



Bernard HOURS

North America



NORTH AMERICA





USA

Context

LARGE POPULATION BUT
VERY LOW DAIRY PCC
5.4kg/Y

MARKET PARADIGMS

Yogurt is for adult
Yogurt should be low fat
Yogurt comes in a cup

- **BREAK THE MARKET PARADIGMS** to develop the category
 - Develop fresh dairy drinks offer for adults : launch of Frusion
 - Launch indulgence yogurt with La crème
 - Fruit drinks for kids on Danimals



DANNON = key contributor to market development

	2001	2002	Cam 2003
Total market growth	+9%	+10%	+10.5%
Dannon sales growth	+8%	+15%	+12.1%



DANNON USA = MORE TO COME

LIGHT AND FIT SMOOTHIE

- The lightest smoothie available - **only 80 calories for a 7oz bottle**. So light that you can enjoy it everyday
- It gives you all the benefits of Dannon Light 'n Fit yogurt - great tasting, nutritious and low calorie, and more - because it's a drinkable smoothie, it's great on the go





DANNON USA = MORE TO COME

LA CREME MOUSSE





STONYFIELD : THE FASTEST MOVING DAIRY ORGANIC COMPANY



Stonyfield Farm at a Glance



- Began in 1983 as an organic farming school with five cows and a great-tasting yogurt recipe
- 23% compounded annual growth rate (past 12 years)
- Current annual turnover c. \$100 Mio (48K Tonnes)
- Currently #4 US brand with 4.6 share
- Additionally, #1 Brand in \$100 Mio Natural Foods segment, larger than #2 - #6 combined
- Largest organic yogurt producer in the world



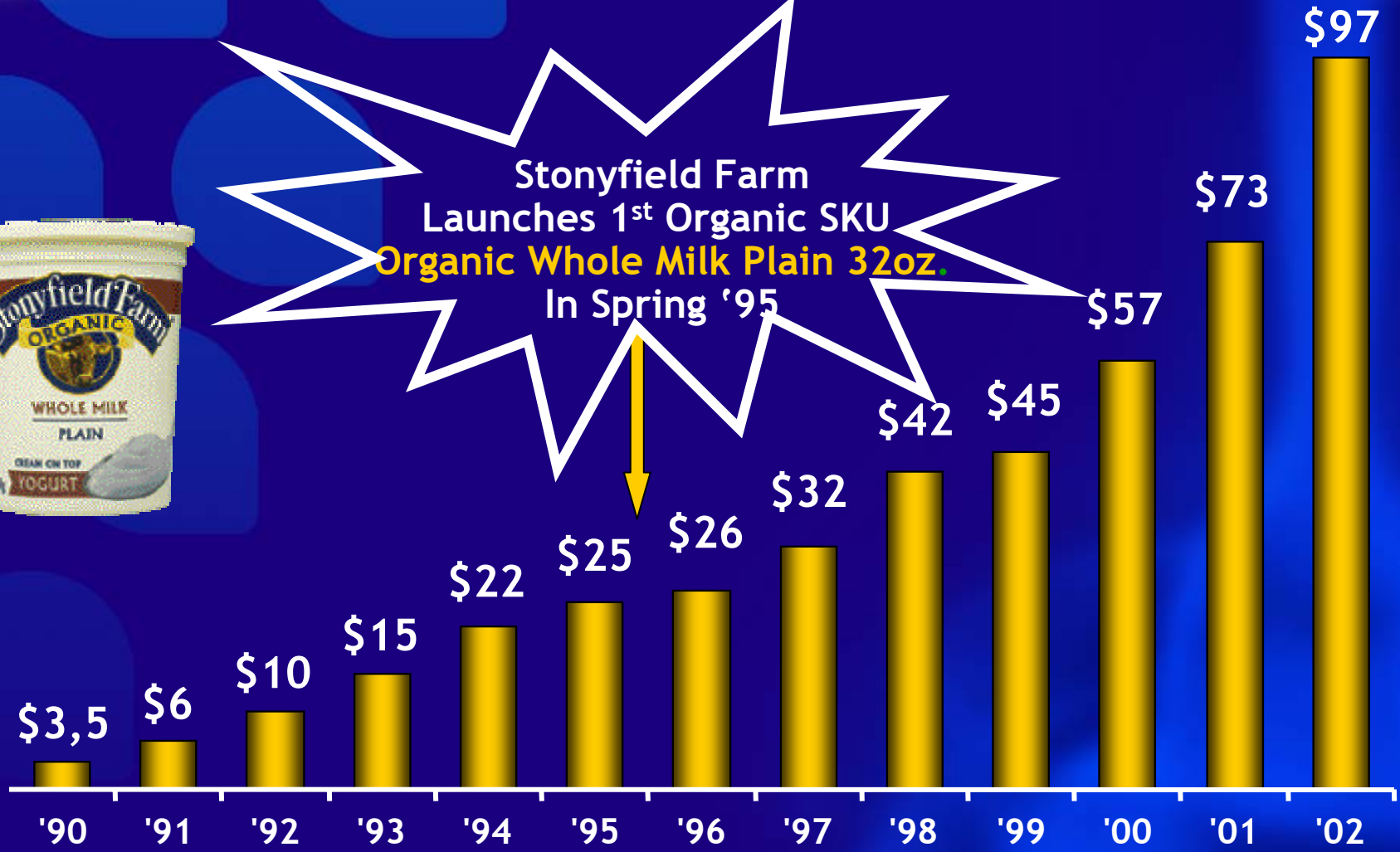
Stonyfield the fastest moving organic dairy company



