



9 July 2007

GROUPE DANONE

Joining forces with Numico



Danone + Numico = A Unique Combination

- ☛ **Numico and Danone combination will create the world-wide leader in Health and Nutrition**
 - ☛ Danone and Numico are today the 2 only true worldwide “specialists” focused on Health and Nutrition
 - ☛ The combination will create a decisive growth platform based on unique R&D, marketing and workforce capabilities with strong positions in New Frontiers areas
- ☛ **Attractive offer recommended by Numico’s Board**
 - ☛ Price: €55 per Numico share (i.e. a 44% premium over 3-month average stock price)
 - ☛ 100% cash consideration
 - ☛ Friendly combination aiming at preserving Numico growth business model
- ☛ **A “step change” in Danone’s business and financial profile**
 - ☛ Creation of Danone’s third pillar dedicated to Nutrition
 - ☛ Numico perfectly fits with Danone business model: focus on nutrition with high-growth and high-margin targets, amongst the highest in the industry
 - ☛ Friendly combination ensuring a seamless integration of Numico as a new pillar of the Group
- ☛ **A value creative transaction**
 - ☛ Enhanced growth profile and profitability, with an optimized financial structure
 - ☛ EPS accretive transaction from Year 1
 - ☛ Synergies to be generated by the acquisition

The Combination will Create The Undisputed World-Leader in Health and Nutrition Across All Life Stages

- ☛ **Danone is the world specialist in Health through food**
 - ☛ **Danone has a unique expertise in the nutrition field, developed through years of leadership with brands such as Activia, Actimel, Danonino, Evian and Blédina, built through deep consumer understanding, strong innovation and consistent communication, reaching millions of consumers across the world every day**
- ☛ **As a world leader in Healthy Baby Food and HealthCare Nutrition, Numico fits perfectly within Danone's mission and focus**
 - ☛ **Healthy Baby Food is the starting point for a healthy life**
 - ☛ **By reaching to infants and toddlers, Danone will fill its major demographic gap**
 - ☛ **HealthCare Nutrition products are key to address medical malnutrition, help sick people manage their condition in specific disease areas, and to support others with special nutrition needs**
- ☛ **Danone will ensure that Numico's long term growth is maintained and enhanced**
 - ☛ **Bledina would be organized under Numico and will bring a unique innovative approach and contribution to the overall business**
 - ☛ **Danone will leverage its R&D in probiotics and ferments into baby food and combine it with Numico's prebiotics expertise**
- ☛ **The Transaction will reinforce Danone's businesses portfolio by strengthening its geographical footprint and by leveraging Numico's knowledge and experience in health marketing**

Numico is a leading Baby Food and HealthCare Nutrition company, with outstanding growth prospects, and a business model similar to Danone

☛ **Attractive economics**

- ☛ Strong top line growth with high profitability : 06 sales of 2.6bn€ with +11.9% growth and 18.4% EBITA margin
- ☛ Baby Food : 06 sales of 1.9bn€ with 12% growth and 18.1% EBITA margin
- ☛ HealthCare Nutrition : 06 sales of 0.7bn€ with 11% growth and 26% EBITA margin

☛ **Global presence with leadership positions**

- ☛ Baby Food: Leadership positions across Western Europe (#1), Eastern Europe (#1), Asia (#2) and AME (#3)
- ☛ HealthCare Nutrition: Undisputed Leader in Western Europe
- ☛ Diversified geographical mix leverages high potential countries (56% W. Europe, 44% developing countries)

☛ **Solid and diversified product mix**

- ☛ Baby Food: milk (balanced across stage 1, 2 and 3) and food, with a wide product range across Infant Formula
- ☛ HealthCare Nutrition: focus and leading positions in growing Enteral Clinical Nutrition segment

☛ **Similar health approach/ market positioning than Danone**

- ☛ Focus on health through nutrition
- ☛ Investment in science and clinical testing with long-term objectives

