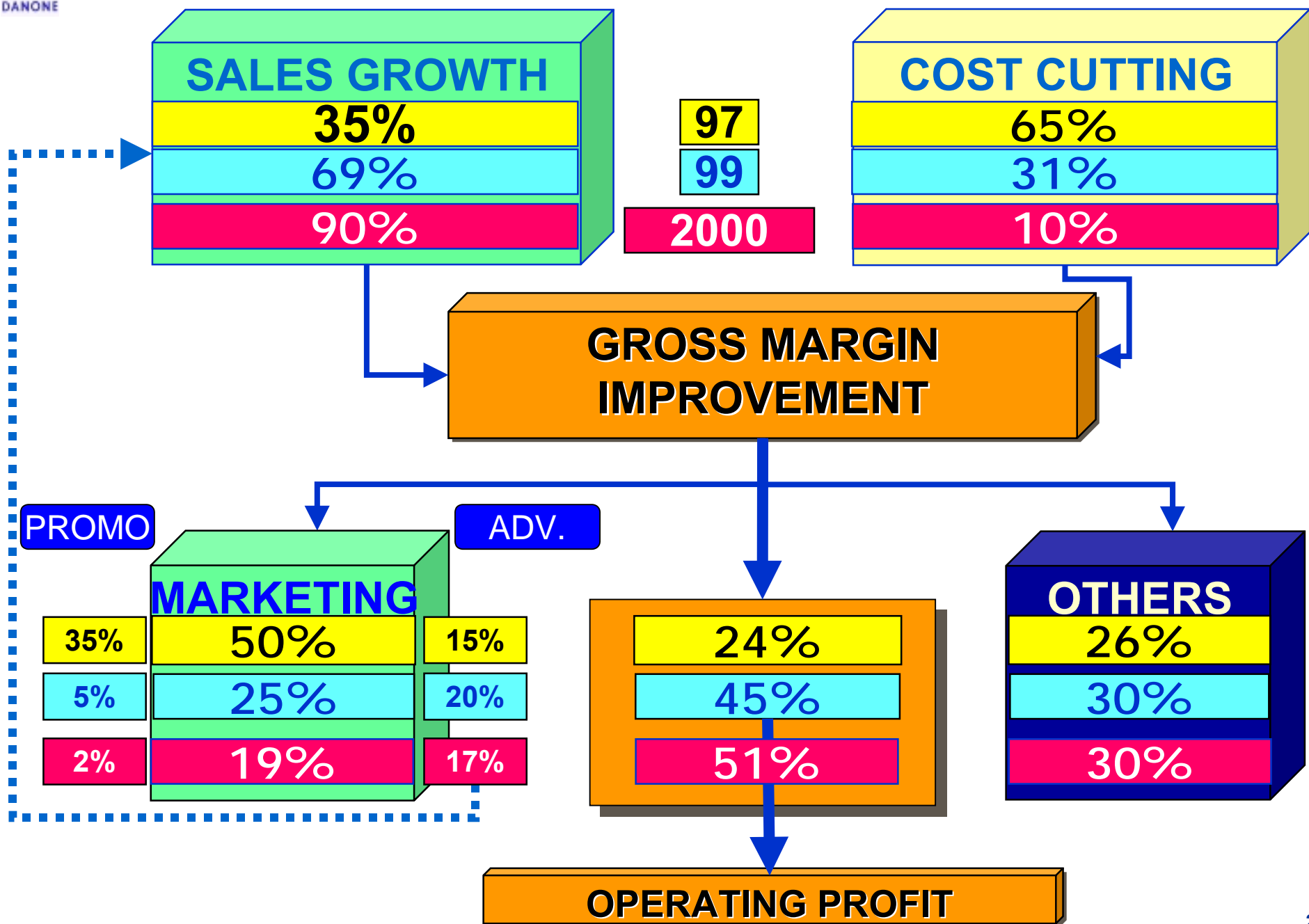
% N.SALES

16.2%

16.1%

+ 30 bp Like for Like

# DANONE'S EQUATION



# NET PROFIT

€ Million

**1999**

**2000**

<b>OPERATING RESULT</b>	<b>1,391</b>	<b>1,550</b>
<b>EXCEPTIONAL ITEMS</b>	<b>2</b>	<b>23</b>
<b>NET FINANCIAL CHARGES</b>	<b>(131)</b>	<b>(193)</b>
<b>TAXES</b>	<b>(499)</b>	<b>(562)</b>
of which related to exceptionals	(2)	(54)
<b>MINORITY INTERESTS</b>	<b>(110)</b>	<b>(130)</b>
<b>ASSOCIATES</b>	<b>29</b>	<b>33</b>
<b>NET PROFIT</b>	<b>682</b>	<b>721</b>

# EXCEPTIONAL ITEMS

€ Million

**1999**

**2000**

**TOTAL**

**2**

**23**

of which

**RESTRUCTURING**

**(37)**

**(41)**

**Net Profit impact**

**(17)**

**(17)**

**CAPITAL GAINS**

**39**

**64**

**Net Profit impact**

**29**

**1**



BEER	
Net Capital Gains	156
Taxes	-68
	88
Depreciation on Intangible Assets Bagley	-63
Others	-24

**TOTAL**

**1**

# FINANCIAL CHARGES [1]

	1999	2000	Δ
<b>NET DEBT</b>			
	€ Million		
as of 31/12	3,119	4,401	+ 1,282
Average	2,816	3,964	+ 1,148
<b>INTEREST RATES</b>			
Average Group's Financing Rate	4.38%	5.30%	+ 92 bp
For Information Euribor 3M average	2.96%	4.39%	+ 143 bp