Annual Net Sales 1990-2002: 12 Yr CAGR = 22.9%



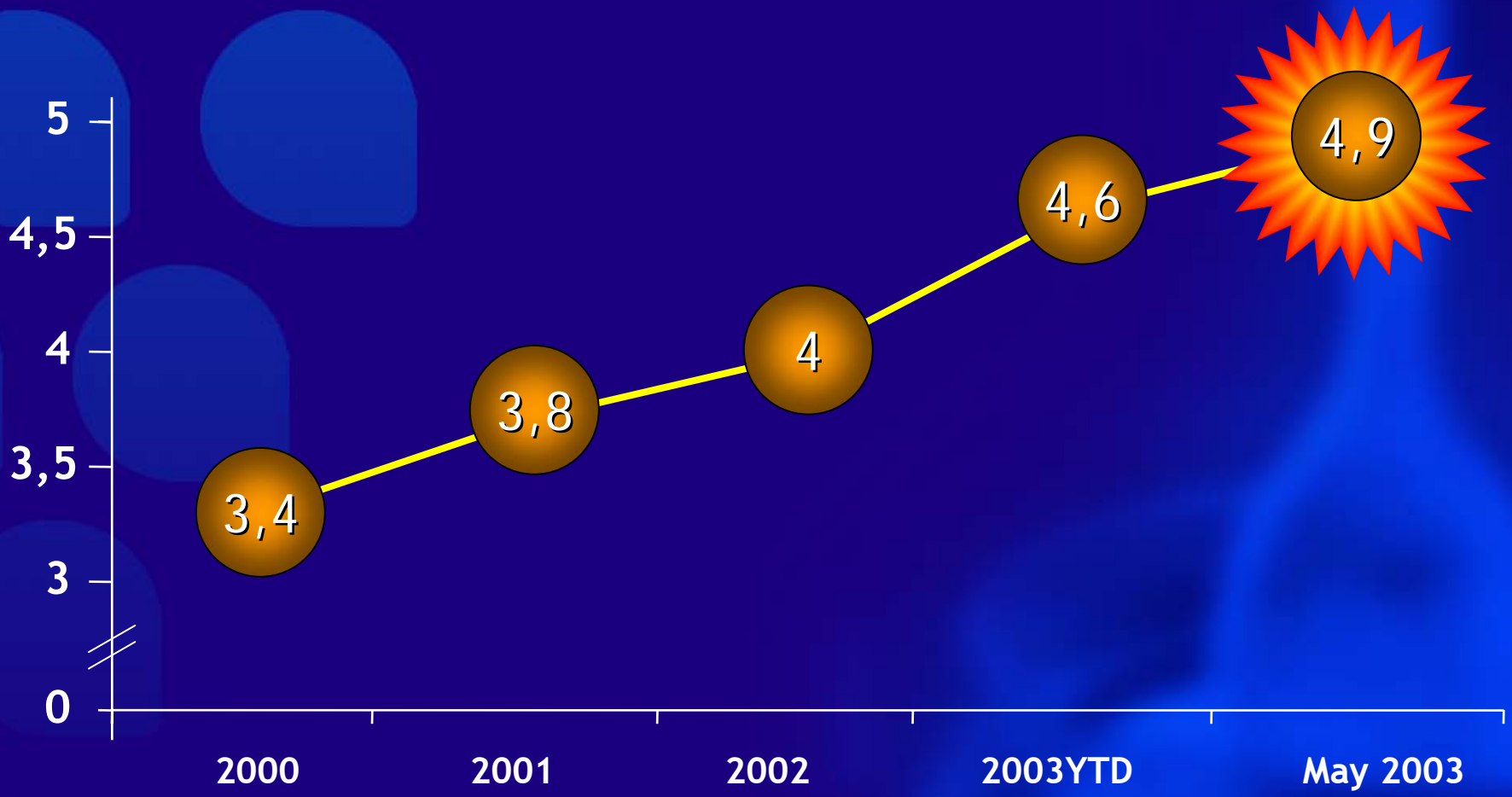
Stonyfield Farm
Launches 1st Organic SKU
Organic Whole Milk Plain 32oz.
In Spring '95





