



DANONE

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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.

Agenda

1

2009: Adjusting the model

2

Danone: 6 levers for profitable growth

3

2010: our key priorities

2009: adjusting the model

KEY FIGURES - FY 09

Sales



€ 14,982 mln

**+3.2% like-for-like ⁽¹⁾
(1.6)% reported**

Trading operating margin



15.31%

**+61 bps like-for-like ⁽¹⁾
+40 bps reported**

**Underlying net income
from continuing activities**



€ 1,412 mln

**+11.5% like-for-like ^(1,2)
+7.5% reported**

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



€ 2.57

**+10.2% like-for-like ^(1,2)
(3.1)% reported**

Free cash flow ⁽³⁾



€ 1,427mln

+ 20.6% reported

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

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

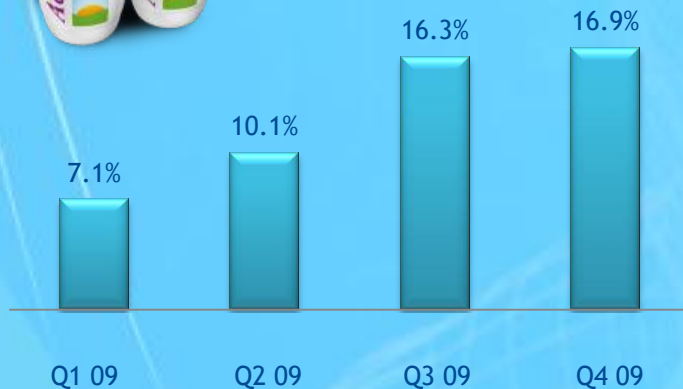
(3) Free Cash Flow: Cash flow from operations less capital expenditure (net of disposals)

The Reset Program entails the full marketing circle

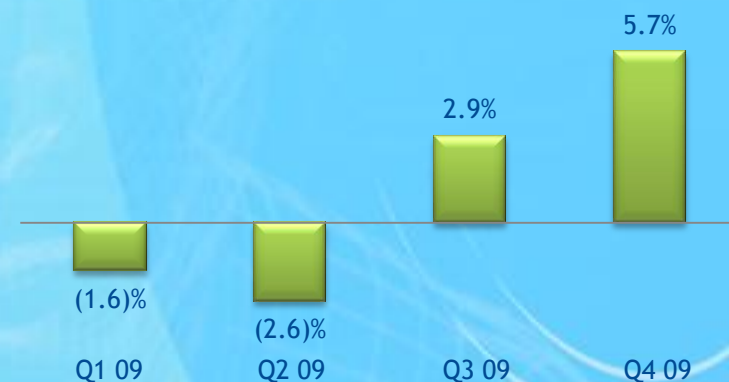


The Reset Program - Poland

- Decreased price on Actimel by 30%
- Increased Actimel consumer base by 50%
- Decreased price index vs main competitor Zott from 133 to 126
- Reached record value market share in Nov/Dec 2009



Quarterly like-for-like volume growth

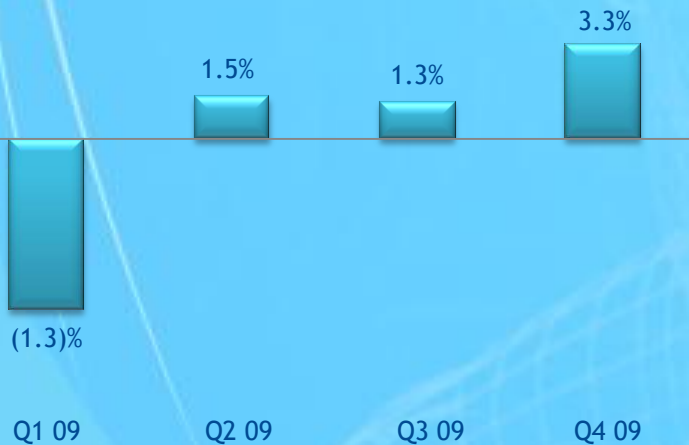


Quarterly like-for-like sales growth

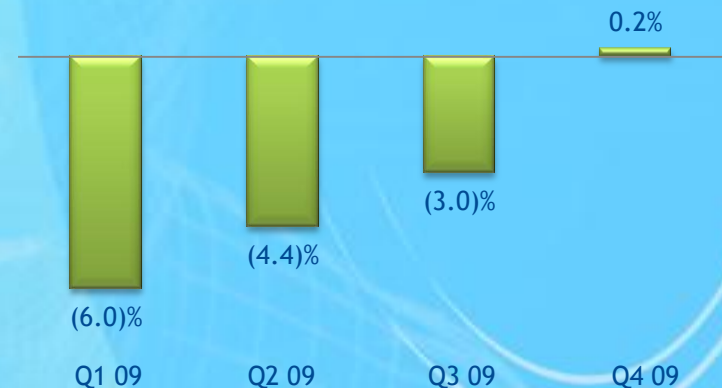
France /Danette - Successfully adapted the product and marketing mix

The Danette example

- Price positioning vs PLs over the last 9 months → index from 135 to 124
- “La Danette des Français” campaign
 - big buzz success, €1.6 mln videos viewed on the web
 - +40% volumes vs the '08 campaign
- Dedicated 6-pack offer for hard discount



