



# Q3 2007 RESULTS

October 17<sup>th</sup>, 2007



# FORWARD LOOKING STATEMENTS

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**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.**



# Update on Recent Strategic Moves

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## **Disposal of Biscuits activities is on-track:**

- **EU approval expected for end of October**
- **Closing date expected for year-end**

## **Offer for Numico is on-track:**

- **EU approval still expected for end of October**
- **Settlement date expected in November**



**As the disposal of the biscuits activities will most probably take place at 2007 year-end, the activity will remain consolidated in the Groupe Danone accounts until the closing of the transaction.**

**Specifically:**

- Under IFRS, the sold activities will be accounted for as « discontinued operations » as of January 1<sup>st</sup>, 2007. ie: no sales and no EBIT in the Group reported figures (see annexes).**
- However, for the purpose of this presentation, the entire Biscuits activities are fully consolidated in the 2007 figures.**

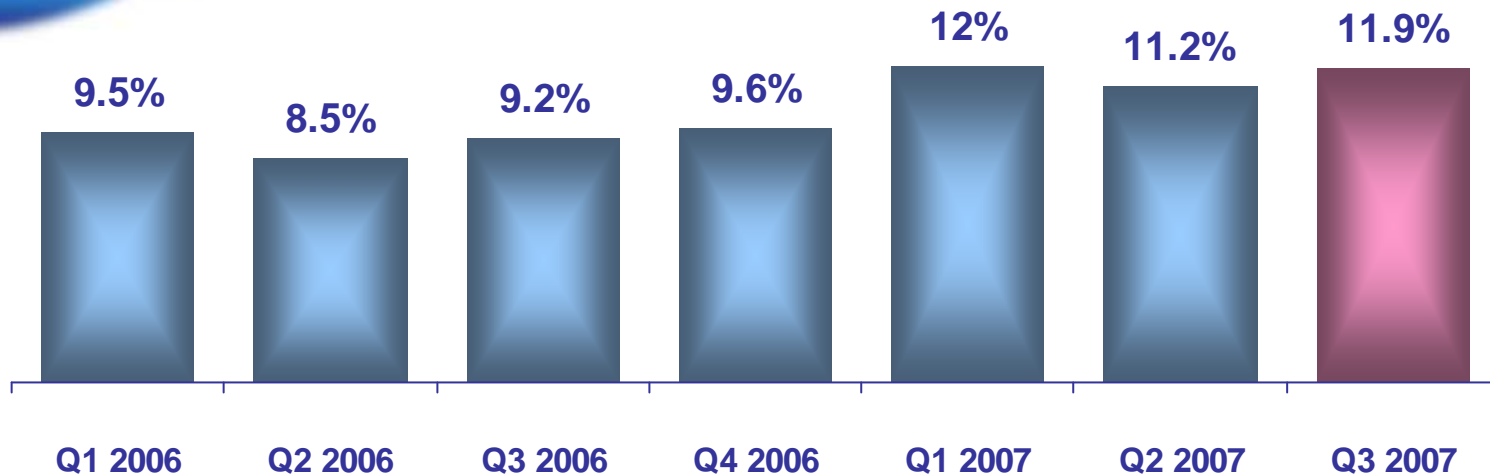


## Q3 2007 HIGHLIGHTS

- ❑ Continued excellent double-digit growth in Fresh Dairy for third consecutive quarter
- ❑ Bledina double-digit growth: growing the BBF category through innovation and export
- ❑ Beverages: double-digit growth in Latam; market share gains in key European markets impacted by poor weather
- ❑ Wahaha: as expected, loss of co-packed sales
- ❑ Biscuits: excellent quarter



# FRESH DAIRY PRODUCTS



- ⊗ Excellent growth in all major geographies
- ⊗ Across-the-board price increases improving value component of growth with little volume impact
- ⊗ Top line growth continues to be driven by Eastern Europe (>+20%) with accelerated growth in North America (>15%)
- ⊗ Blockbusters growth at close to +20%
- ⊗ Double-digit growth at Bledina