N° 4 on total US market, N° 1 on US organic market

Market Share Stonyfield 2000-2003





Organic Yogurt Portfolio



● Small Cup

- 6 oz. Low fat Yogurt
- 6 oz. Whole Milk Yogurt
- 6 oz. O'Soy Cultured Soy

● Quarts

- 32 oz. Low fat Yogurt
- 32 oz. Whole Milk Yogurt

● Drinkable Low fat Yogurt

● Multipacks/Portable

- YoBaby Whole Milk Yogurt
- Kids Multipack Low fat Yogurt
- Squeezers Portable Low fat Yogurt
- YoSelf Low fat Yogurt
- O'Soy Cultured Soy

● Frozen

- Low Fat & Nonfat Frozen Yogurt
- Super Premium Ice Cream



Encoding the Mission: Advertising



We start with nature's gifts,
then we add...nothing.

Additives do not improve the taste of yogurt.
Neither do starches or synthetic growth hormones.
So we don't bother with any of that.



In fact, making the world's best yogurt takes only two things.
A love of the gifts that come naturally from the earth. And a passion for making the most of them.



Yogurt on a mission.™

Stonyfield Farm
ORGANIC

Each year, 10% of our profits are given to efforts that help protect the environment. Care to hear more? Visit Stonyfield.com



CANADA

Context

MARKET

A small but healthy market

DANONE

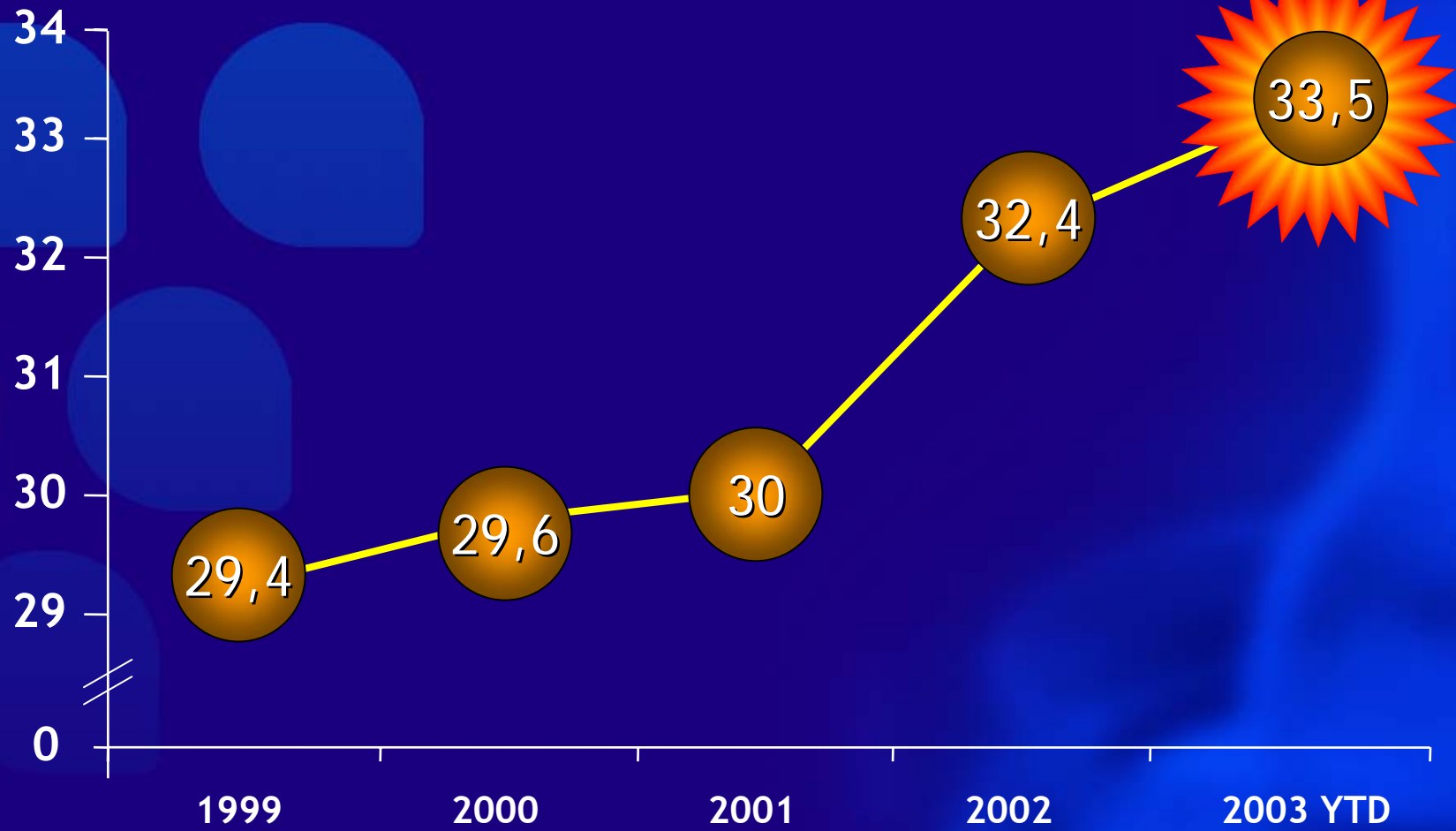
Danone used to be a regional company

- Extend coverage and leadership to all regions
- Reduce cost to increase advertising
- Fuel growth via added value innovation
 - La Crème launch in 02
- Development of away from home consumption
 - Exclusivity with Mac Donald