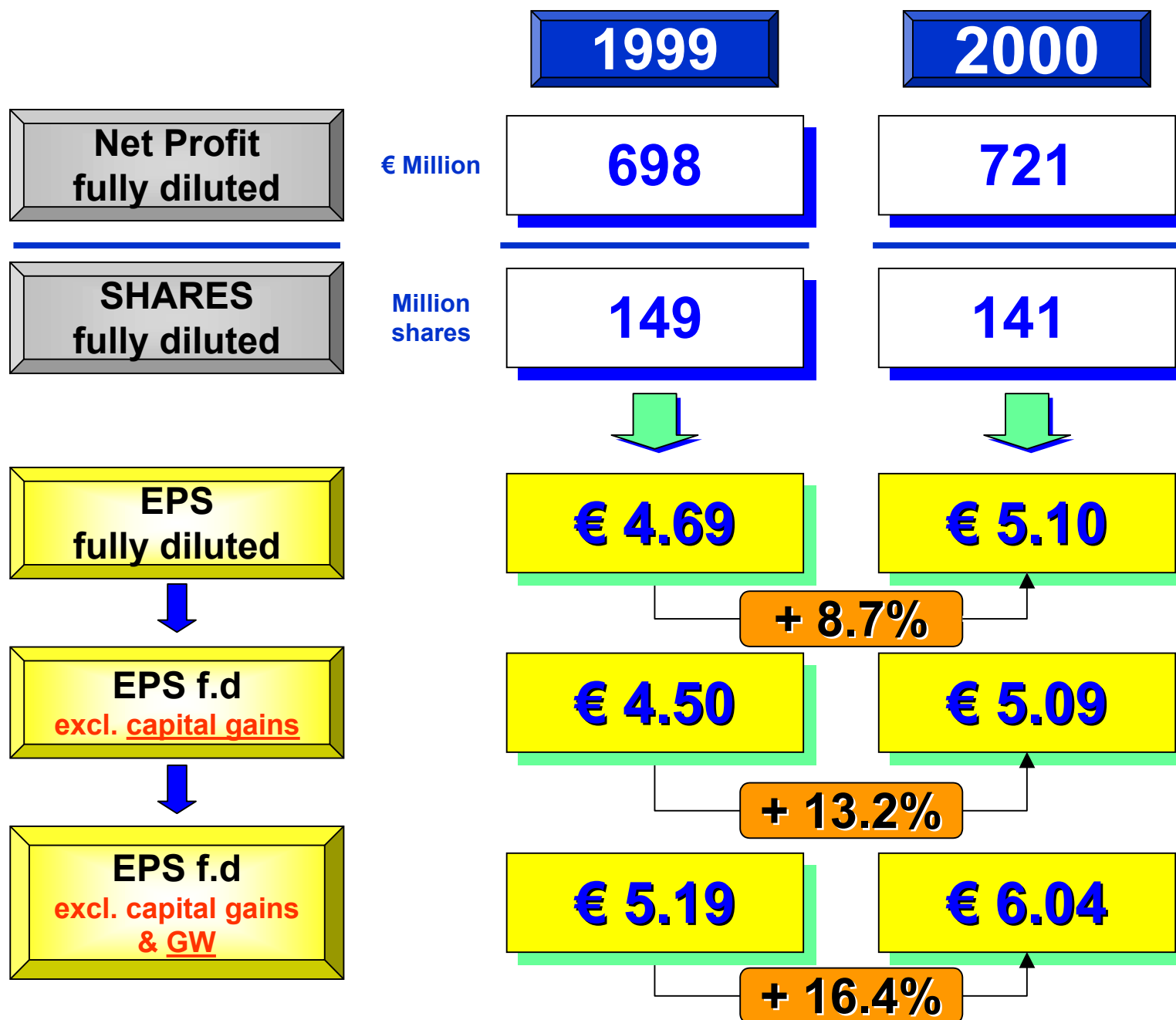


€ Million

	1999	2000	Δ
Net INTEREST EXPENSE	131	193	+62
H1	79	85	+6
H2	52	108	+56

**EPS**

# EARNING PER SHARE FULLY DILUTED



# SHARE BUY BACK

## TOTAL BUYBACK 2000

# SHARES	1,570,590
% capital 31/12	1.05%
Amount paid (incl. Costs)	172 M.€

## TREASURY STOCKS to 31/12/2000

- 8,105,372 shares
- 5.4% of capital to 12/31

**No use of the share buyback's  
authorization voted in May 2000**

**With Authorization of 10% shares  
cancelation voted in May 1999:**

- 8 millions in 1999
- 6.4 millions in 2000

**Full use of the authorization**

# BALANCE SHEET

# GROUP's BALANCE SHEET

€ Million

	1999	2000
FIXED ASSETS	4,024	4,085
BRANDS & GW	5,216	6,600
FINANCIAL ASSETS	1,336	2,246
INVENTORIES	752	728
TRADE RECEIVABLE	1,864	1,784
STOCKHOLDERS' EQUITY	6,867	8,019
LT PROVISIONS	681	706
TRADE PAYABLE	1,798	1,719
OTHERS	727	598
FINANCIAL NET DEBT	3,119	4,401