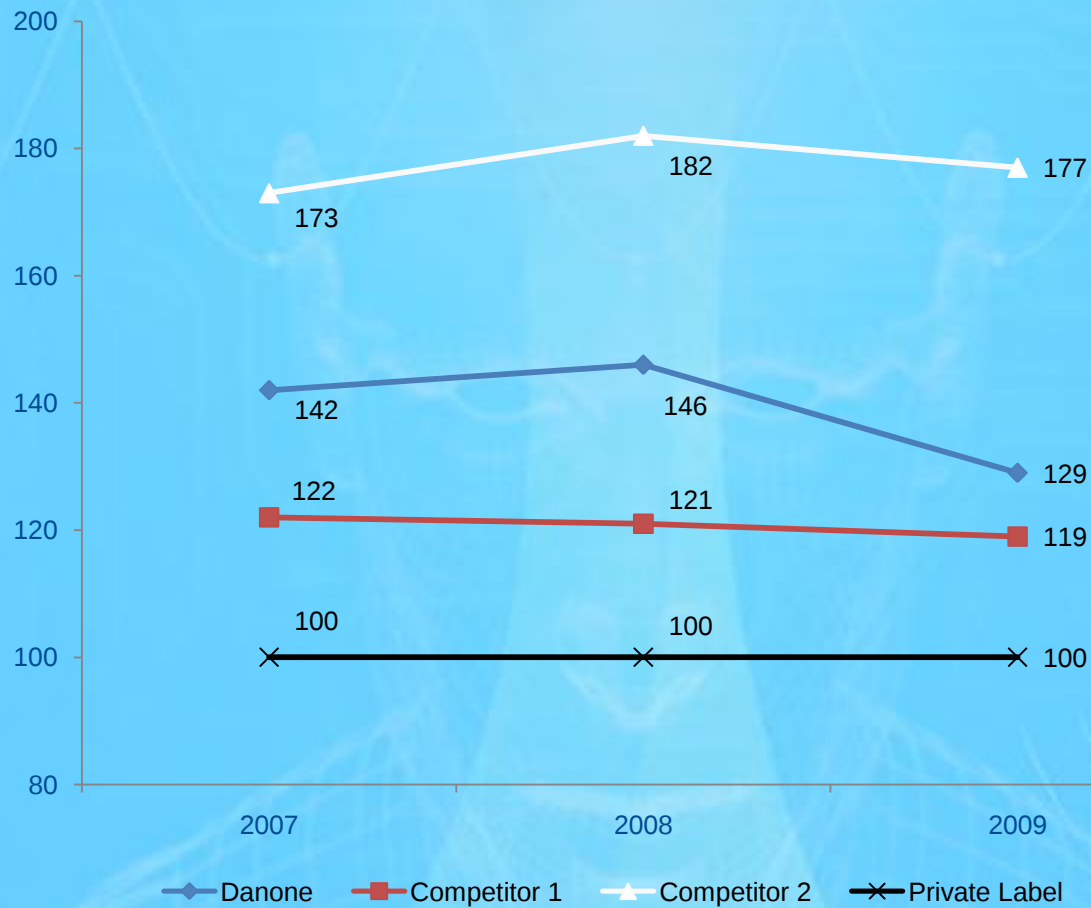
Quarterly like-for-like volume growth



Quarterly like-for-like sales growth

The Reset Program - FRANCE

Price Index Trend France



We continue to gain market share across divisions



Volume FY 09 vs FY 08

China	+ 11.7 pts
Egypt	+ 9.0 pts
Hungary	+ 4.7 pts
Cz Rep	+ 2.8 pts
UK	+ 1.8 pts
Japan	+ 1.4 pts
USA	+ 1.2 pts
Canada	+ 1.2 pts
Mexico	+ 1.0 pts
Germany	+ 0.8 pts
France	+ 0.8 pts
Chile	+ 0.3 pts