# Q3 LAUNCHES UPDATE



**Tikvesli Kefir**  
Turkey



**DanActive**  
Canada

**Essensis Frambuesa**  
Canary Islands



**Danette**  
Finland & Sweden



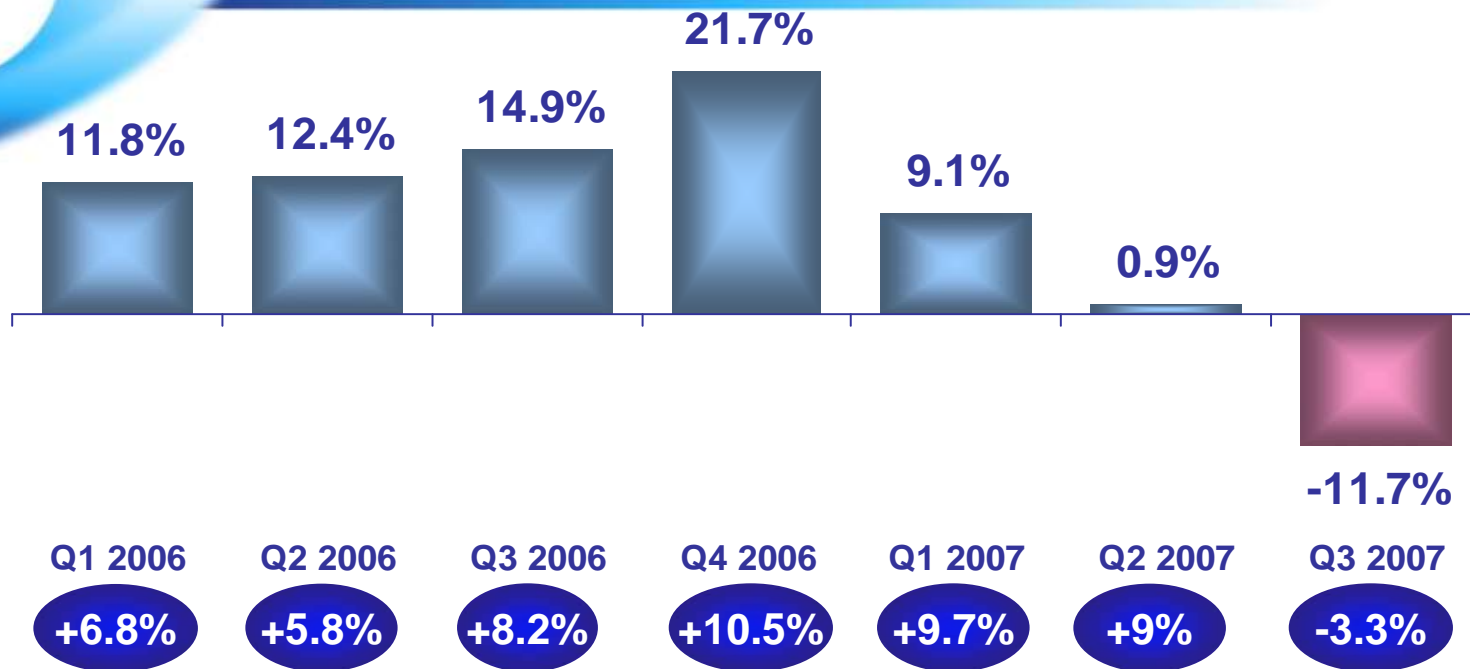
**Les Petits Grands**  
Saumon  
France



**Danette Duo**  
Finland



# BEVERAGES



- ⊠ Sustained momentum in Latam with growth exceeding +20%
- ⊠ Japan and greater export showing strong growth
- ⊠ Poor weather in Europe driving double-digit negative category growth; market shares improving in France and Spain.
- ⊠ Quarter impacted by Wahaha performance at -30%





# Q3 LAUNCHES UPDATE



**Ser Sport**  
**Argentina**



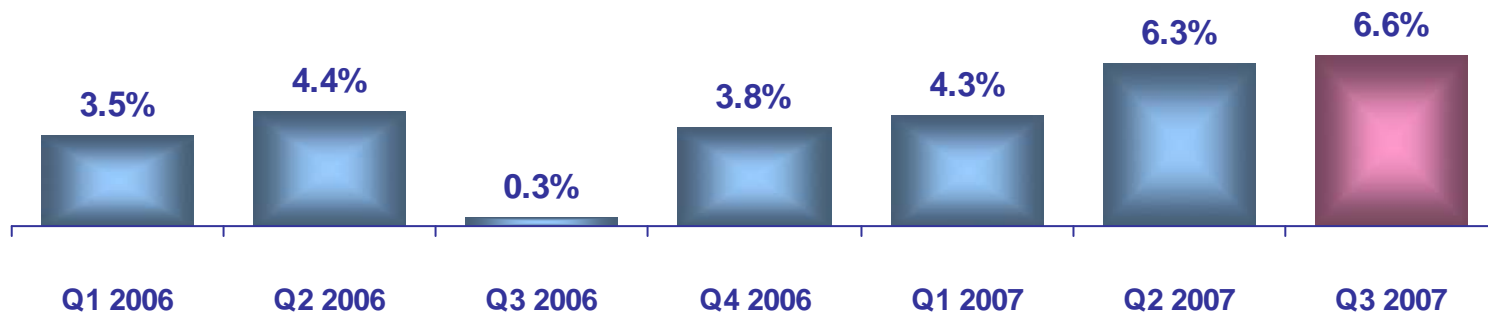
**Evian Palace**  
**Canada, USA**



**Volvic Quinze**  
**Rafrâichissement**  
**France**



# BISCUITS & CEREAL PRODUCTS



☒ Another excellent quarter

☒ Western Europe growing mid-single digits with continued superior growth in Spain