☛ **Solid management team**

- ☛ Entrepreneurial spirit
- ☛ Ability to successfully integrate acquisitions

Baby Food : A Perfect Category for Danone

BABY FOOD

- ☛ **Category fully fits within Danone “healthy for you” focus**
 - ☛ **Driven by Nutrition and Health through food**
- ☛ **Opportunity for Danone to fill its major demographic gap (< 4 to 6 years)**
 - ☛ **Enable to capture and educate consumers early-on by reaching to infants and toddlers**
- ☛ **Ability to learn and leverage large scale Baby Food “Health Marketing” into Dairy Division**
- ☛ **Unique geographical footprint**
 - ☛ **High potential Baby Food geographies are similar to Danone key growth markets: ability to leverage investment, knowledge and resources**
- ☛ **Attractive Baby food market economics**
 - ☛ **Sizeable market, with strong growth prospects: ~5% overall, ~10% in Asia**
 - ☛ **Attractive margins for major players**
 - ☛ **Competition: Global players, but most developing markets not consolidated yet**

Numico Baby Food has leadership positions around the world : # 1 in W. Europe and E. Europe, #2 in Asia and #3 in AME

☛ # 1 in W. Europe (with Blédina)

- ☛ Major countries: Italy, UK, Germany, Netherlands, France, Ireland, Belgium, Spain, Portugal, Austria, Finland, Greece, Switzerland

☛ # 1 in E. Europe

- ☛ Major countries: Poland, Russia, Czech Rep., Hungary, Ukraine, Romania, Slovakia, Bulgaria



☛ # 2 in Asia

- ☛ Major countries: China, Indonesia, Malaysia, Thailand, Vietnam, Taiwan, Singapore

☛ # 3 in Argentina

☛ # 3 in Africa Middle East






- ☛ Major countries: Turkey, Saudi Arabia, Tunisia, Egypt

☛ # 3 in Australasia

- ☛ Major countries: Australia, New Zealand



Numico Baby Food owns 5 Major International Brands

					
	Nutricia	Cow & Gate	Milupa	Mellin	Dumex
<u>Main countries</u>	<ul style="list-style-type: none"> ● Netherlands ● France 	<ul style="list-style-type: none"> ● UK ● Ireland 	<ul style="list-style-type: none"> ● Germany ● Eastern Europe 	<ul style="list-style-type: none"> ● Italy 	<ul style="list-style-type: none"> ● China ● Thailand ● Malaysia

Products:

Milk



Food



HealthCare Nutrition: A Very Attractive Category for Danone

HEALTHCARE NUTRITION

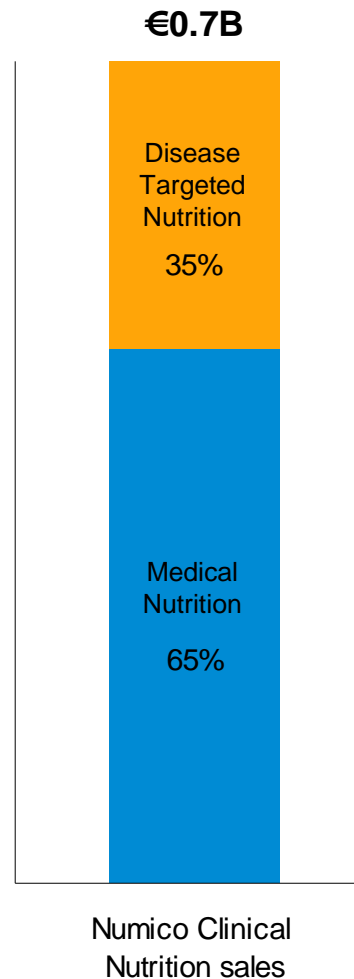
- ✔ **High category growth (ca. 8-10%; over 10% in European Enteral Healthcare Nutrition) and high margins**
- ✔ **Strong growth anticipated due to**
 - ✔ Ageing population
 - ✔ Escalating healthcare costs
 - ✔ Wider screening & diagnosis of disease
 - ✔ Growing scientific and medical awareness of the importance of nutrition to health
- ✔ **Two favourable trends for Numico :**
 - ✔ Mix towards more patent-protectable & higher margin disease-specific products
 - ✔ Structural shift away from Total Parenteral Nutrition towards Enteral Clinical Nutrition
- ✔ **Specific market characteristics** (different distribution system, regulated market, ...)

