



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.



1st HALF RESULTS

Estimated figures

July 2005

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Preliminary notes

- All figures are under IFRS
- 2004 and 2005 figures from Net sales to Operating income exclude the Sauce business
- The net income of the Sauce business is reported on a separate line of the P&L, namely “Net income from discontinued operations“



H1 2005 Key Figures

Net Sales	➔	€ 6,437 M	+6.5% like-for-like +2.9%
Trading operating income	➔	€ 857 M	+4.5%
Trading operating margin	➔	13.31 %	Vs 13.10% H1 '04 + 21bp
Underlying net income From continuing activities	➔	€ 503 M	+7.5%
Underlying EPS (fully diluted) From continuing activities	➔	€ 2.00	Vs €1.83 H1 '04 + 9.3%
Free Cash Flow ⁽¹⁾	➔	€ 485 M	Vs € 485 M H1 '04

(1): Free Cash Flow: Cash flow from operations less capital expenditure and change in working capital



H1 2005: Net Sales Evolution

H1 2004

€ Millions

H1 2005

6,257

6,437

+2.9%

CURRENCY

-0.4%

LIKE-FOR-LIKE

+6.5%

Scope of Conso.

-3.2%

+5.2%

VOLUME

+1.3%

VALUE



From Reported Net Sales to Like-For-Like Net Sales

	Q1 2005	Q2 2005	H1 2005
Reported Net Sales	+1 .0%	+4 .7%	+2 .9%
Currency	-1 .1%	+0 .4%	-0 .4%
Scope of consolidation	-3 .2%	-3 .3%	-3 .2%
Like-for-like Net Sales	+5 .3%	+7 .6%	+6 .5%



Major changes in exchange rates

	% total H1 sales	H1 '05 vs H1 '04 (average)	FY '04 vs FY '03 (average)
Chinese Yuan	10%	-4%	-8%
US Dollar	7%	-4%	-8%
<u>Total US & US-pegged</u>	<u>≈ 17%</u>		
Sterling Pound	4%	-2%	+2%
Mexican Peso	4%	-2%	-12%
Indonesian Rupee	2%	-11%	-13%
Polish Zloty	2%	+16%	-2%
Brazilian Real	1%	+13%	-4%

53% of total Group sales are denominated in Euro (H1 2005)



Major changes in scope of consolidation*

As of

**Jacob's (UK)
&
Irish Biscuits (Ireland)**

**September 2004
August 2004**

**Biscuits Latin America
(Brazil & Argentina) ⁽¹⁾**

January 2005

Italaquae

January 2005



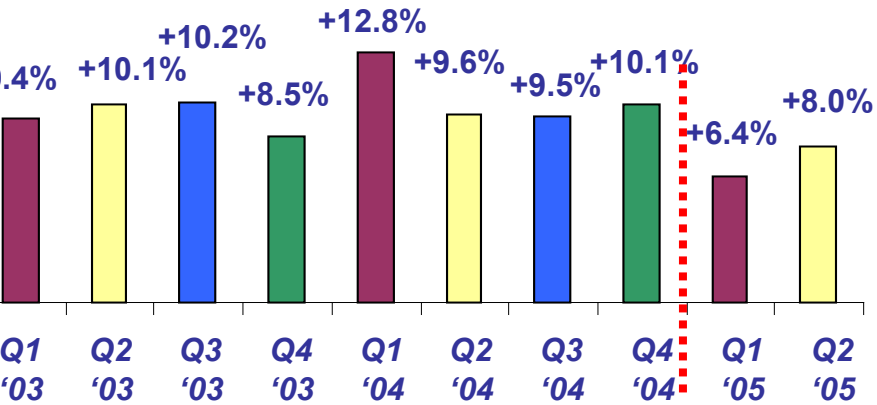
Acceleration of top line growth in Q2 2005

Like-for-like	Q1 2005	Q2 2005	H1 2005
Fresh Dairy Products	+6.4%	+8.0%	+7.2%
Beverages	+5.7%	+11.0%	+8.6%
Biscuits & Cereal Products	+1.3%	+1.3%	+1.3%
Europe	+1.9%	+3.8%	+2.9%
Asia	+8.3%	+13.2%	+10.8%
Rest of World	+15.3%	+17.3%	+16.4%
GROUP	+5.3%	+7.6%	+6.5%