☒ Eastern Europe back to growth, with all countries contributing

☒ Asia growing double-digit, with China continuing to lead the trend



# Q3 LAUNCHES UPDATE



Soda Sesame  
China



DMP Chocolate  
Asia

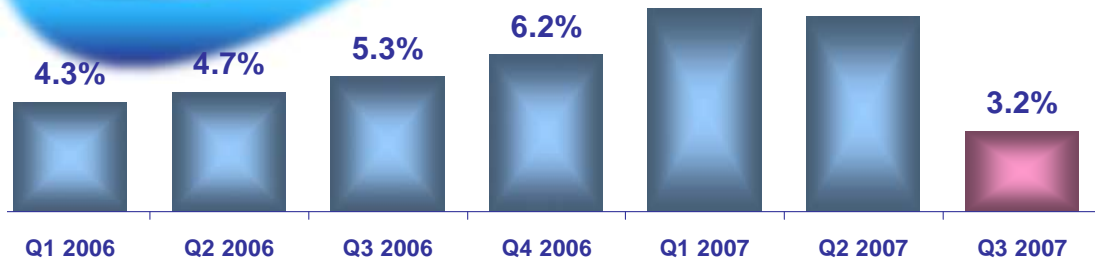


Fanipala Strawberry  
Finland

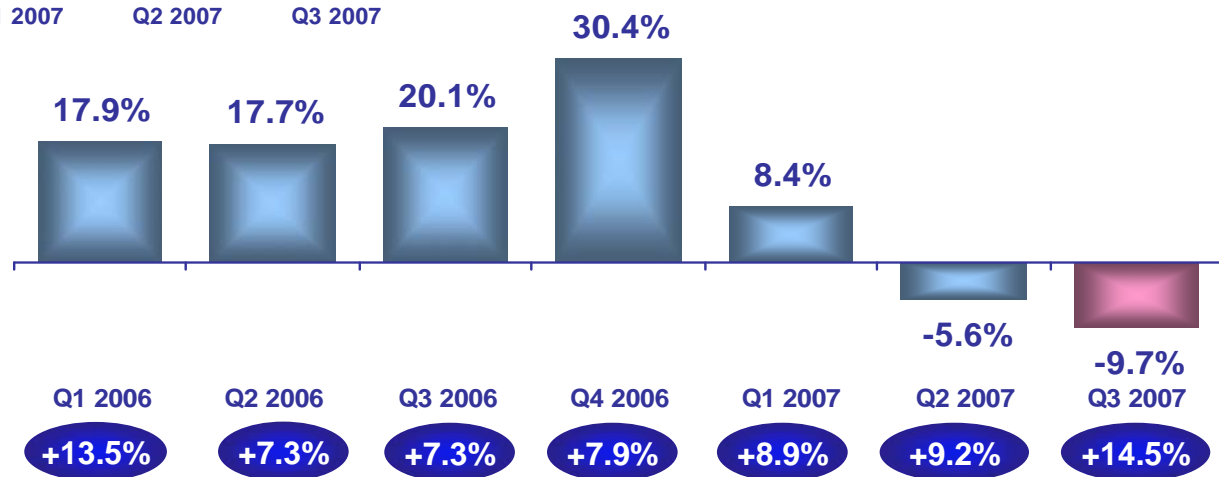


# Sales by geographical area

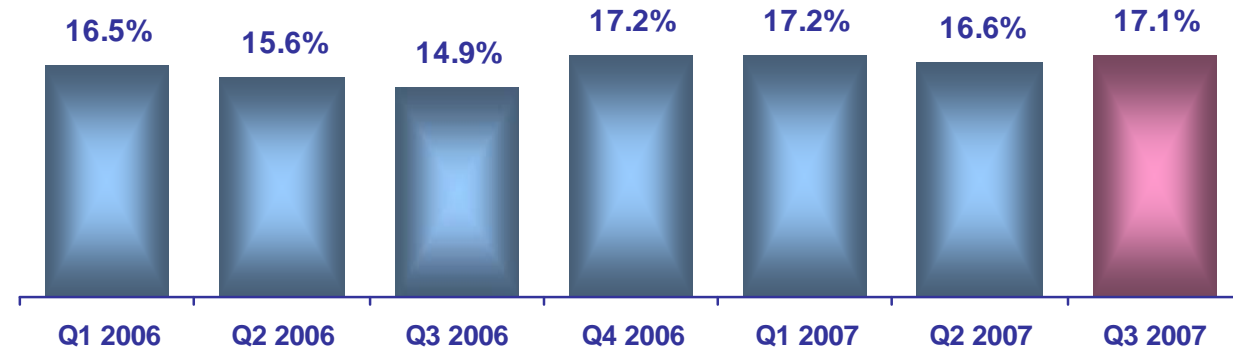
## EUROPE



## ASIA



## REST OF WORLD



Without  
Wahaha

Q1 2006

+13.5%

Q2 2006

+7.3%

Q3 2006

+7.3%

Q4 2006

+7.9%

Q1 2007

+8.9%

Q2 2007

+9.2%

Q3 2007

+14.5%