Numico HealthCare Nutrition : A Global Presence with Leadership Positions

Numico HealthCare Nutrition has leading positions in Western and Eastern Europe, Asia Pacific and Americas

- ☛ **Western Europe:**
 - ☛ UK: #2
 - ☛ Italy: #1
 - ☛ Germany: #2
 - ☛ Spain: #2
 - ☛ Netherlands: #1
- ☛ **Asia Pacific:**
 - ☛ China: #1
 - ☛ Australia: #2
- ☛ **Eastern Europe:**
 - ☛ Poland: #1
 - ☛ Russia: #1
- ☛ **Americas:**
 - ☛ Brazil: #1
 - ☛ Argentina: #2

Numico HealthCare Nutrition focuses its efforts on strengthening core Medical Nutrition business and boost attractive Disease Targeted Nutrition business



- ☛ **Medical Nutrition:** for people who are sick or need special care
 - ☛ Cancer
 - ☛ Diabetes
 - ☛ Surgery



- ☛ **Disease Targeted Nutrition:** to alleviate disease symptoms or delay the progression of disease
 - ☛ Epilepsy
 - ☛ Severe Cow's allergies
 - ☛ Paediatrics
 - ☛ Alzheimers and HIV (projects)



A Friendly Transaction

- ☛ **Danone Offer Recommended by Numico's Board**
 - ☛ **Danone offer unanimously recommended by Numico's Board**

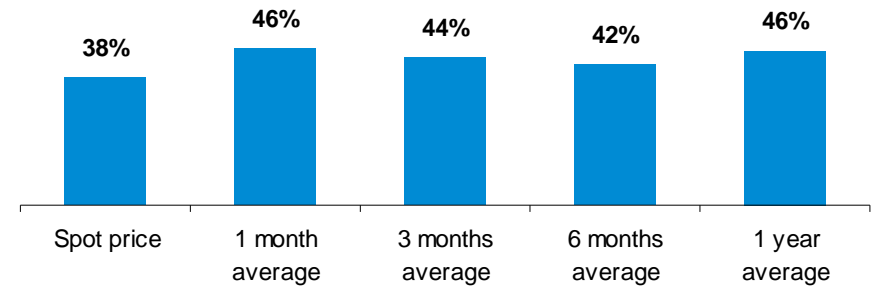
- ☛ **A Friendly combination aiming at preserving Numico's growth business model**
 - ☛ **Creation of Danone's 3rd pillar dedicated to Nutrition**
 - ☛ **Bledina will be part of of the new BabyFood and HealthCare division**
 - ☛ **Numico management to run the enlarged business**
 - ☛ **HealthCare Nutrition to remain a separate entity of Numico**



Danone Offer Key Terms

- ☛ **Price: €55 per Numico share (i.e. a 44% premium over 3 month share price average)**
 - ☛ 21.7x EBITDA 07E
- ☛ **100% cash consideration**
 - ☛ Immediate liquidity to all Numico shareholders
- ☛ **Next Steps**
 - ☛ Workers' council consultation
 - ☛ Filing with AFM
 - ☛ Offer to open within the month of August

OFFER PREMIUM VS NUMICO SHARE PRICE



Based on Numico share price as of 6 July 2007

A Value Creative Acquisition for Danone

✔ Improved top line growth

- ✔ Numico organic growth equal to 11.9% in 2006 and 10% to 12% guidance for 2007

✔ Increased margins

- ✔ Numico EBITA margins equal to 18.4% in 2006

✔ Optimized financial structure

- ✔ The transaction will enable Danone to optimize its financial structure

✔ Target synergies

- ✔ Revenue synergies: between €120m and €140m
- ✔ Cost synergies: conservative estimates at €60m (around 3% of Numico Baby Food sales)