Volume FY 09 vs FY 08

	Mexico + 4.3 pts
	Uruguay + 2.4 pt
	Poland + 1.6 pts
	Turkey + 0.2 pt

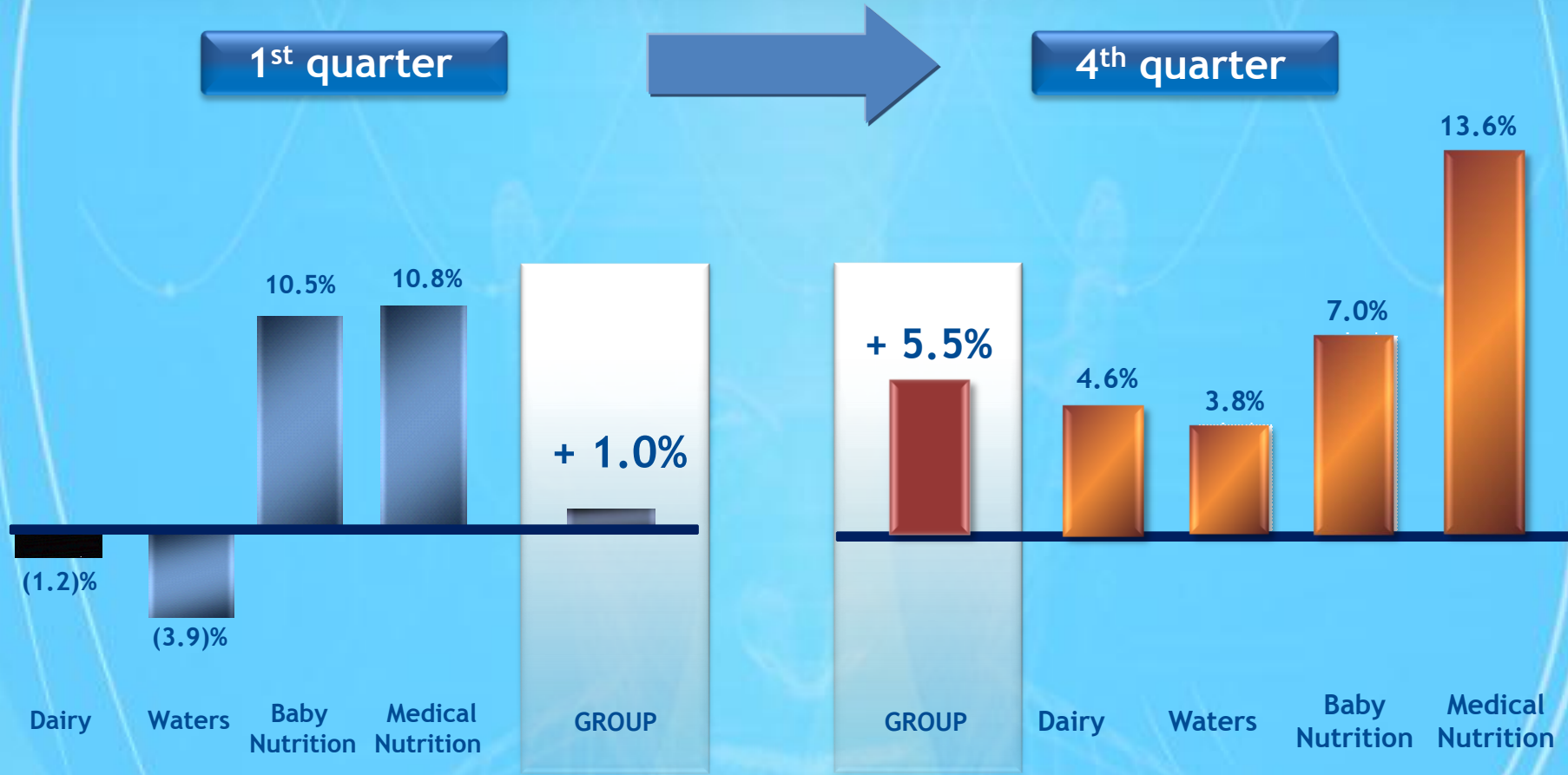


Volume Dec 09 vs Dec 08

	Switzerland + 5.2 pt
	Argentina + 3.5 pt
	Brazil + 3.1 pt
	New Zealand + 2.7 pt
	Indonesia + 1.7pt
	France + 0.8 pt

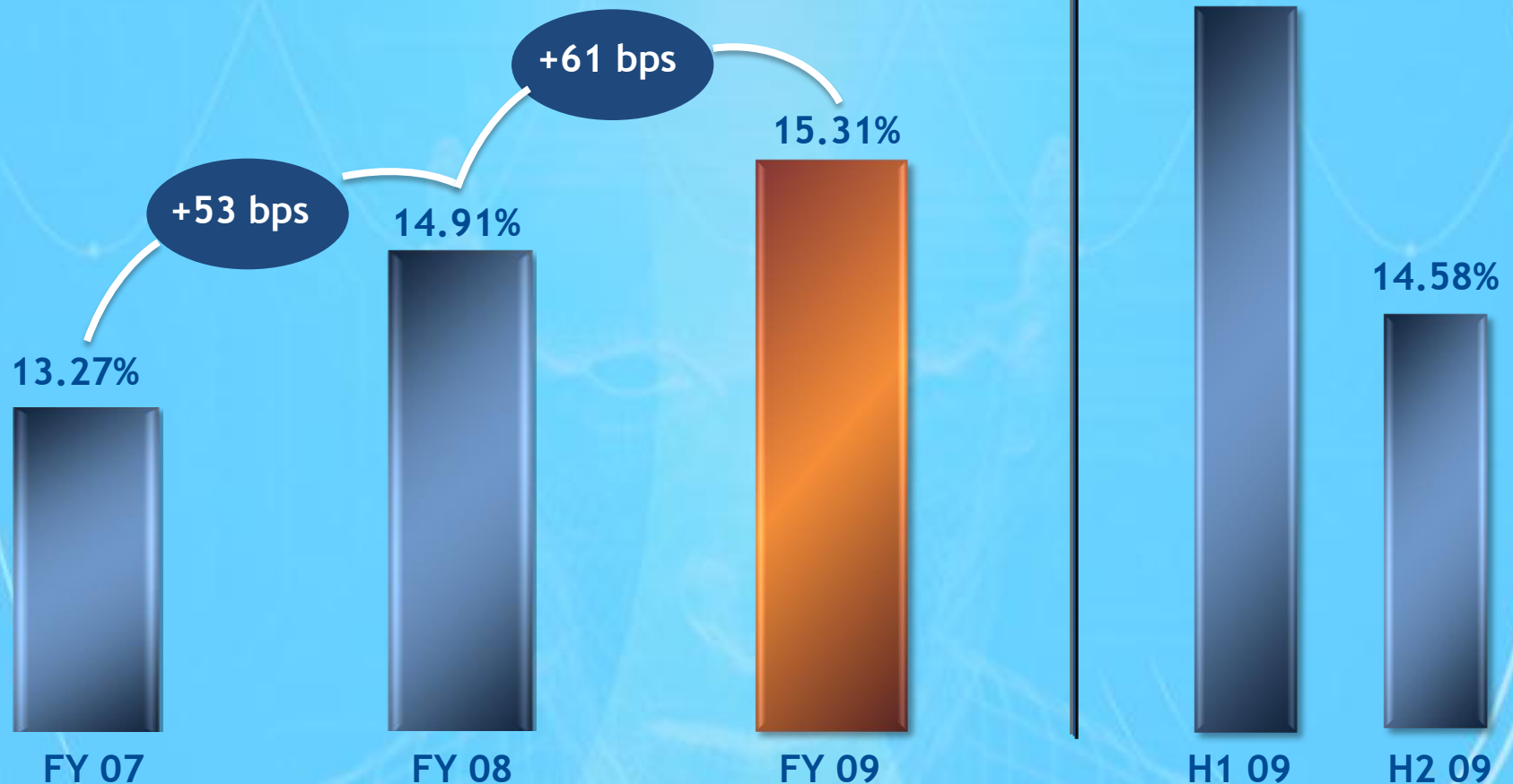
We strongly accelerated through 2009

Like-for-like sales growth



Margins have strongly and consistently progressed in the past two years with a peak in H1 09