Increased market share in a very dynamic market

Market Share Danone CANADA 1999-2003

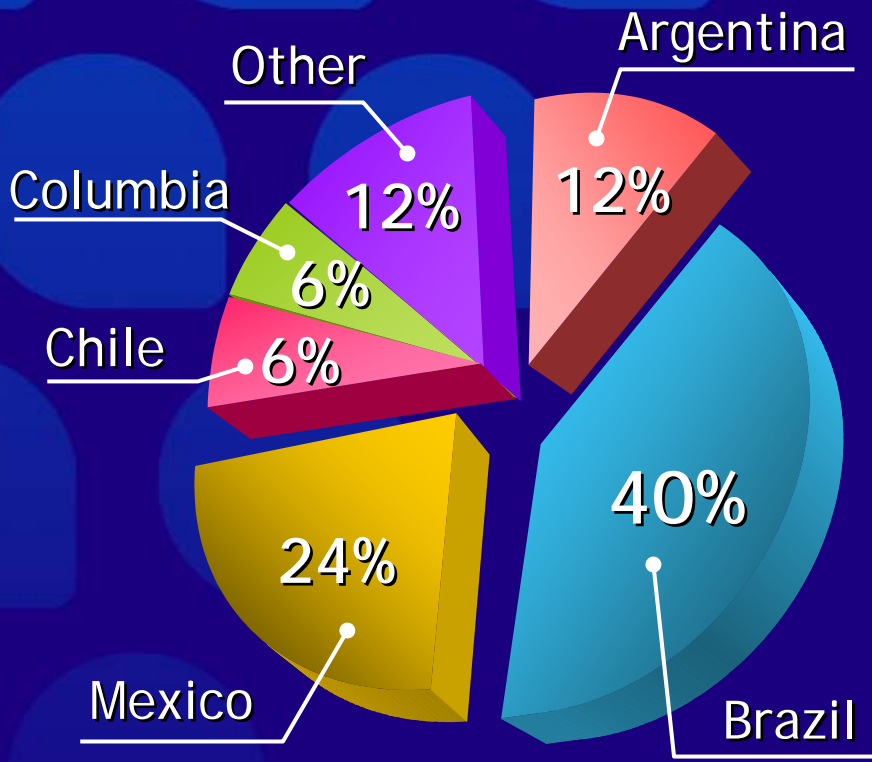




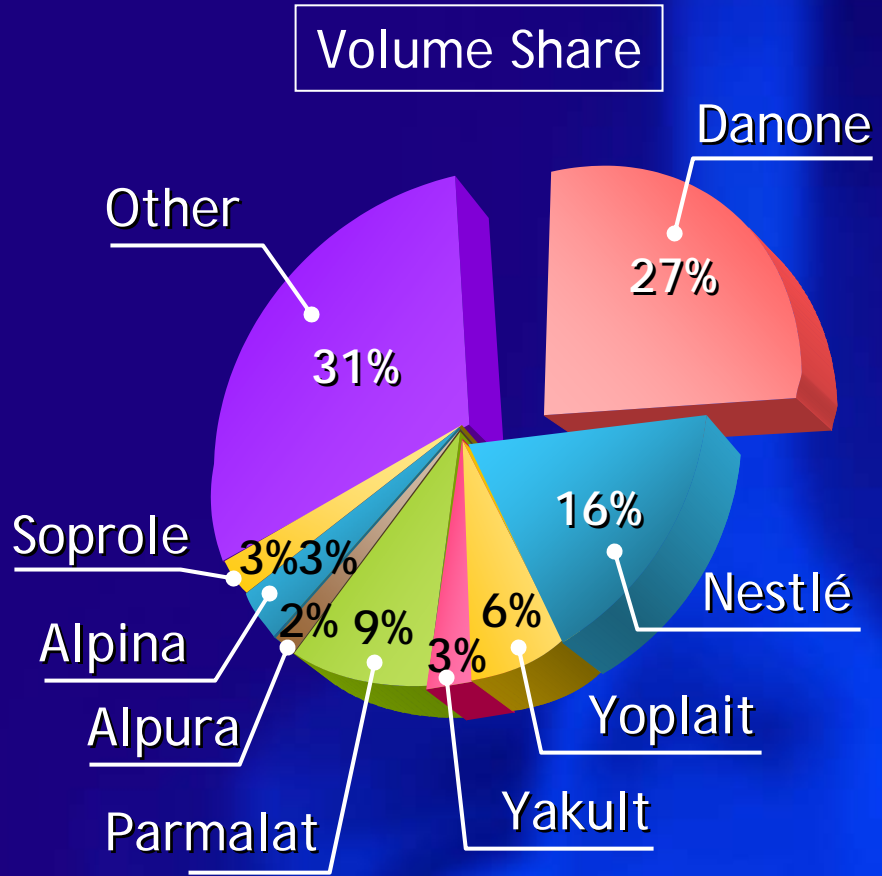