✔ Transaction EPS accretive from Year 1

Conclusion

- ✔ Numico is a “best in class” company
- ✔ Attractive price proposed to Numico’s shareholders consistent with unique assets’ base of this Group (brands, R&D, geographies, people, ...)
- ✔ Friendly deal will ensure continuity and harmonious integration
- ✔ Financial flexibility of Danone allows a 100% cash transaction
- ✔ After disposal of Biscuits division, “new Danone” to have unique features :
 - ✔ 100% Health and Nutrition positioning
 - ✔ Very strong growth profile
 - ✔ Increased profitability
 - ✔ Accelerated EPS growth

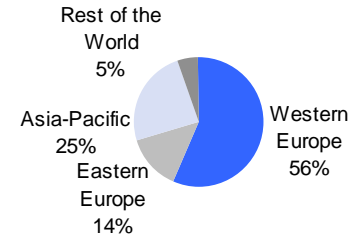


Back ups



Numico Overview

NUMICO	
Sales 2006:	€2,623m
EBITA 2006 ⁽¹⁾ :	€483m
Margin (%):	18.4%
Employees:	12,888



BABY FOOD  72%

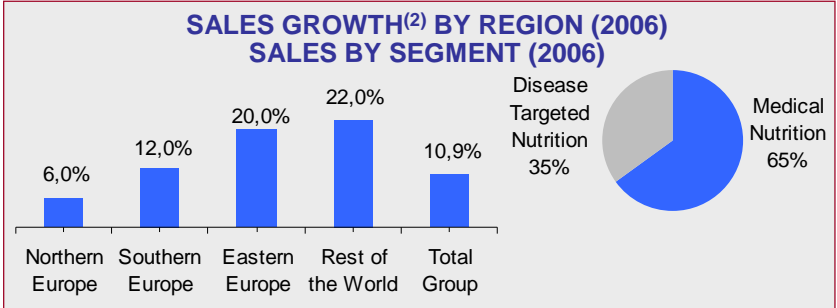
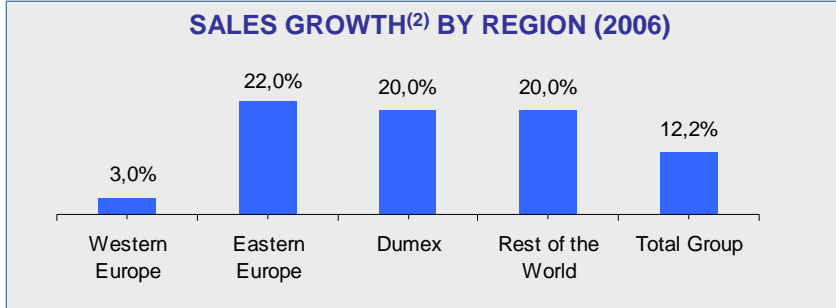
HEALTHCARE NUTRITION  28%

KEY FINANCIALS

Sales 2006:	€1,880m
EBITA:	€340m
Margin:	18.1%

Sales 2006:	€743m
EBITA:	€192m
Margin:	25.8%

BREAKDOWN



(1) Including central overheads / headquarter costs of (49)M€
 (2) Excluding exceptional items and on a comparable basis