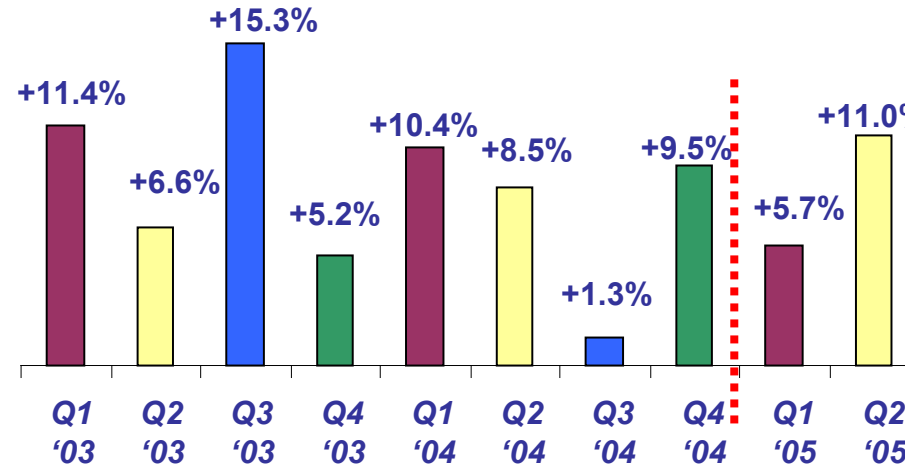


Quarterly like-for-like sales growth by business line

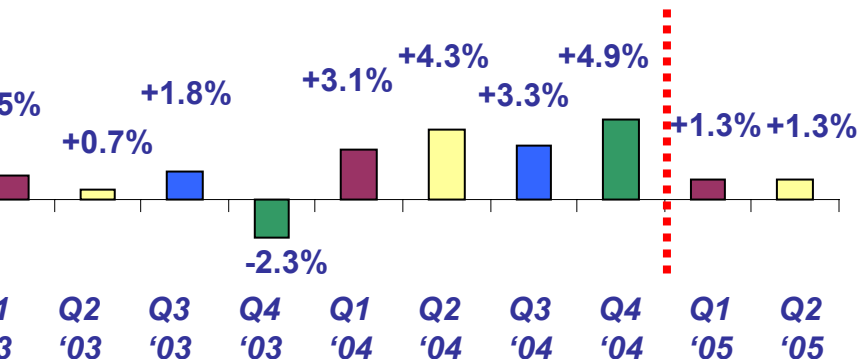
Fresh Dairy Products



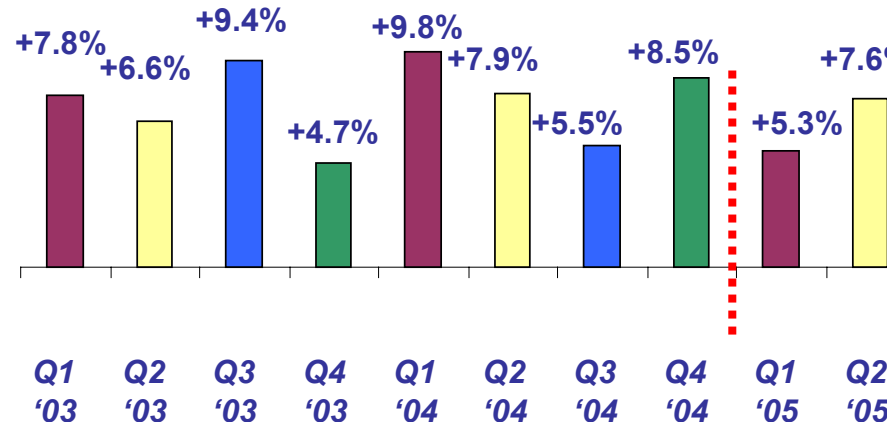
Beverages



Biscuits & Cereal Products



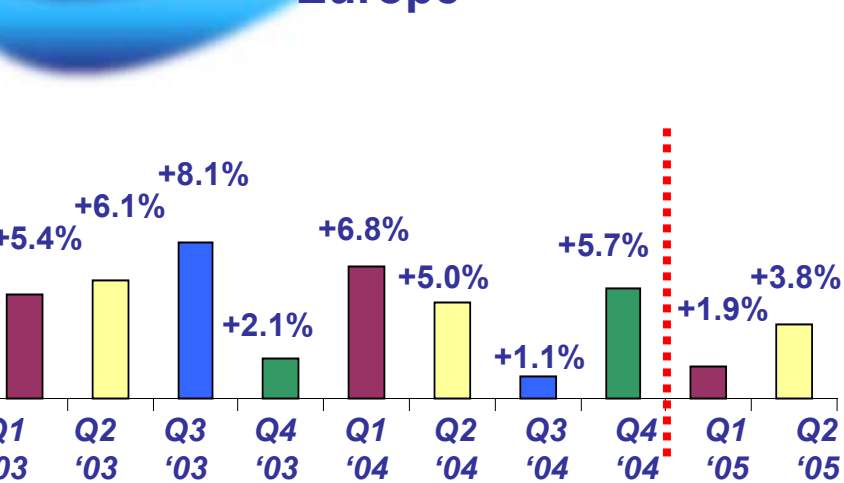
Groupe DANONE



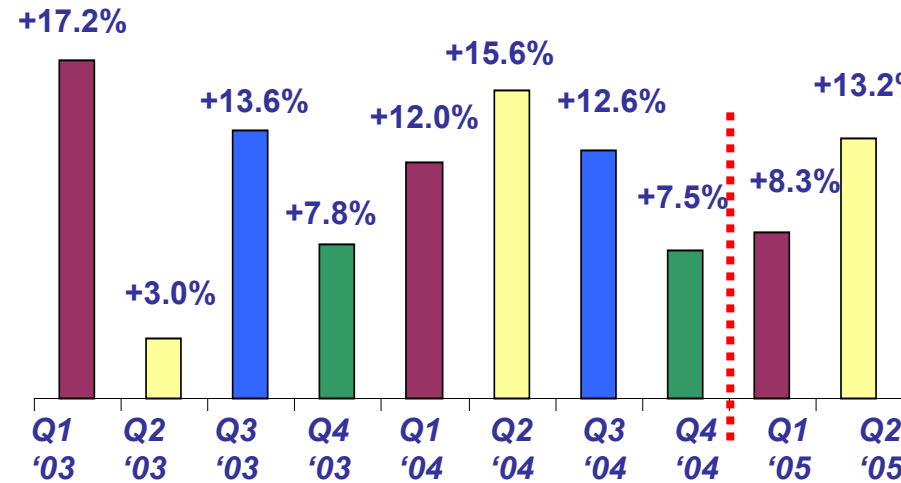


Quarterly like-for-like sales growth by geographical area

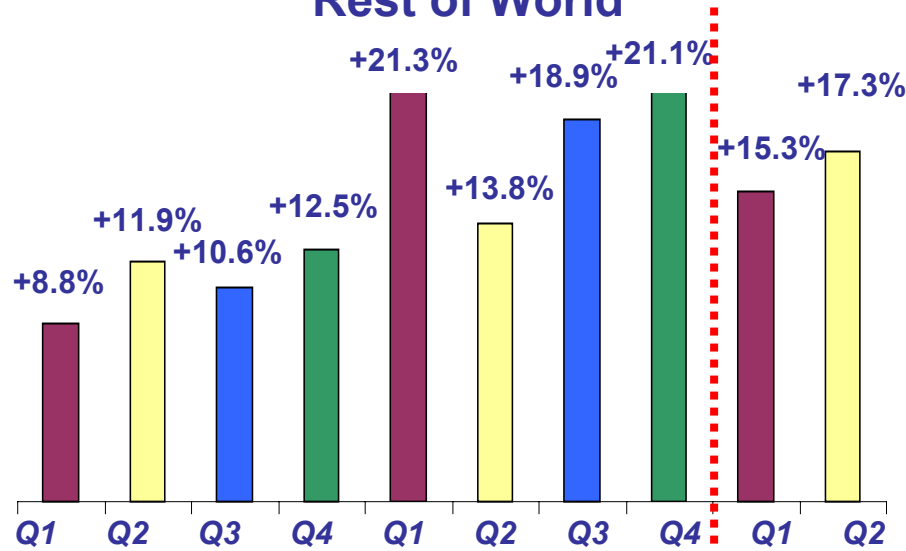
Europe



Asia



Rest of World



Figures prior to Q1 2005 are
under French GAAP



Trading operating income and margin

H1 2004

H1 2005

Trading operating income	820	857
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Other operating items	(20)	(0)
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Operating income	800	857
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Trading operating margin	13.10%	13.31%
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+21 bp