# Excluding Wahaha Q3 top-line growth in-line with prior year performance

*Like-for-like sales growth*



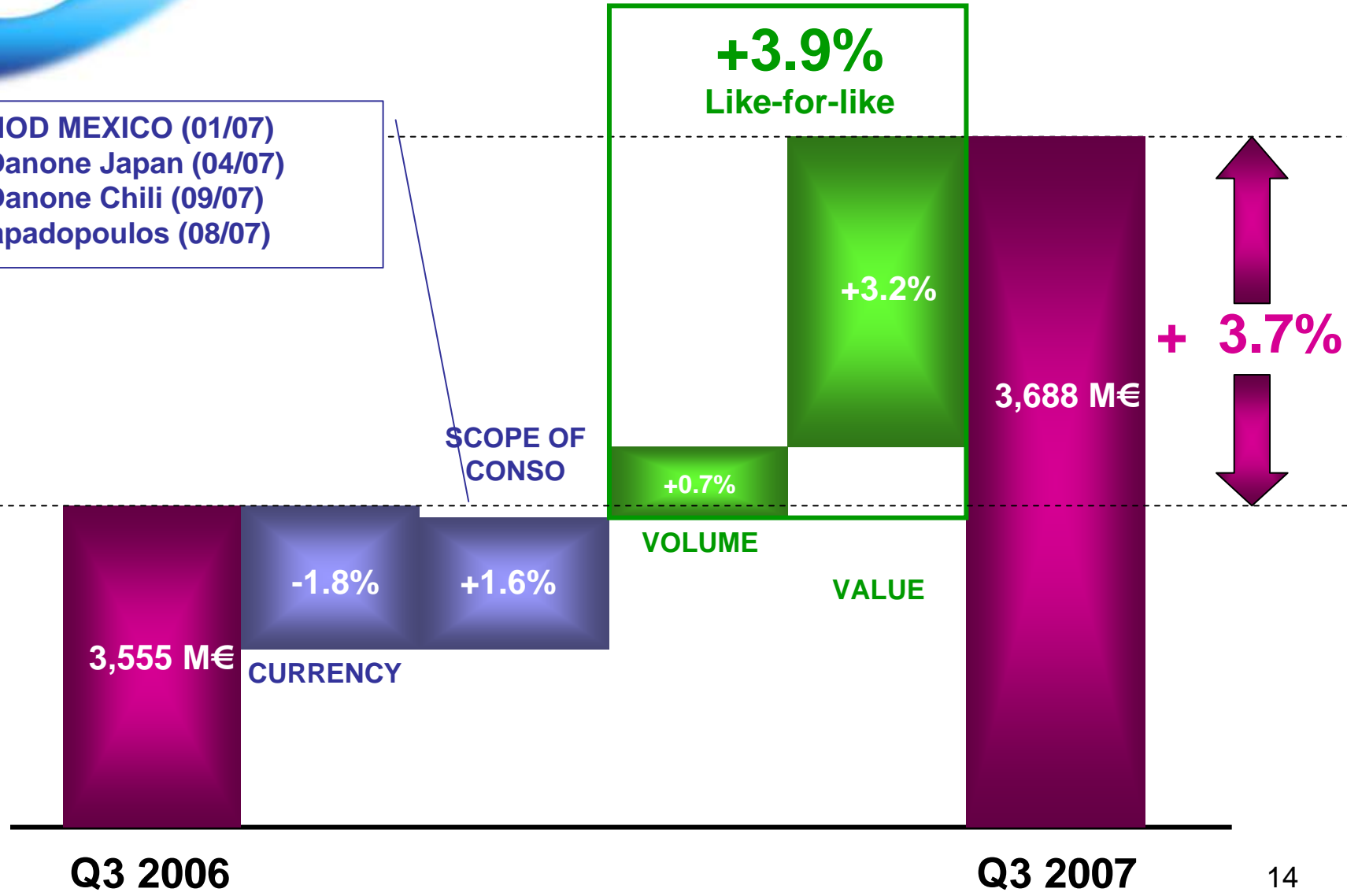
*For purposes of this presentation, all figures reflect a scope of consolidation which INCLUDES the biscuits activities*





# Group Q3 2007 Net Sales Growth

- + HOD MEXICO (01/07)
- + Danone Japan (04/07)
- + Danone Chili (09/07)
- Papadopoulos (08/07)





# Impact of currency and scope

	H1 2007	Q3 2007	9M 2007
Reported Net Sales	+4.7%	+3.7%	+4.4%
Currency	-2.2%	-1.8%	-2%
Scope of consolidation	-1.7%	+1.6%	-0.6%
Like-for-like Net Sales	+8.6%	+3.9%	+7%