	1998	1999	2000
<b>ROIC</b> ①	8.0%	8.8%	9.0%
<b>WACC</b> ②	7.0%	7.5%	7.75%
① - ② = ③	1.0%	1.25%	1.25%
<b>average INVEST.CAPIT.</b> ④	10.8 Bn	11.0 Bn	12.3 Bn
<b>EVA</b> ③ x ④	€ 111 M	€ 137M	€ 150 M

# FINANCING



# CASH FLOW STATEMENT

€ Million

**1999**

**2000**

Cash flow from operations	1,423	1,558
Change in working capital	(98)	(136)
Capital expenditure	(703)	(798)
<b>FREE CASH FLOW</b>	<b>622</b>	<b>624</b>
Dividends paid	(350)	(366)
Investments in sub. & affiliates	(934)	(2,849)
Share buyback	(1,724)	(169)
Others	248	152
<b>DEFICIT [A]</b>	<b>(2,138)</b>	<b>(2,608)</b>
Disposals	1,285	772
Capital issued	608	554
<b>FINANCING [B]</b>	<b>1,893</b>	<b>1,326</b>
<b>RESIDUAL DEFICIT [A] + [B]</b>	<b>(245)</b>	<b>(1,282)</b>
<b>net debt 31/12</b>	<b>3,119</b>	<b>4,401</b>

# GEARING RATIO

€ Million

1999

2000

NET DEBT

3,119

4,401

EQUITY

6,867

8,019

GEARING  
RATIO

45%

55%