Numico Product Portfolio - Babyfood

Infant Formula and Follow On Milks	Growing Up Milks	Cereals	Meals	Fruits, Drinks and Desserts
<ul style="list-style-type: none"> ➤ Largest sales category: leadership positions in 25 markets worldwide ➤ Significant moves in 2006: <ul style="list-style-type: none"> ➤ Improved recipes and high-quality packaging ➤ Asia Pacific expansion: acquisition of Dumex from EAC Nutrition (leading position in China, Thailand and Malaysia) ➤ Improvement of the specialty milks development (double-digit growth in key markets) 	<ul style="list-style-type: none"> ➤ Liquid and powder formats that specifically designed for children aged 1-3 years ➤ Strategy is to offer toddlers beyond one year the continued benefits of strengthened immunity with superior high-quality nutrition ➤ In 2006, category share in Europe grew by 3.1%, largely through the success of the bottle format, which has transformed consumption <ul style="list-style-type: none"> ➤ In Ireland one mother in every four with children 13–18 months buys bottled Growing Up Milk 	<ul style="list-style-type: none"> ➤ Provide babies with a safe, easily digestible transition from milks to food ➤ Strategy: <ul style="list-style-type: none"> ➤ To provide nutritional superiority and to tailor the range to suit different eating occasions in the day ➤ To provide convenience through new formats ➤ 2006 realisations: <ul style="list-style-type: none"> ➤ Relaunch of ranges of products in Turkey and Poland ➤ Introduction of prepared Liquid Cereals in four European countries, and an end-of-day Sleep Cereal in Germany 	<ul style="list-style-type: none"> ➤ Provide balanced and age-appropriate foods by providing variety with superior nutrition and taste ➤ In 2006, launch of 2 new product ranges in Italia: <ul style="list-style-type: none"> ➤ The Mellin Pappa Completa range: new concept providing nutritionally complete meals for toddlers ➤ The Mellin Merenda range providing well-balanced afternoon meal for children ➤ June 2006: acquisition of Golden Circle, a leading Australian brands in weaning foods (strenghtens Numico's presence in Asia Pacific) 	<ul style="list-style-type: none"> ➤ Play an increasingly important role in Numico's weaning foods strategy: <ul style="list-style-type: none"> ➤ Offer exceptional opportunities for innovations in healthy eating for toddlers ➤ Give differentiation from competitors ➤ Frutapura brand (fruit cup format): leadership positions in 12 of 17 European markets, capturing a 30% overall share ➤ Strategy: <ul style="list-style-type: none"> ➤ Increasing of sales and marketing spends ➤ Extension of the range



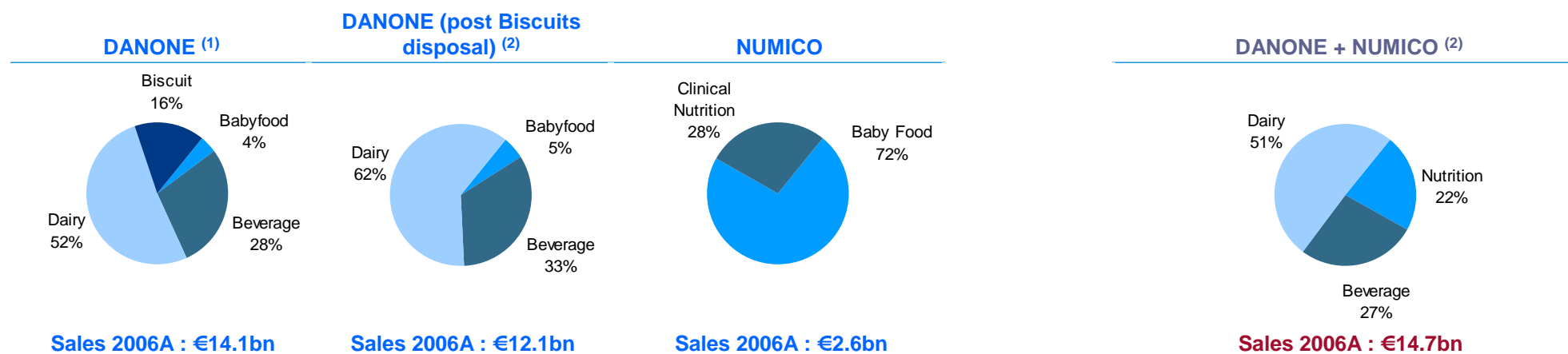
Numico Product Portfolio - HealthCare Nutrition

