



Danone Unimilk

June 18th, 2010



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Disclaimer

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Transaction highlights



A strategic alliance

DANONE-UNIMILK A STRONG #1

- € 1.5 bn sales proforma 2009
- 21% of the Russian total dairy market
- Categories: all dairy products *

IN A HIGH POTENTIAL CIS DAIRY MARKET

- Geographies : Russia, Ukraine, Kazakhstan, Belarus
- Access to **significant white space**

LEVERAGING ON HIGH COMPLEMENTARITIES

- Brands, products, geographies and distribution
- **Significant revenues and cost synergies**

Structure of the transaction

● STRUCTURE

- Contribution of Unimilk and Danone Dairy activities in the CIS into Danone-Unimilk
- Scope : all dairy products
- Ownership & control :
 - Danone will control 57.5%, current Unimilk shareholders 42.5%
 - Danone will have majority at the board of Directors
 - Chairman : **Andrey Beskhmelnitsky** (current CEO of Unimilk)
 - CEO: **Filip Kegels** (current General Manager of Danone Dairy in Eastern Europe & Central Asia)

● TIMING

- Expected closing Q4 2010, subject to customary regulatory approvals

● PRICE

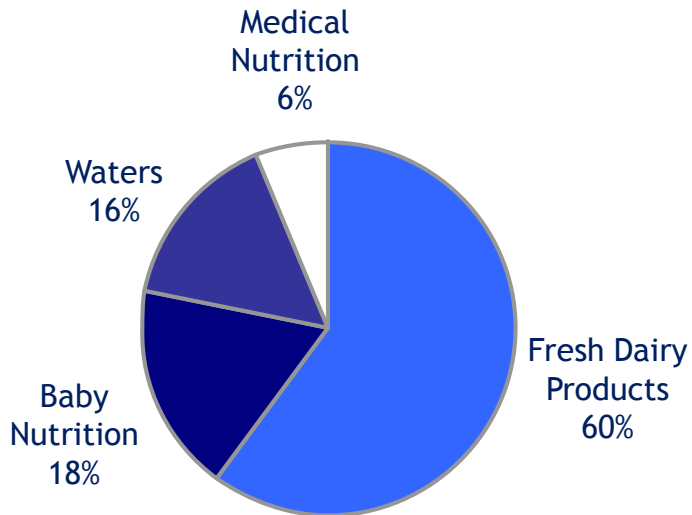
- The deal values Unimilk at 10.5x 2009 EBITDA
- Shareholdings are in proportion of respective EBITDAs, adjusted of net debt
- Danone immediately buys for cash an additional stake for an amount of € 120 mln
- Unimilk shareholders are granted a put option from year 4, at EBITDA multiple

● FINANCIAL IMPACTS

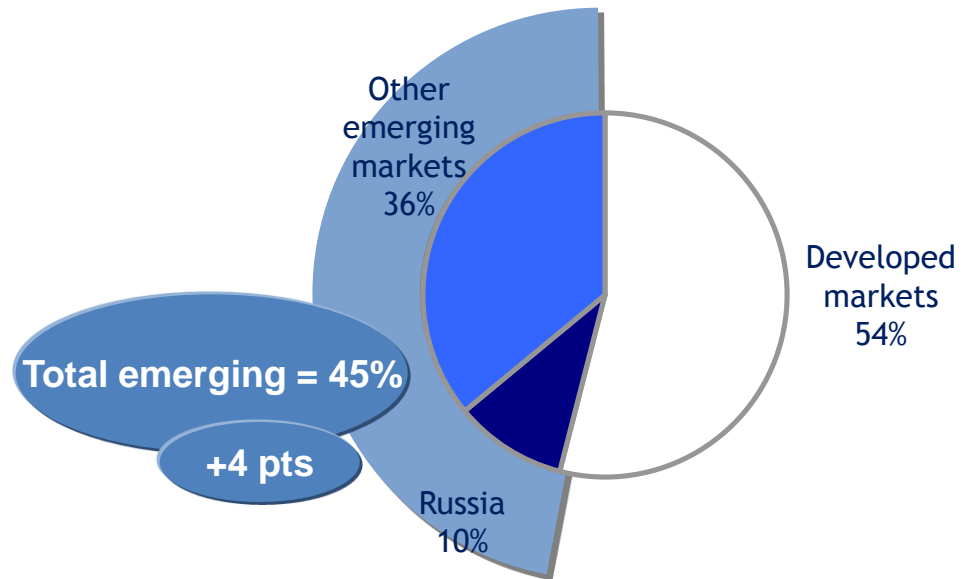
- Accretive to Danone EPS in year 1
- ROIC > WACC year 4
- Accretive to Group top line growth: +50 to 100 bps
- Scope impact on Group trading margin : -70 bps
- Danone net financial debt increase at closing (including put) : + € 1.3 bn