# SALES

## 9M 2007



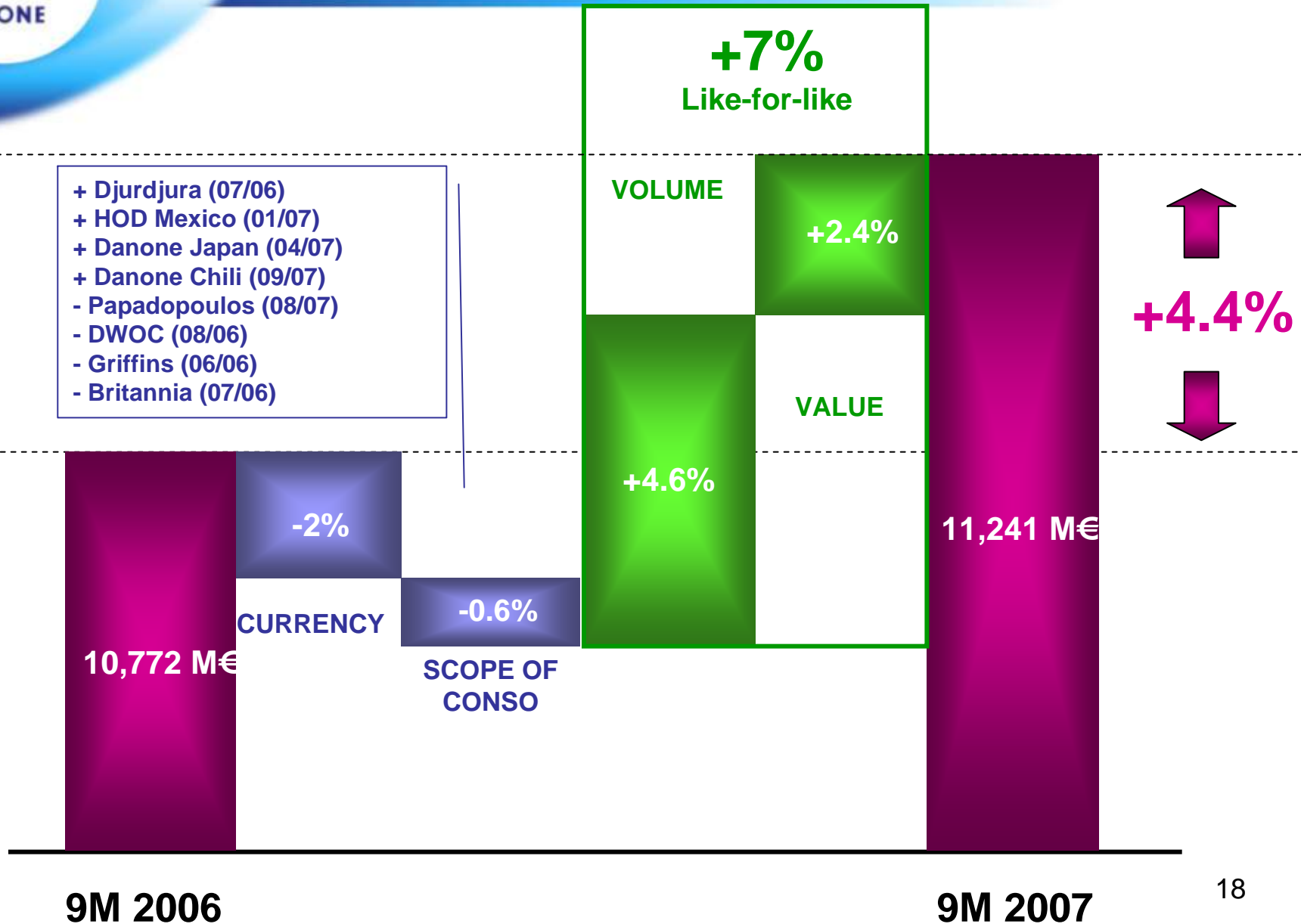
## 9M 2007: solid growth despite exceptional circumstances

- ❑ Sales growth (like-for-like) within our guidance (+7%), despite Wahaha and beverages in Europe
- ❑ Fresh Dairy division: steady double-digit growth
- ❑ Underlying beverages business very healthy with market share improvements in key geographies
- ❑ Biscuits accelerating growth for the fourth consecutive quarter



# Analysis of 9M 2007 Net Sales Growth

- + Djurdjura (07/06)
- + HOD Mexico (01/07)
- + Danone Japan (04/07)
- + Danone Chili (09/07)
- Papadopoulos (08/07)
- DWOC (08/06)
- Griffins (06/06)
- Britannia (07/06)







# Raw Materials and Pricing Update

**Milk is the main input affected by recent cost increases.**

- **Impact of approx. 300mlnE vs. 2006 expected in 2007**
- **Entire amount to be offset by pricing, productivities and operating leverage.**
- **Price increases taken throughout the year in all major geographies**



# 2007 OUTLOOK

**Full-year 2007 objectives are confirmed:**

- **Like-for-like growth between +6% and +8%**
- **Trading operating margin progression of at least +20bp on a like-for-like basis.**