Latin America Focus: Mexico



LATAM Fresh Dairy Market is concentrated in 3 Countries with 2 dominant players



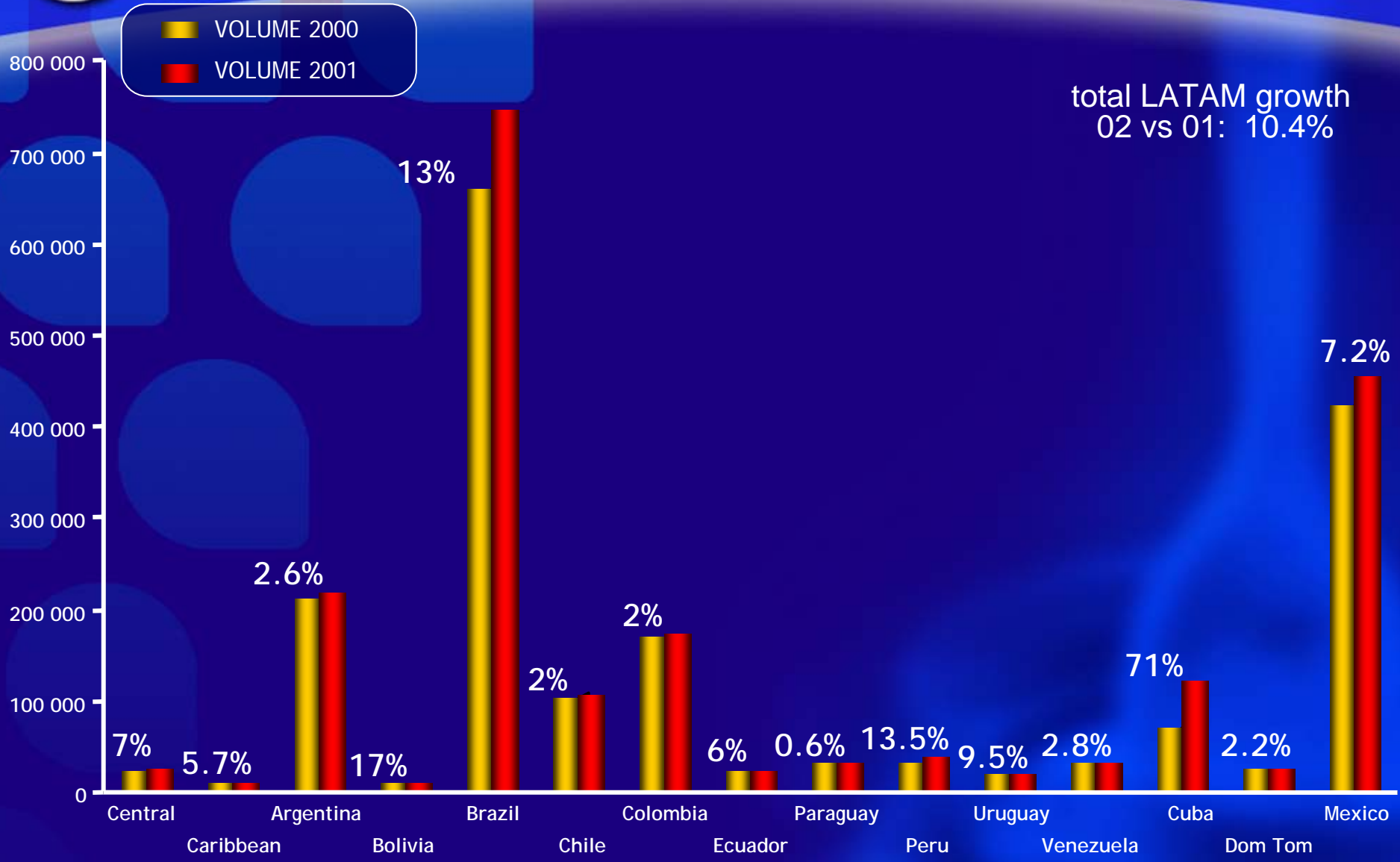