Reported margins and like-for-like growth



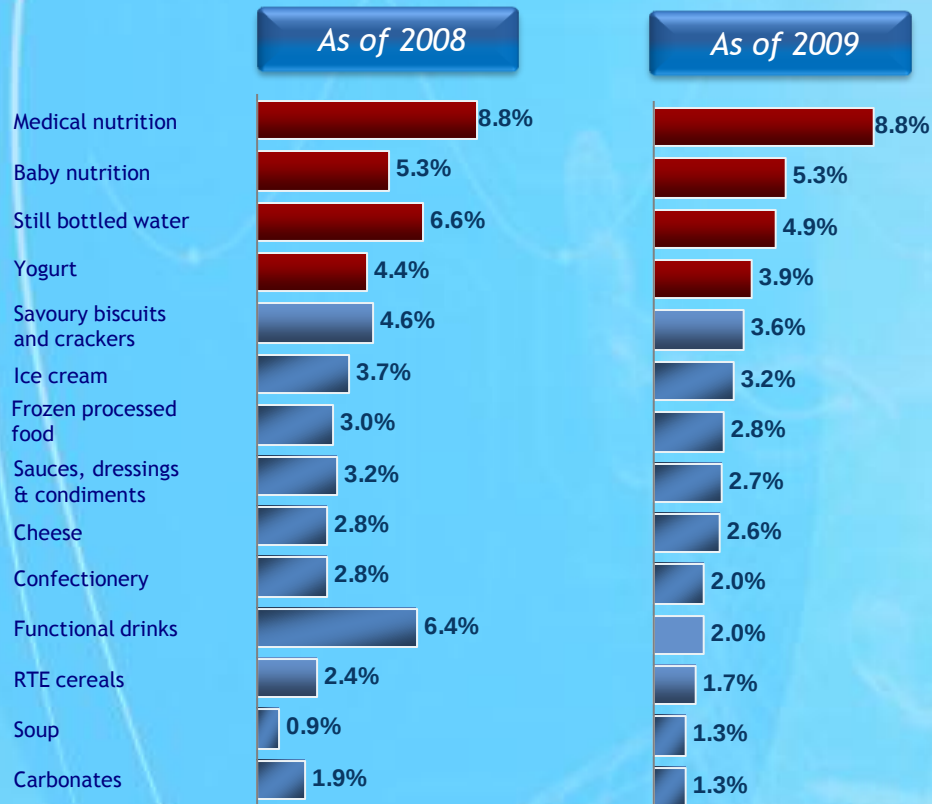
Danone: 6 levers for profitable growth

Danone: 6 levers for profitable growth

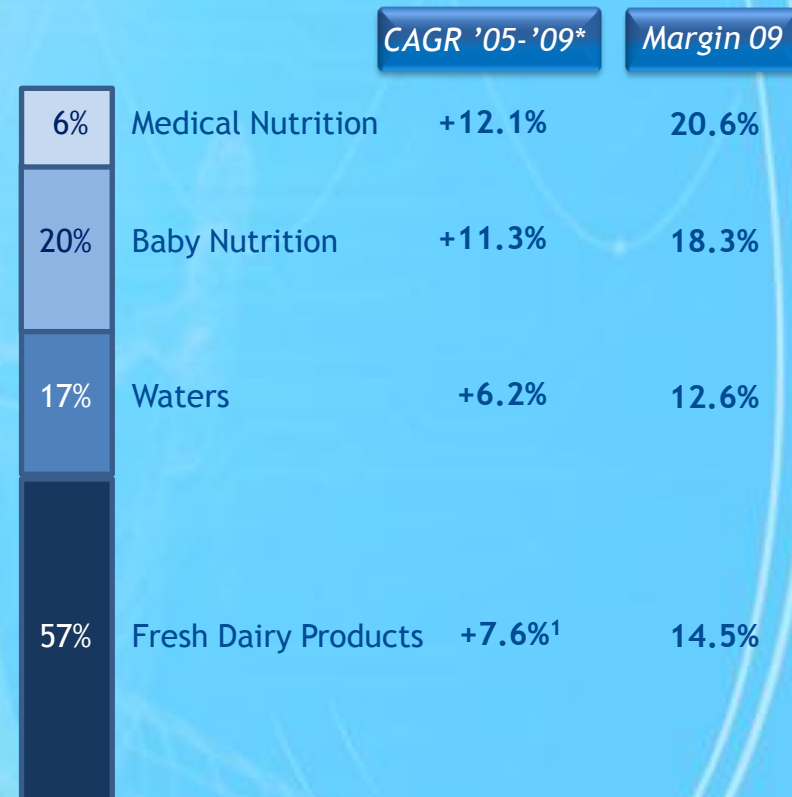
- 1 Strong brands in fastest growing categories
- 2 Diversified geographies
- 3 A unique mission
- 4 Focus on productivity
- 5 Unique cash conversion cycle
- 6 Decentralized organization

Best positioned in fastest growing categories

Faster growing categories 5 - year volume CAGR



Growth focused portfolio



Source: Euromonitor

*Like-for-like growth

¹ Excluding Blédina

1

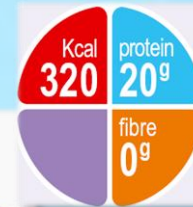
Strong positions with well-differentiated brands

- Danacol: exclusive plant sterols



82%
market
share

- Fortimel: superior high protein supplement



Drive the
segment
growth

- Bebelac: unique complete care formula



> €1 bn
sales

- Bonafont: low mineral water to help eliminate



#1 in
Mexico
Roll-out
in Brazil

1

Strong positions with well-differentiated brands

Superior taste



50%
superior

40%
parity

10%
inferior

Superior nutrition



1

Strong innovation platform through stretching opportunities



AM

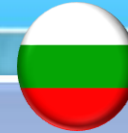
Breakfast



Activia Breakfast

25% of Activia in Bulgaria
(launched 03/09)

Roll-out in Portugal



Lunch / Lunchbox



Activia End of Meal

11% of Activia in UK
12% of Activia in Germany



PM

Evening end-of-meal



1

Consumer communication adapted & intensified

Emotional communication



Activia Belly dancing saga



Activia sales +
52% CAGR on
last 4 years



Activia Tummy Loving Care

On air in
January 2010



Web & Bloggers' Communities

Japan



Activia brand
+55% in volume
in 2009



Social Responsibility Equity

Poland



Share Your Meal

2004-2009: 7 mln
meals given to
children in need





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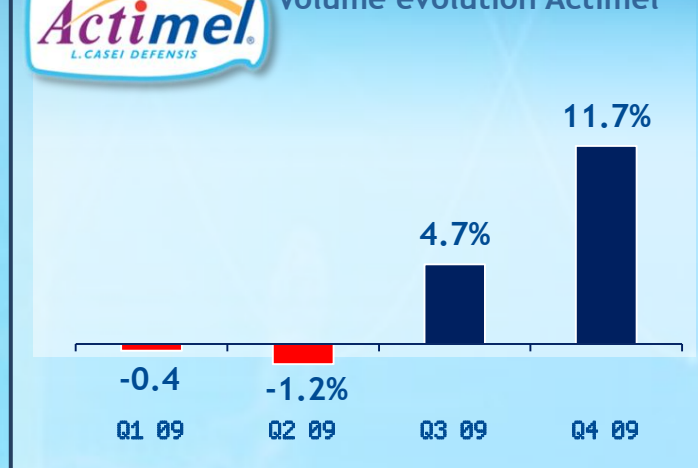
Our key brands drive the growth