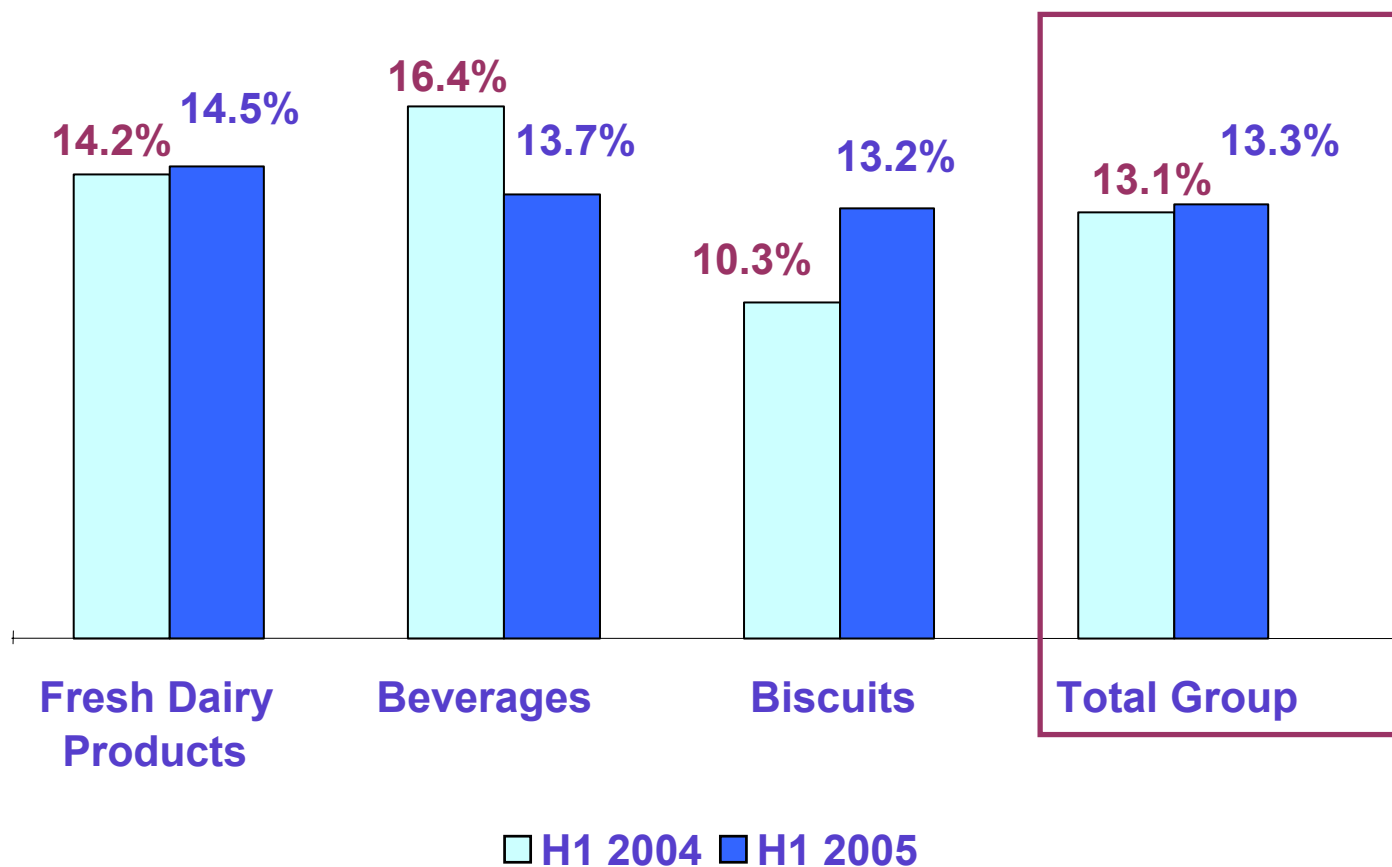


Operating margin change

- ⊠ Reported Ebit margin up +21 bp to 13.3%
- ⊠ Changes in the scope of consolidation have contributed up to +48 bp
- ⊠ Marginal impact of currency translation
- ⊠ Like-for-like operating margin down -25 bp as anticipated,
 - ⊠ negatively impacted, up to -75 bp (net), by Input costs (mainly Plastics)