Distribution of LATAM volume by country



Distribution of LATAM volume by Company



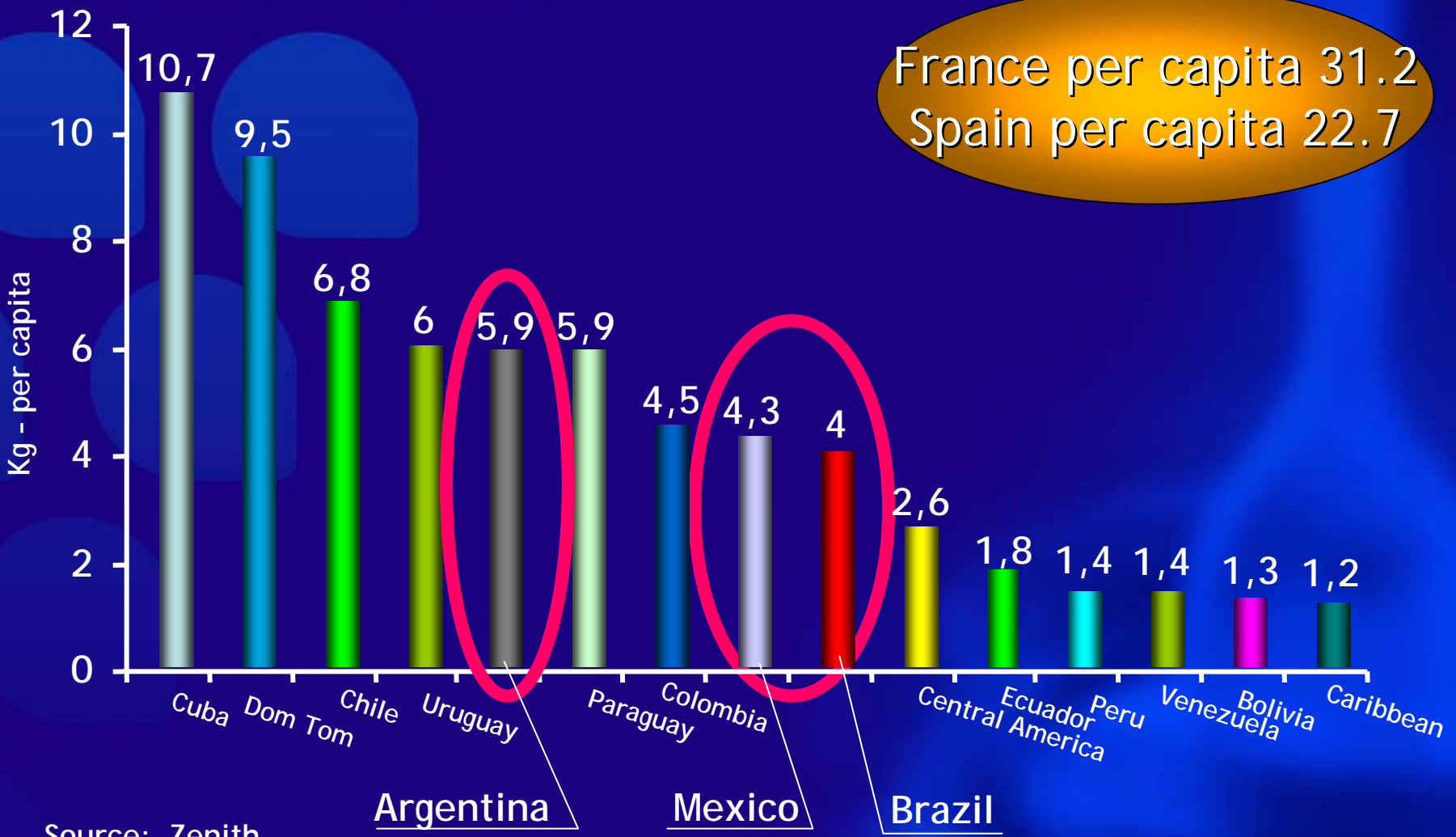
We continue to see strong volume growth throughout the region