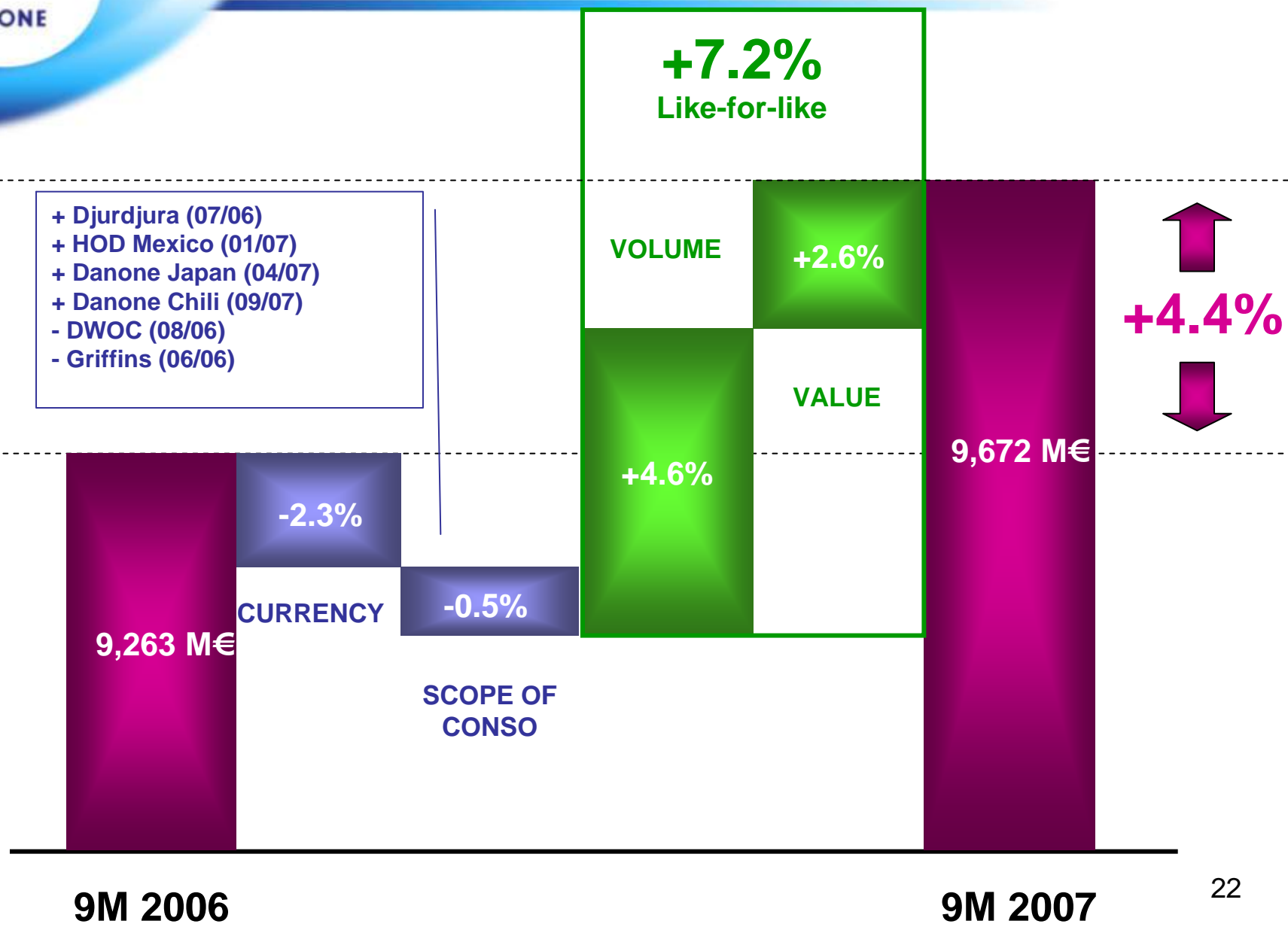
# IFRS ACCOUNTS

(BISCUITS AS DISCONTINUED OPERATIONS)



# Analysis of 9M 2007 Net Sales Growth (IFRS)

- + Djurdjura (07/06)
- + HOD Mexico (01/07)
- + Danone Japan (04/07)
- + Danone Chili (09/07)
- DWOC (08/06)
- Griffins (06/06)





# Impact of currency and scope (IFRS)

	H1 2007	Q3 2007	9M 2007
<b>Reported Net Sales</b>	<b>+4.8%</b>	<b>+3.6%</b>	<b>+4.4%</b>
<b>Currency</b>	<b>-2.6%</b>	<b>-1.9%</b>	<b>-2.3%</b>
<b>Scope of consolidation</b>	<b>-1.8%</b>	<b>+2.1%</b>	<b>-0.5%</b>
<b>Like-for-like Net Sales</b>	<b>+9.2%</b>	<b>+3.4%</b>	<b>+7.2%</b>





# 9M 2007 like-for-like sales growth Breakdown volume/value (IFRS)

## *Like-for-like*

**Volume**
**Value**
**Total**
**Fresh Dairy Products**
**+8%**
**+3.7%**
**+11.7%**
**Beverages**
**-1.8%**
**+0.7%**
**-1.1%**
**Europe**
**+4.2%**
**+2.6%**
**+6.8%**
**Asia**
**-2%**
**-2.3%**
**-4.3%**
**Rest of World**
**+10.5%**
**+6.1%**
**+16.6%**
**GROUP**
**+4.6%**
**+2.6%**
**+7.2%**



# 9M 2007 Net Sales by business & geographical area (IFRS)

€ million

9M 2006

9M 2007

Like-for-like growth

Fresh Dairy Products

5,957

6,572

+11.7%

Beverages

3,112

3,100

-1.1%

Britannia, Griffins...