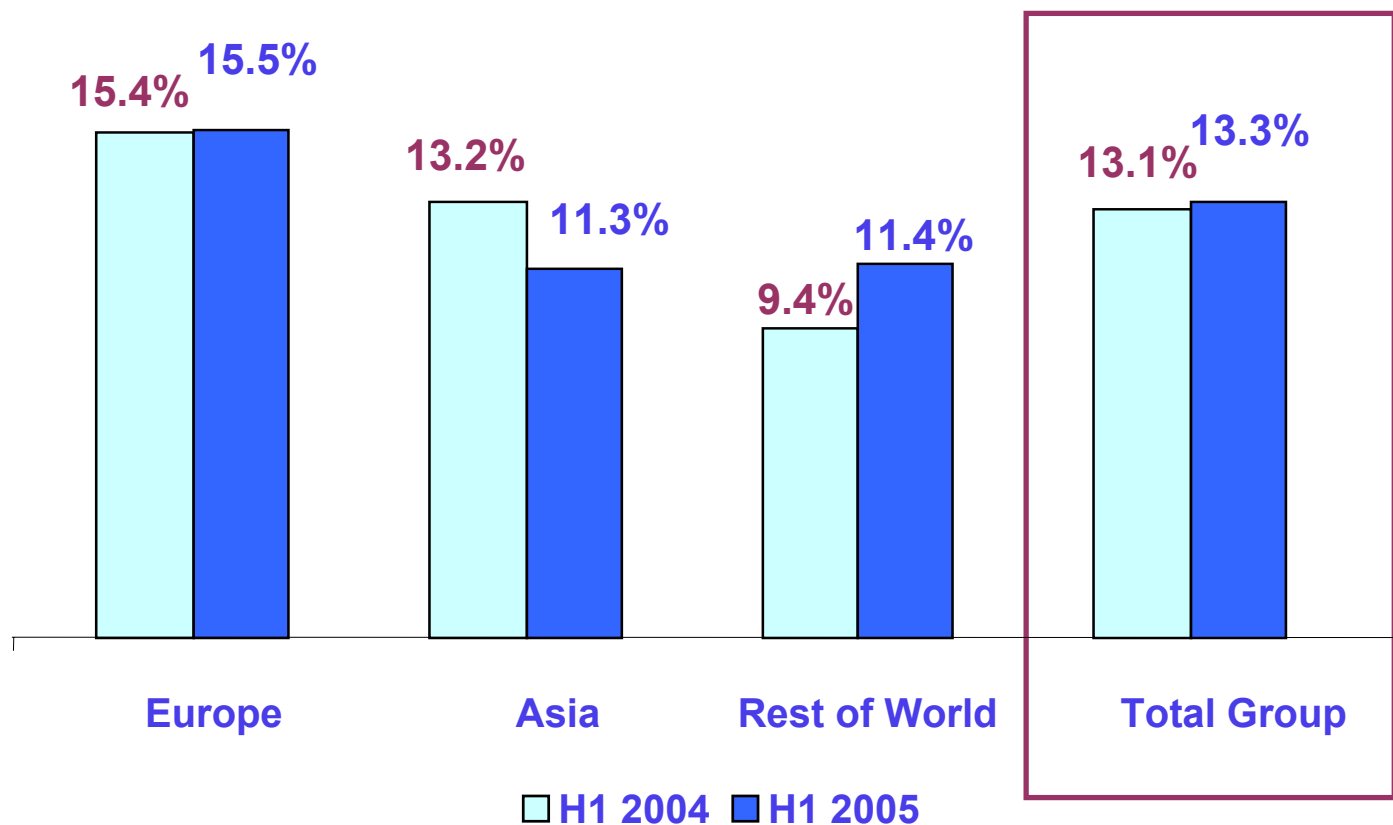


Trading operating margin by business line





Trading operating margin by geographical area





From Operating Income to Net income

H1 2004

H1 2005

Operating income	820	857
Cost of net debt	(56)	(67)
Other financial items	94	(17)
Income tax	(247)	(219)
Net income of consolidated companies	591	554
Share in net income of affiliates	22	(132)
Net income of discontinued activities	23	23
Net Income	636	445
<i>Attributable to the parent</i>	<i>547</i>	<i>347</i>
<i>Attributable to minority interests</i>	<i>89</i>	<i>98</i>