Source: Zenith



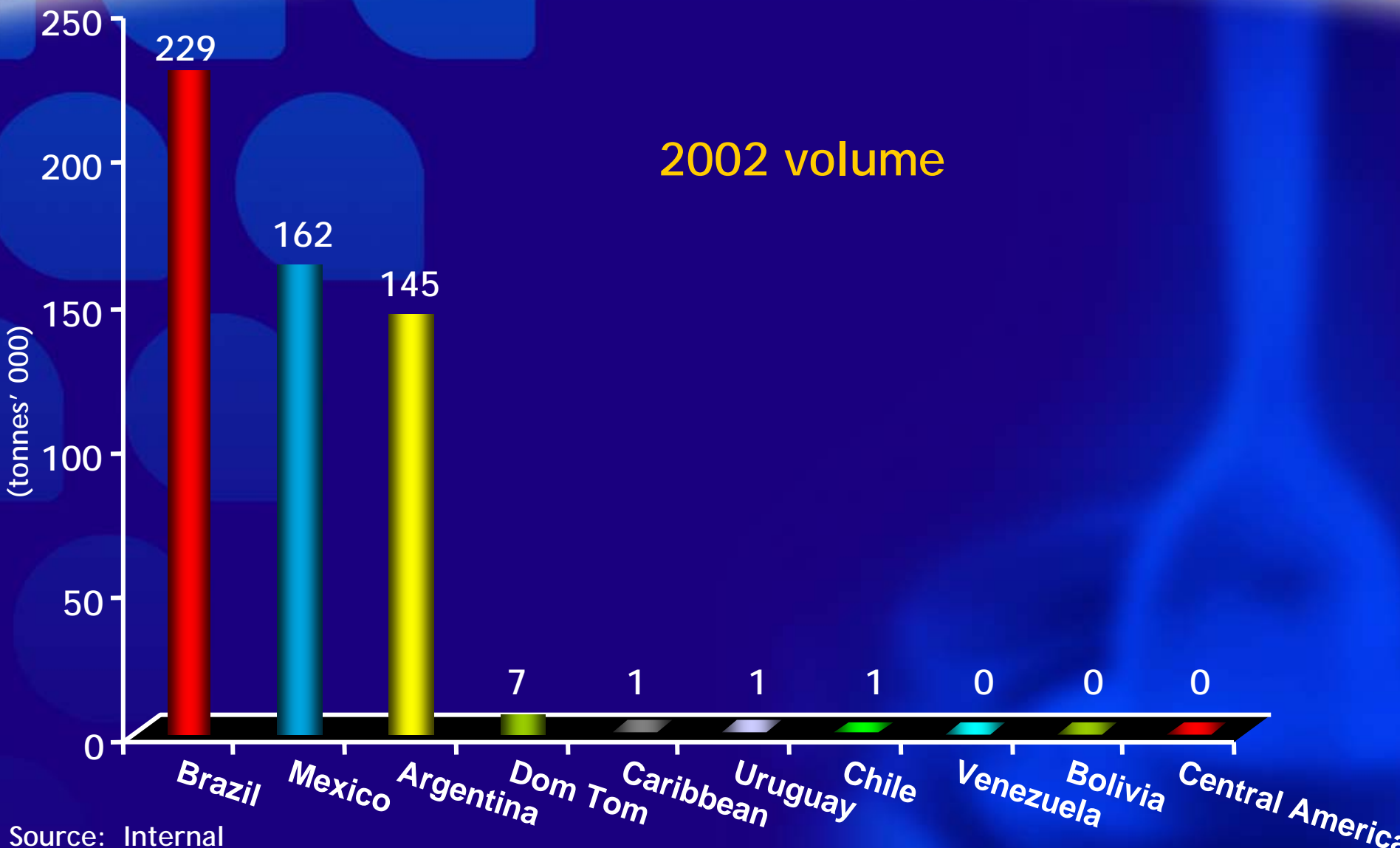
But there is significant opportunity to increase per capita consumption



Source: Zenith



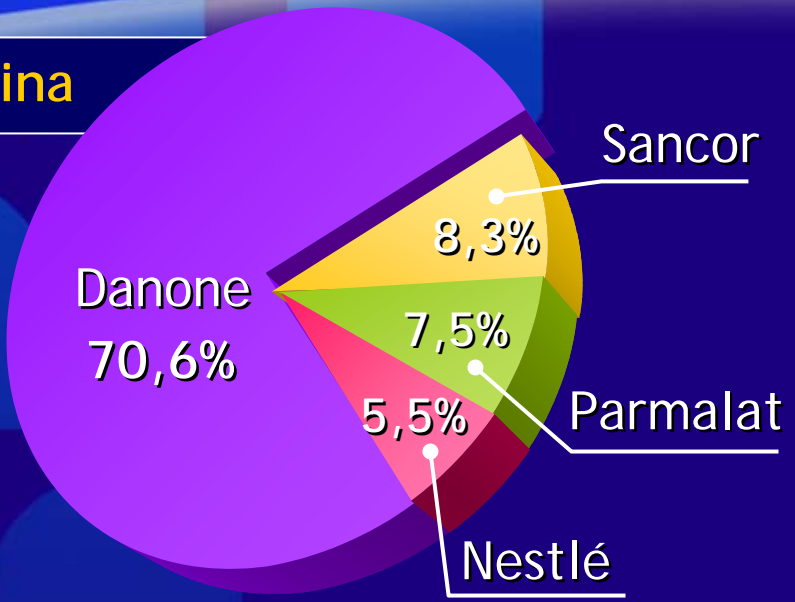
DANONE: Dominates the three key markets but has limited presence in the rest