193

0

N/A

Europe

5,178

5,575

+6.8%

Asia

1,792

1,537

-4.3%

Rest of World

2,293

2,560

+16.6%

**GROUP**

9,263

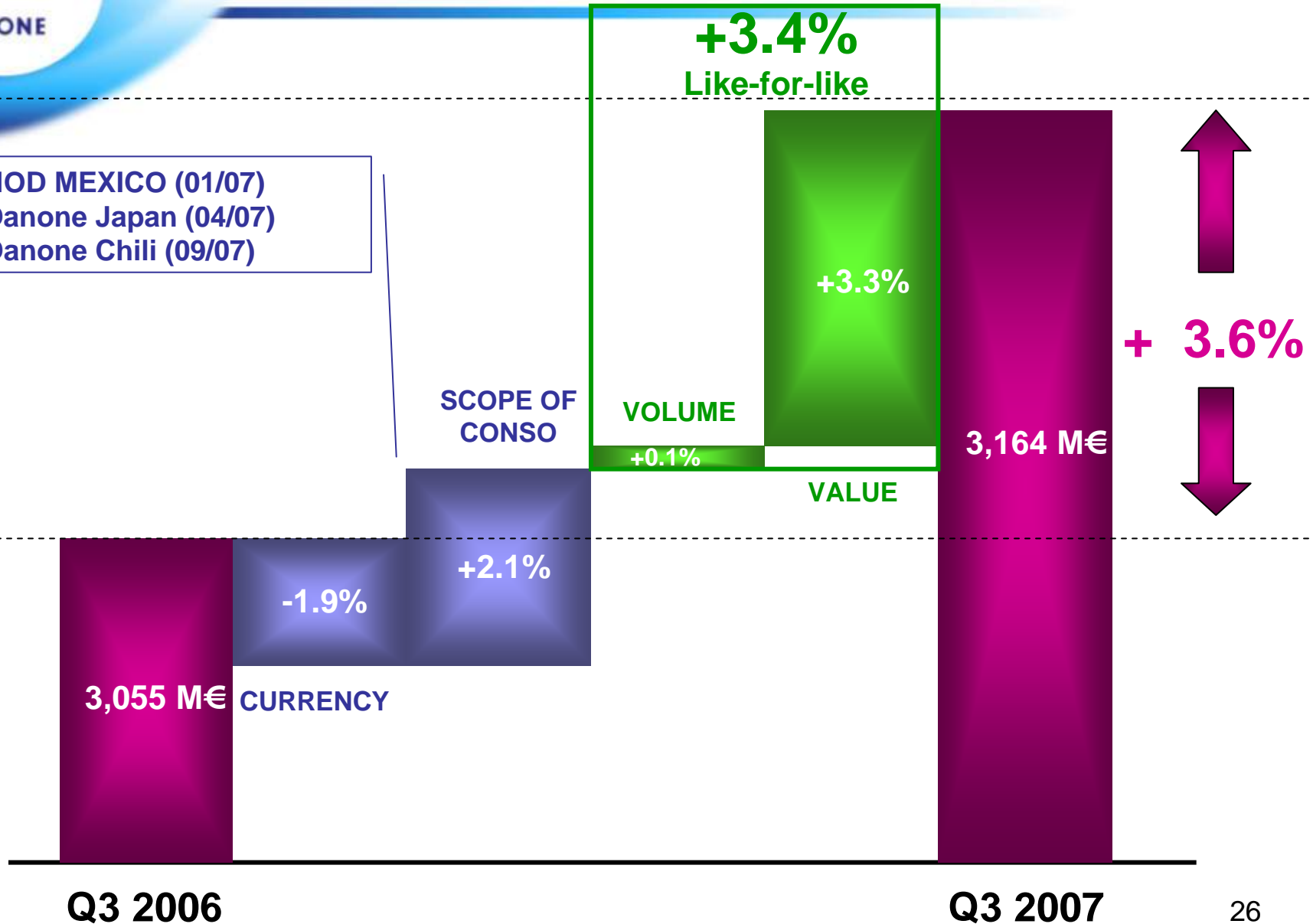
9,672

+7.2%



# Analysis of Q3 2007 Net Sales Growth (IFRS)

- + HOD MEXICO (01/07)
- + Danone Japan (04/07)
- + Danone Chili (09/07)