Underlying net income from continuing operations

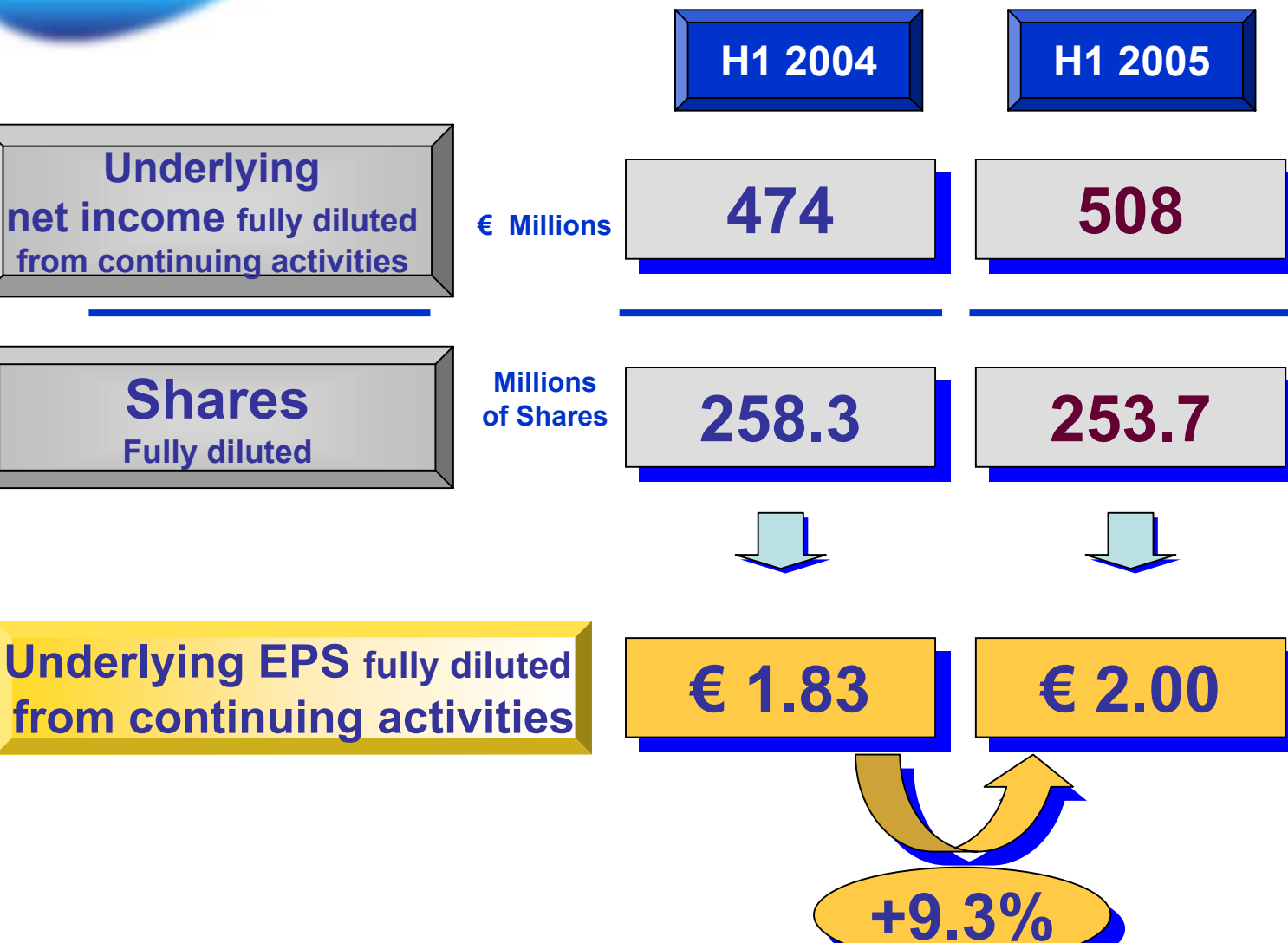
H1 2004

H1 2005

Underlying net income from continuing operations	468	503
		+7.5%
Non current net income from continuing operations	56	(179)
Net income from discontinued operations	23	23
Net income attributable to the parent	547	347



Underlying Earnings Per Share from continuing activities





Free Cash Flow from Operations

€ Millions

H1 2004

H1 2005

Cash flow from operations	757	776
Change in working capital	(62)	(63)
Capital expenditure	(210)	(228)
Free Cash Flow from Operations	485	485



Cash flow statement

H1 2004

H1 2005

Free Cash Flow from Operations	485	485
Investments in sub. & affiliates	(29)	(156)
Disposals	196	251
Dividends paid	(442)	(468)
Share buyback	(211)	(529)
Increase in capital	43	51
Others	126	86
Change in Net Debt	168	(280)



Financing

€ Million

	<u>2004</u> June 30	<u>2004</u> Dec. 31	<u>2005</u> June 30
Net debt	5,203	4,538	4,818
<i>Of which Put options granted to minority interests</i>	2,018	2,440	2,334
Equity incl. minorities	4,772	4,506	4,262



2005 Targets

Sales like-for-like

+6% to +7%

Trading operating margin

+20 bp to +40 bp

Underlying EPS *

+10%



Back-up