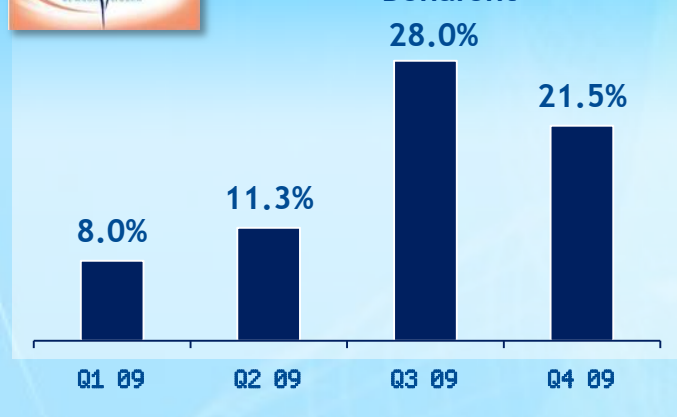
Volume evolution Activia



Volume evolution Actimel



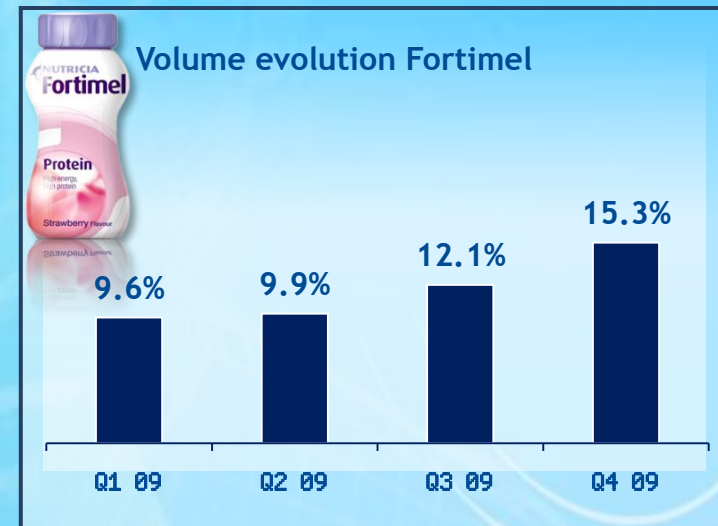
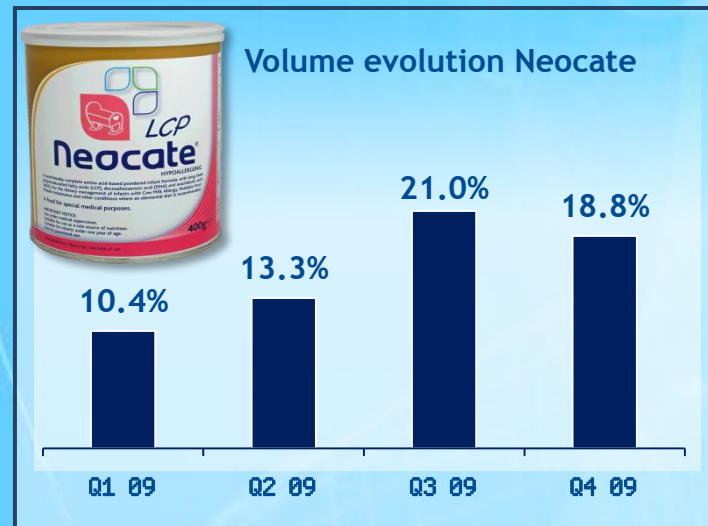
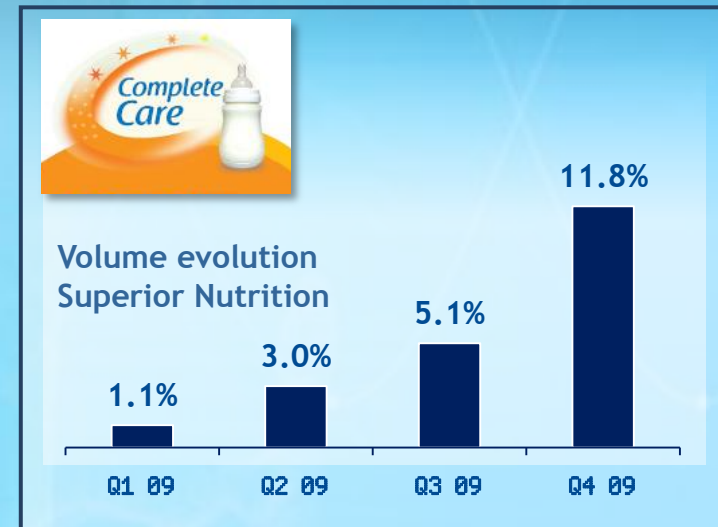
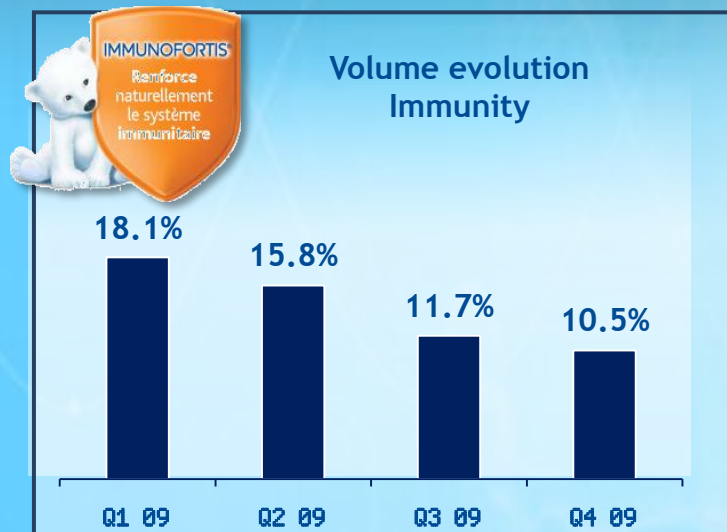
Volume evolution Bonafont