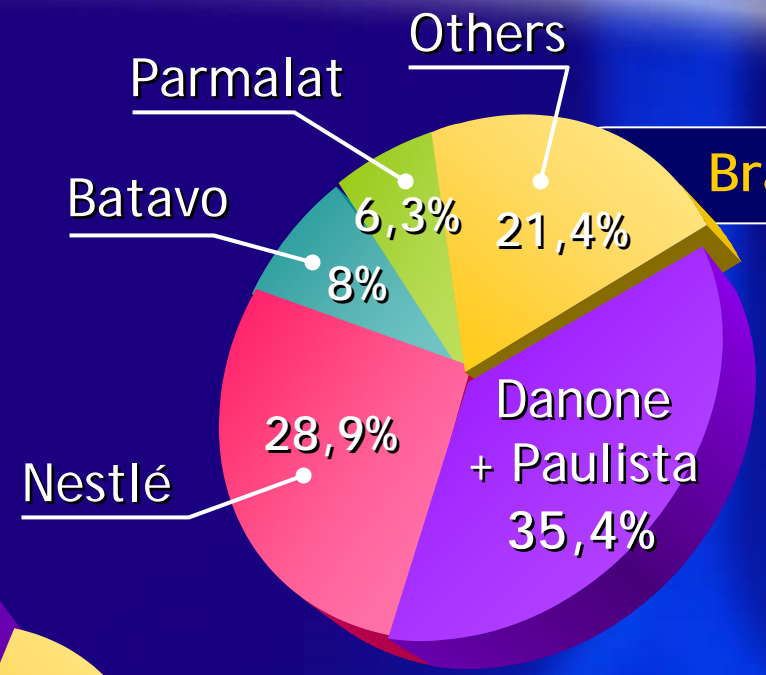


DANONE dominates the 3 key markets (value share 2002)

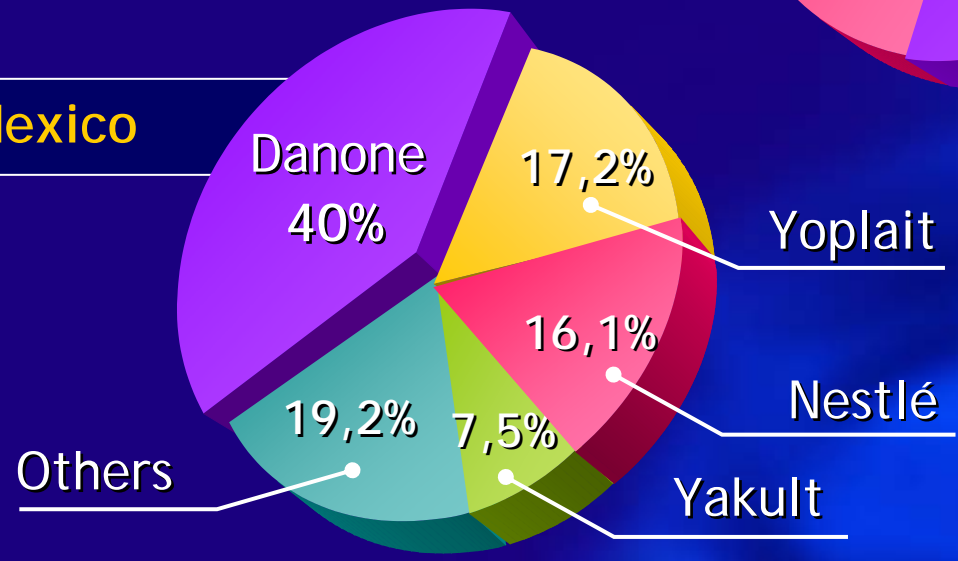
Argentina



Brazil



Mexico





Key LATAM Strategies to increase per capita, and continue profitable double digit growth

- Increase availability by developing the Proximity Channel

- expand distribution,
- increase use of technology
- fridge placement program.

Proximity accounts for 58% of sales

- Focus on key brands while continuing to address consumer needs through innovations and affordability

Key brands account for 60% of total LATAM sales

- Continue to build visibility and image by 360 degrees marketing and increased media pressure

Argentina: Consolidated position as clear market leader throughout the crisis



VALUE SHARE	1999	2000	2001	2002	Apr-03
Danone	61.2	63.1	64.4	70.6	74.6
Sancor	13.5	12.2	12.7	8.3	7.6
Parmalat	12.2	10.3	8.9	7.5	5.3
Nestle	7.6	6.8	6.8	5.5	4.6
Others	7.4	8.2	8.9	8.1	7.9



Mexico FDP perspective

2003 MACROECONOMICS

Population : 110 MM (1.5% annual growth)

GDP growth : 2.4%

Inflation : 4.5%

Households : 20 MM

Population below 24 years : 57%



Market context



- An estimated 500.000 tons market
- A low PCC: 4.2 kilos despite high quarterly penetration: 92%
- Fruit yoghurts (36% of total volume) and drinkable yoghurts (27%) are the two main segments
- FDP market growth: +9% rolling year



Strategy

Strategy

- To become the preferred food brand of the mexican consumers

- *To increase product availability*

- To increase product accessibility

- *To develop a high performing team*

Key actions

- Strong A&P investment :
(70% SOV; n° 4 food investor in TV)

- Increase distribution in traditional segment:
(+15000 direct customers vs YAG)*

- Aggressive cost reduction programs :
raw material cost per kilo down 4% vs YAG

- Attract, retain and develop talents*