2005 H1 Net Sales by business & geographical area

€ m illion

H1 2004

H1 2005

Like-for-
like grow th

Fresh Dairy Products	3,254	3,504	+7.2%
Beverages	1,705	1,772	+8.6%
Biscuits & Cereal Products	1,298	1,161	+1.3%
Europe	4,100	4,120	+2.9%
Asia	1,047	1,119	+10.8%
Rest of W orld	1,110	1,198	+16.4%
GROUP	6,257	6,437	+6.5%



2005 Q2 like-for-like sales growth

Breakdown volume/value

Like-for-like	Volume	Value	Total
Fresh Dairy Products	+6.6%	+1.4%	+8.0%
Beverages	+8.5%	+2.5%	+11.0%
Biscuits & Cereal Products	+1.4%	-0.1%	+1.3%
Europe	+2.3%	+1.5%	+3.8%
Asia	+11.4%	+1.8%	+13.2%
Rest of World	+16.4%	+0.9%	+17.3%
GROUP	+6.2%	+1.4%	+7.6%



Trading operating income by business & geographical area

H1 2004

H1 2005

£ m illion

Fresh Dairy Products

463

507

Beverages

279

242

Biscuits & Cereal Products

134

153

Unallocated item s

-56

-45

GROUP

820

857

Europe

632

639

Asia

139

126

Rest of W orld

105

137

Unallocated item s

-56

-45



Share buy back program

H1 2005 Share Buyback

Number of Shares	8,055,697
in % of outstanding capital at 06/30/05	3.0%
Cost	€ 596 M*

Treasury Stock as of 06/30/2005

- **19,591,486 shares after:**
 - Cancellation of 4.6 million shares in April 2005
- **7.4% of the outstanding capital as of 06/30/05**