Volume evolution Aqua

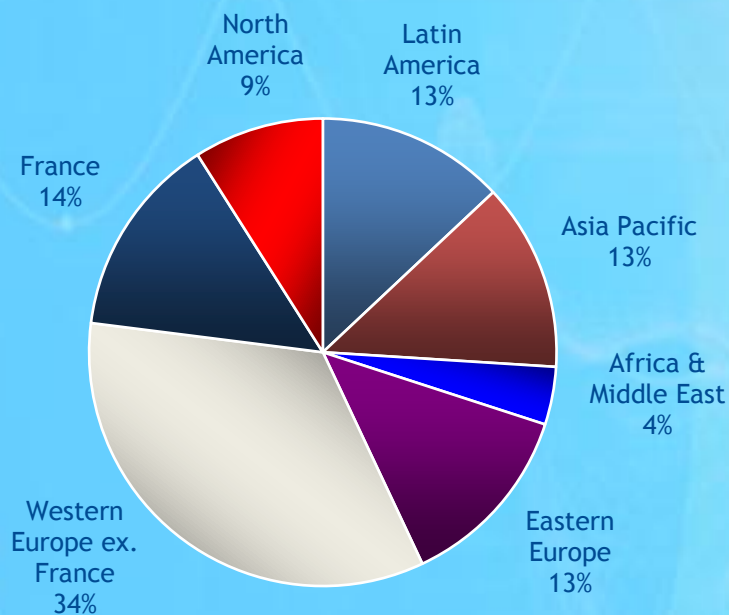


Our key brands drive the growth



Well-diversified geographical footprint exposed to the faster growing geographies

Diversified geographic portfolio
(sales split 2009)



Faster growing markets

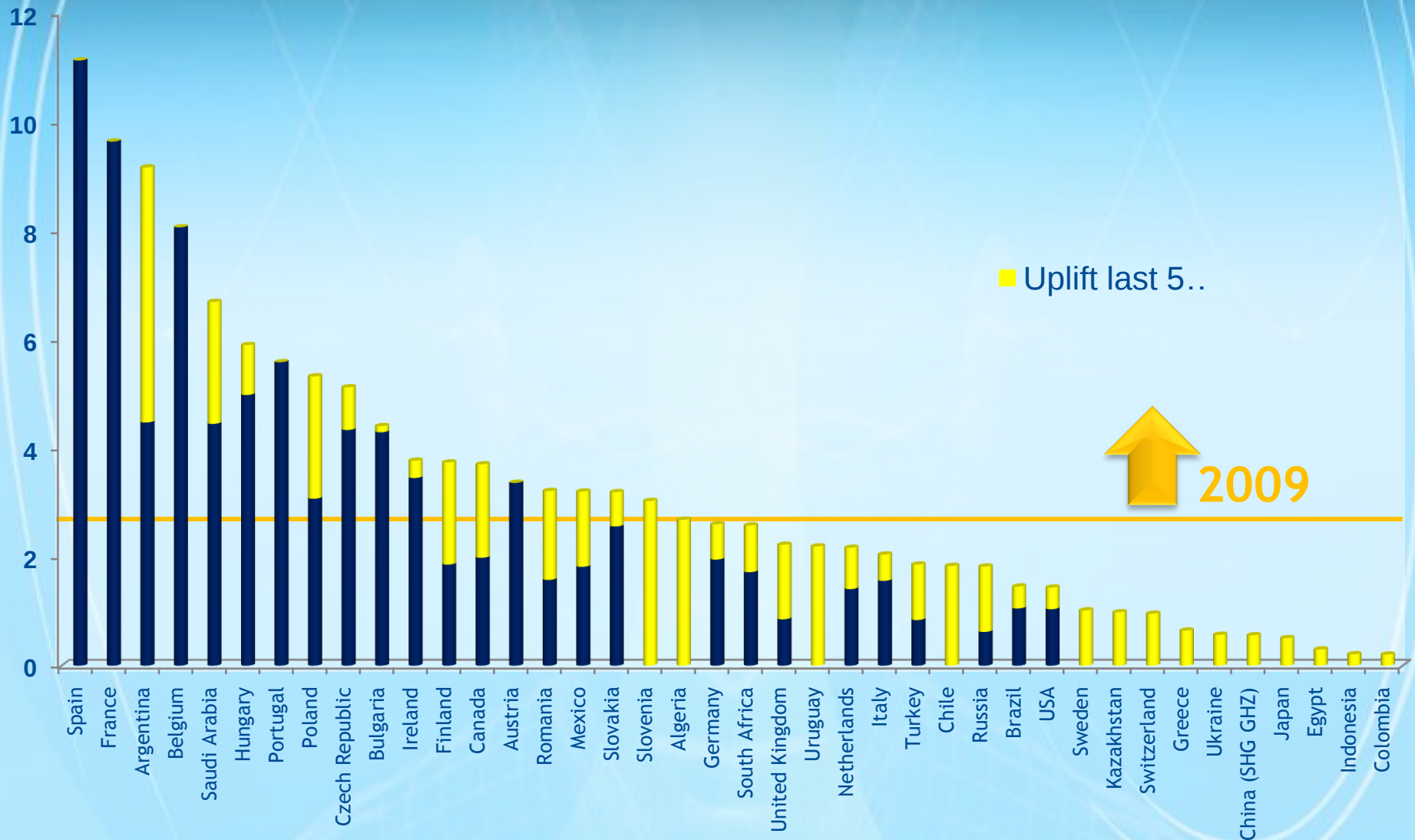
Country		GDP growth differential v. G10 ¹	
		2009	2010
China		12.1%	8.7%
Indonesia		8.0%	3.2%
Brazil		3.4%	2.5%
Argentina		(1.0)%	1.0%
Mexico		(3.6)%	1.5%
Russia		(4.5)%	3.0%