Oral Nutrition	Tube Nutrition	Targeted Nutrition	Special Needs / SHS
<ul style="list-style-type: none"> ➤ Provide nutritional recipes in convenient formats and varied flavors to address the widespread problem of medical malnutrition ➤ Brands include Nutridrink, Fortimel and Fortisip ➤ Distribution channels: hospitals, care institutions and among the sick and elderly at home ➤ Main Strengths: <ul style="list-style-type: none"> ➤ 90% of oral feeds are sold in bottle format, available in 25 countries ➤ Varied tastes and textures in each product range ➤ To help these people with swallowing problems, an « amylase resistant » recipe was introduced 	<ul style="list-style-type: none"> ➤ Deliver 'complete' nutrition by tube for patients who may be unable to eat or drink normally ➤ Brands include Nutrison ➤ Long-term growth prospects due to: <ul style="list-style-type: none"> ➤ The rapid increase in the number of very old people confined to bed in long-term care ➤ A continued shift away from parenteral nutrition towards enteral tube feeding ➤ Key facts in 2006: <ul style="list-style-type: none"> ➤ Strengthening of the position in every market except Germany ➤ Acceleration of deliveries of Flocare Infinity pumps 	<ul style="list-style-type: none"> ➤ European leader in paediatric nutrition for sick children and babies ➤ 5 key growth areas: <ul style="list-style-type: none"> ➤ Paediatrics: <ul style="list-style-type: none"> • Products for sick children and babies • 56% market share in Europe • Infatrini and Nutrini brands ➤ Diabetes: <ul style="list-style-type: none"> • Diasip and Diason brands ➤ Oncology: <ul style="list-style-type: none"> • Helps cancer patients with severe weight loss • FortiCare brand ➤ Innovation: <ul style="list-style-type: none"> • Research activities in 2 core projects: HIV and Alzheimer 	<ul style="list-style-type: none"> ➤ Brands from SHS serve highly specialized patient groups, especially those with neo-natal or childhood cow's milk allergy, or with lifelong metabolic disorders <ul style="list-style-type: none"> ➤ Allergy division: <ul style="list-style-type: none"> • Sales of the Neocate brand are growing rapidly • Plan to introduce new formats and tastes to extend the age range to older children and to get new market opportunities ➤ Metabolics division: <ul style="list-style-type: none"> • Innovation phase based on concepts to enable people to normalise their special diet • Lophlex LQ, Add-Ins brands



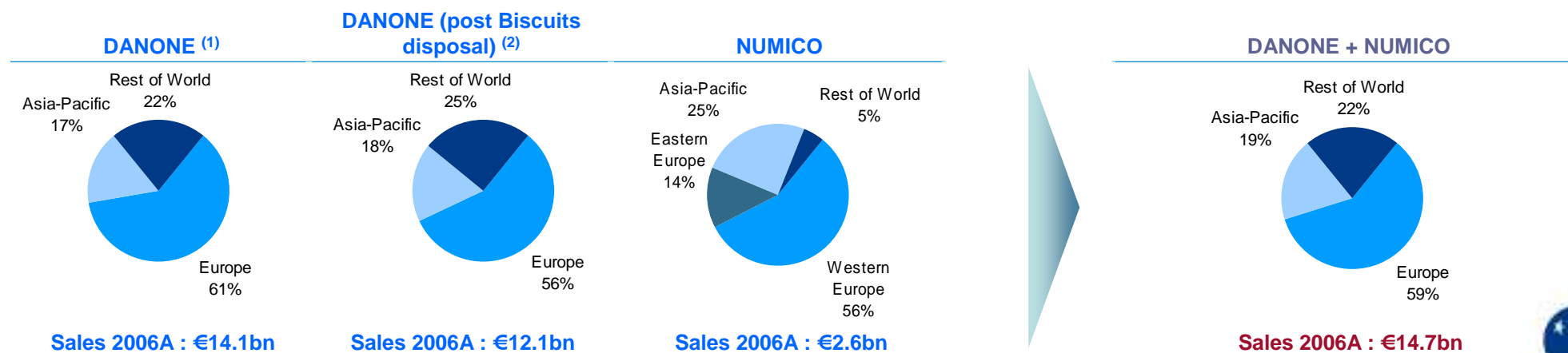
Danone New Profile

PROFORMA FIGURES – SPLIT PER BUSINESS



(1) Reported 2006 figures – (2) Split per business does not include biscuits assets not sold to Kraft

PROFORMA FIGURES – GEOGRAPHICAL SPLIT



(1) Reported 2006 figures – (2) Split per geography does not include biscuits assets not sold to Kraft