# Q3 2007 like-for-like sales growth Breakdown volume/value (IFRS)

***Like-for-like***

**Volume**

**Value**

**Total**

**Fresh Dairy Products**

**+6.7%**

**+5.2%**

**+11.9%**

**Beverages**

**-11.7%**

**0.0%**

**-11.7%**

**Europe**

**-0.1%**

**+3%**

**+2.9%**

**Asia**

**-8.3%**

**-4%**

**-12.3%**

**Rest of World**

**+7.1%**

**+9.5%**

**+16.6%**

**GROUP**

**+0.1%**

**+3.3%**

**+3.4%**



# Back-ups





# Top line growth by business line & geographical area (IFRS)

***Like-for-like***

**H1 2007**

**Q3 2007**

**9M 2007**

**Fresh Dairy Products**  
**Beverages**

**+11.6%**  
**+4.7%**

**+11.9%**  
**-11.7%**

**+11.7%**  
**-1.1%**

**Europe**

**+8.9%**

**+2.9%**

**+6.8%**

**Asia**

**+0.0%**

**-12.3%**

**-4.3%**

**Rest of World**

**+16.5%**

**+16.6%**

**+16.6%**

**GROUP**

**+9.2%**

**+3.4%**

**+7.2%**



# Major changes in exchange rates

**47% of sales denominated in €**

	<b>% total Q3 '07 sales</b>	<b>Q2 '07 vs Q2 '06 (avg)</b>	<b>Q3 '07 vs Q3 '06 (avg)</b>
<b>Chinese Yuan</b>	<b>9%</b>	<b>- 2%</b>	<b>- 3%</b>
<b>US Dollar</b>	<b>7%</b>	<b>- 6%</b>	<b>- 8%</b>
<b>Mexican Peso</b>	<b>6%</b>	<b>- 2%</b>	<b>- 8%</b>
<b>Argentinian Peso</b>	<b>3%</b>	<b>- 6%</b>	<b>- 9%</b>
<b>Russian Rouble</b>	<b>4%</b>	<b>- 1%</b>	<b>- 3%</b>
<b>Polish Zloty</b>	<b>3%</b>	<b>+ 4%</b>	<b>+ 4%</b>
<b>Sterling Pound</b>	<b>3%</b>	<b>+ 2%</b>	<b>- 1%</b>
<b>Canadian Dollar</b>	<b>2%</b>	<b>- 3%</b>	<b>- 1%</b>
<b>Brazilian Real</b>	<b>2%</b>	<b>+ 6%</b>	<b>+ 5%</b>
<b>Indonesian Roupie</b>	<b>2%</b>	<b>- 5%</b>	<b>- 9%</b>
<b>South African Rand</b>	<b>1%</b>	<b>- 12%</b>	<b>- 5%</b>



# Q3 2007 Net Sales by business & geographical area

€ million

Reported

Q3 2006

Q3 2007

Like-for-  
like growth

Fresh Dairy Products

1,990

2,203

+11.9%

Beverages

1,067

961

-11.7%

Biscuits & Cereal Products

498

524

+6.6%

Europe

2,182

2,266

+3.2%

Asia

609

557

-9.7%

Rest of World

762

865

+17.1%

**GROUP**

**3,555**

**3,688**

**+3.9%**



## Q3 2007 like-for-like sales growth Breakdown volume/value

### *Like-for-like*

#### Volume

#### Value

#### Total

**Fresh Dairy Products**

**+6.8%**

**+5.1%**

**+11.9%**

**Beverages**

**-11.7%**

**0%**

**-11.7%**

**Biscuits & Cereal Products**

**+4.2%**

**+2.4%**

**+6.6%**

**Europe**

**+0.4%**

**+2.8%**

**+3.2%**

**Asia**

**-6.5%**

**-3.2%**

**-9.7%**

**Rest of World**

**+7.5%**

**+9.6%**

**+17.1%**

**GROUP**

**+0.7%**

**+3.2%**

**+3.9%**



# 9M 2007 like-for-like sales growth

## Breakdown volume/value

### *Like-for-like*

#### Volume

#### Value

#### Total

**Fresh Dairy Products**

**+8%**

**+3.7%**

**+11.7%**

**Beverages**

**-1.8%**

**+0.7%**

**-1.1%**

**Biscuits & Cereal Products**

**+4.3%**

**+1.4%**

**+5.7%**

**Europe**

**+3.9%**

**+2.4%**

**+6.3%**

**Asia**

**-0.9%**

**-1.8%**

**-2.7%**

**Rest of World**

**+10.9%**

**+6.1%**

**+17%**

**GROUP**

**+4.6%**

**+2.4%**

**+7%**



## Q3 & 9M Top line growth

*Like-for-like*

**H1 2007**

**Q3 2007**

**9M 2007**

**Fresh Dairy Products**

**+11.6%**

**+11.9%**

**+11.7%**

**Beverages**

**+4.7%**

**-11.7%**

**-1.1%**

**Biscuits & Cereal Products**

**+5.3%**

**+6.6%**

**+5.7%**

**Europe**

**+7.8%**

**+3.2%**

**+6.3%**

**Asia**

**+1.1%**

**-9.7%**

**-2.7%**

**Rest of World**

**+16.9%**

**+17.1%**

**+17%**

**GROUP**

**+8.6%**

**+3.9%**

**+7%**



# 9M 2007 Net Sales by business & geographical area

€ million

**9M 2006**

**9M 2007**

**Like-for-like growth**

**Fresh Dairy Products**

**5,957**

**6,572**

**+11.7%**

**Beverages**

**3,112**

**3,100**

**-1.1%**

**Biscuits & Cereal Products**

**1,703**

**1,569**

**+5.7%**

**Europe**

**6,504**

**6,937**

**+6.3%**

**Asia**

**1,965**

**1724**

**-2.7%**

**Rest of World**

**2,303**

**2580**

**+17%**

**GROUP**

**10,772**

**11,241**

**+7%**



# Share buy-back program

## 2007 Share buy-back

Number of Shares	8,618,954
in % of outstanding capital at 30/09/07	1.68%
Investment	€507.90 M

## Treasury Stock as of 09/30/2007

- 38,048,592 shares
- 7.42% of the outstanding capital\*

*\*Outstanding capital as of 30/09/2007: 512,851,460*