Source: Morgan Stanley Research, Global Economic Outlook, as of February 16th 2010

¹ G10 aggregate real GDP growth rate used as benchmark for 2009 and 2010 is (3.4)% and 2.3%, respectively

41% of sales generated in Emerging Markets

Significant room for growth



Danone Per Capita Consumption (kg/yr)

Unique expertise and opportunities in new geographies



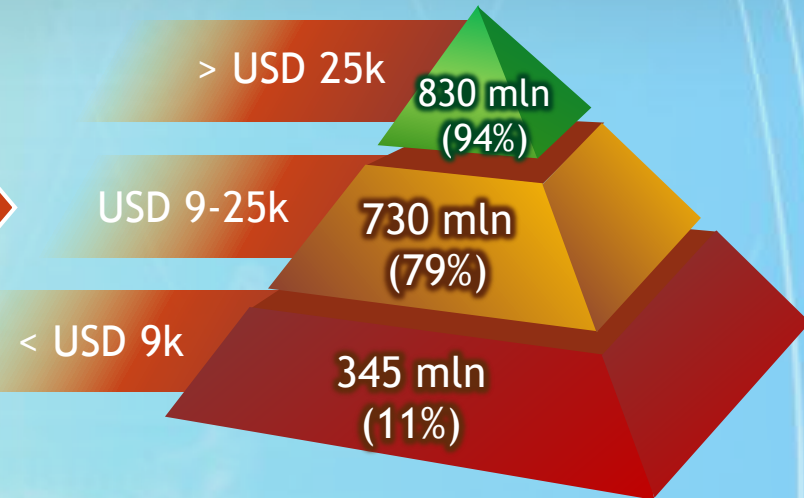
Danone: a unique mission



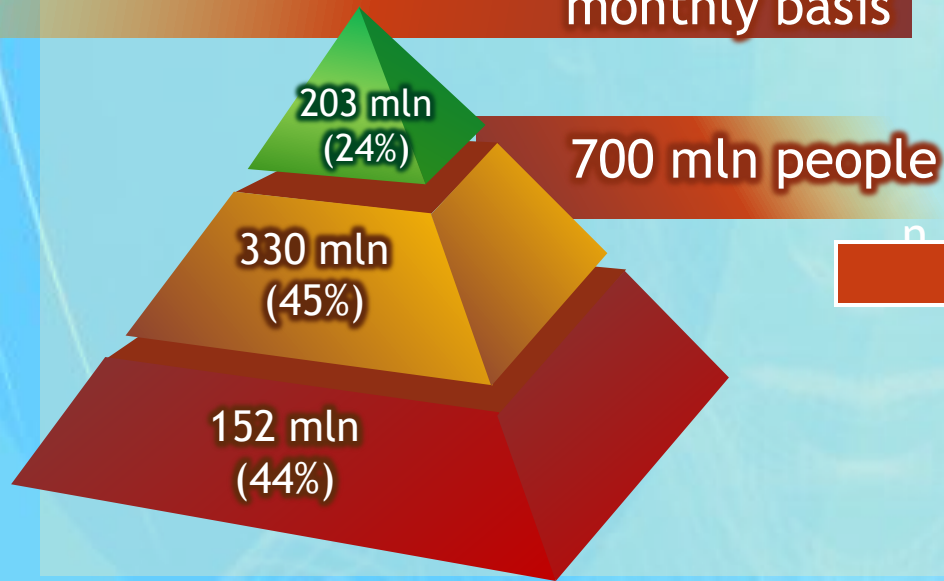
3

Our Mission: To bring health through food to the largest number of people

Our operations cover 1.9 bn consumers
- mostly in developed countries



Out of 1.9 bn, 37% consume on a monthly basis



700 mln people



Our ambition



Our Mission: To bring health through food to the largest number of people

Dairy Romania

Market share

64 %

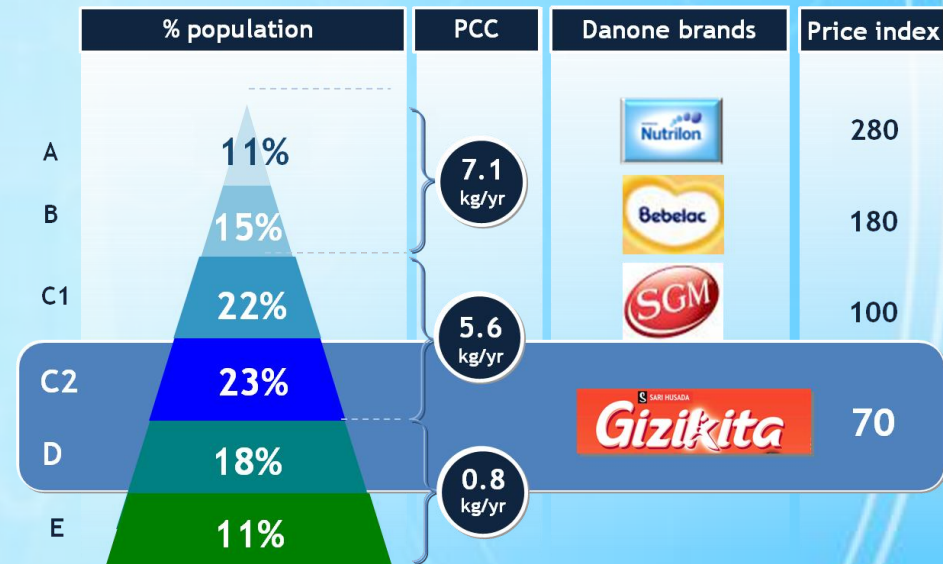
51 %

56 %

71 %



Baby Nutrition Indonesia



3

Our Mission: To bring health through food to the largest number of people



Waters Mexico

No drinkable
tap water

Alternatives have significant
drawbacks:

- Not reliable
- Not properly “purified”
- Flavor issues
- Requires time

20 Lt jug is the
only affordable
alternative for
secure &
convenient water



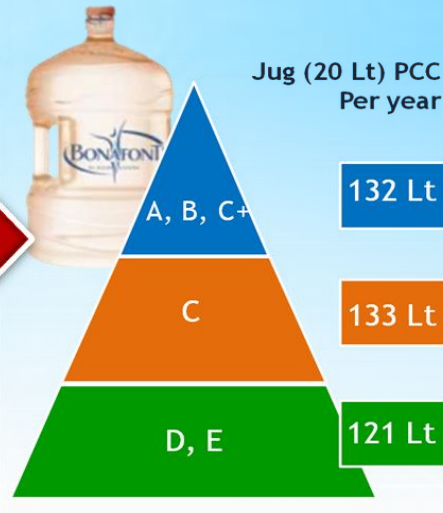
Boiling



Chlorine



Filters



€ 0.07 / Lt



Focus on productivity

By-product valorization

- Desserts & Drinks



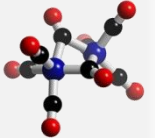
DanCream

- European Cream sales



Upstream Differentiation

- DanFarm
- CO2 Footprint reduction
- DanMilk means to differentiate Danone milk



Milk Transformation

➔ optimization of milk usage

Re-engineering

	Dev Mkt	vs	Emer Mkt
Production (capex/tn)	€ 80/ton		€69/ton
Product recipe (cost/kg)	€533/ton		€329/ton

- Head office convergence:
 - 7 countries initiated move in 2009-2010
 - 6 more in 2011-2012
- 2010 media pitch
 - 17 Countries
 - Cross divisional
 - + 15% GRP (€ 80 mln equivalent)



Unique cash conversion cycle

€ 2 bn

FCF in € mln and as a % of sales

Numico



Unique cash conversion cycle

Cash conversion cycle including rebates (# of days)



Successful initiatives

- Cash committee
- Suppliers negotiation
- Sales & operations planning process (decrease of stocks)
- Wall to Wall
- Animation of KPIs

Headwind

- Negative mix (new geo)
- LME

New Initiatives

- FR€€
- G€M
- Capex monitoring

Decentralized organisation

- Adaptability
- Multiplicity
- Reactivity



+ synapses
=
+ intelligence
+ synergies
+ knowledge
+ success



Medium-term objectives

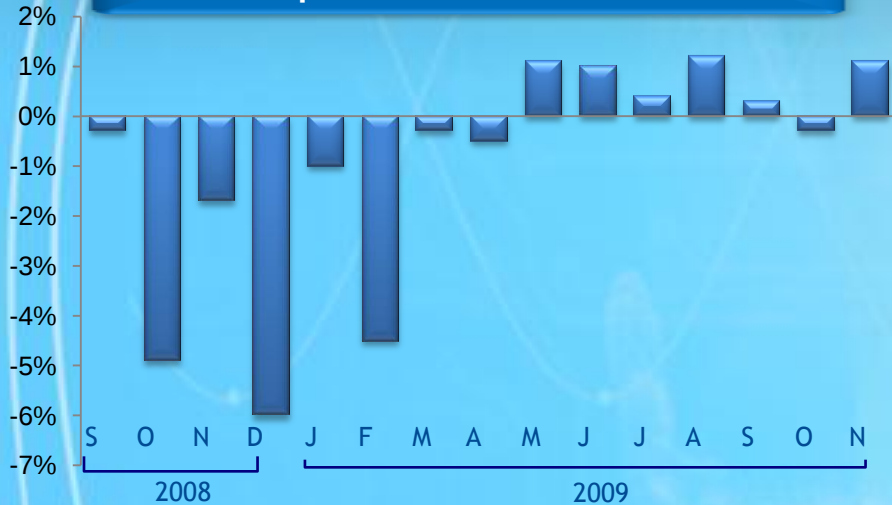
Medium-term objectives	
Sales growth ¹	At least +5%
Annual free cash flow from operations	€ 2 bn by 2012

¹ Based on constant scope of consolidation and constant exchange rates

2010: our key priorities

Dynamics of our operating environment

Consumption in Western economies



Source: Eurostat Industrial Production

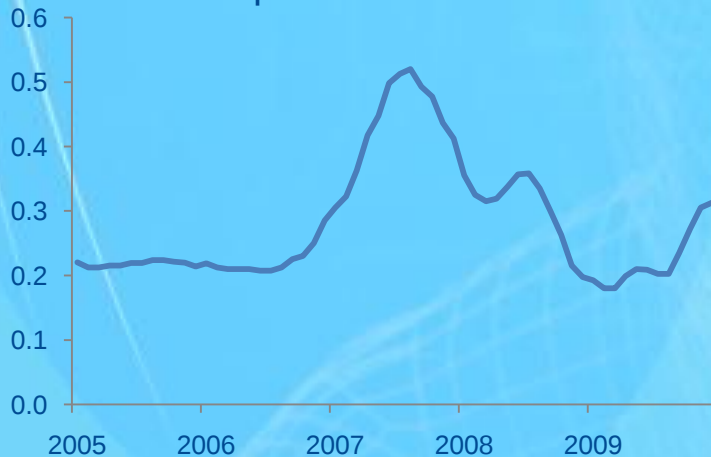
Solid growth in emerging countries



Source: Nomura Economic Monitor

Raw materials rebound

SMP price 2005 - 2009



Currencies stabilizing



Key priorities 2010

1

CONTINUE TO STRENGTHEN TOP-LINE GROWTH

- Keep reinforcing our competitive positions
- Negative value growth gradually fading away
- Strengthen new geographies & seize new opportunities

2

SUSTAIN OPERATING MARGINS

- Productivity will be key priority to counter cost inflation
- Competitive management of pricing
- Balancing H1/H2

3

MAINTAIN FREE CASH FLOW FOCUS

- Continue to improve the cash conversion cycle
- Intention to start using share buy-back authorization in 2010

Outlook 2010

Objectives 2010

Sales growth¹

At least +5%

Free cash flow

At least +10%

EBIT margin¹

Stable margin

¹ Based on constant scope of consolidation and constant exchange rates



DANONE