Danone: a greater weight of emerging

Sales 2009 Pro-forma by division



Sales 2009 Pro-forma by geographies



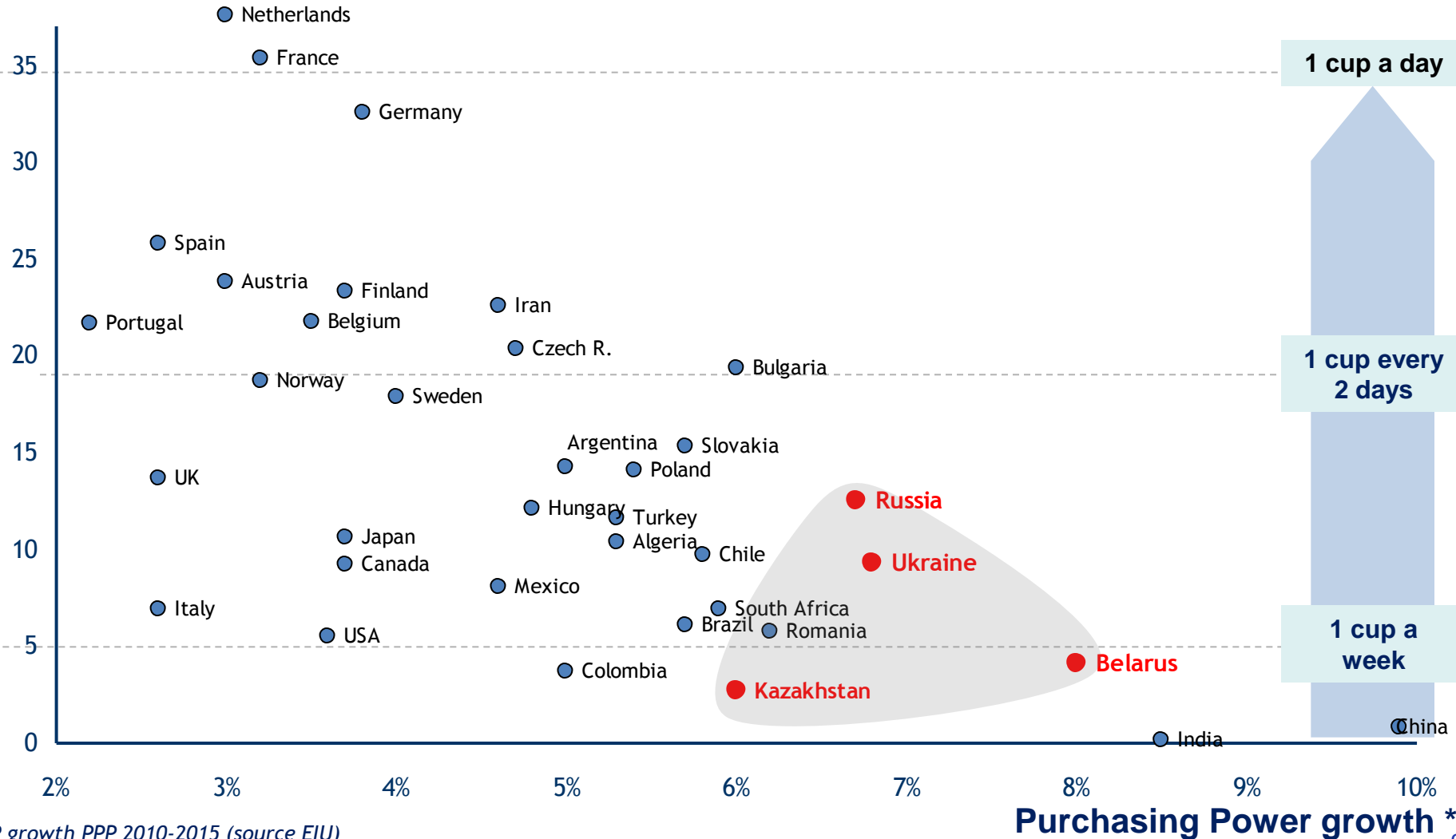
Russia #2 Danone country by sales



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Strategic highlights

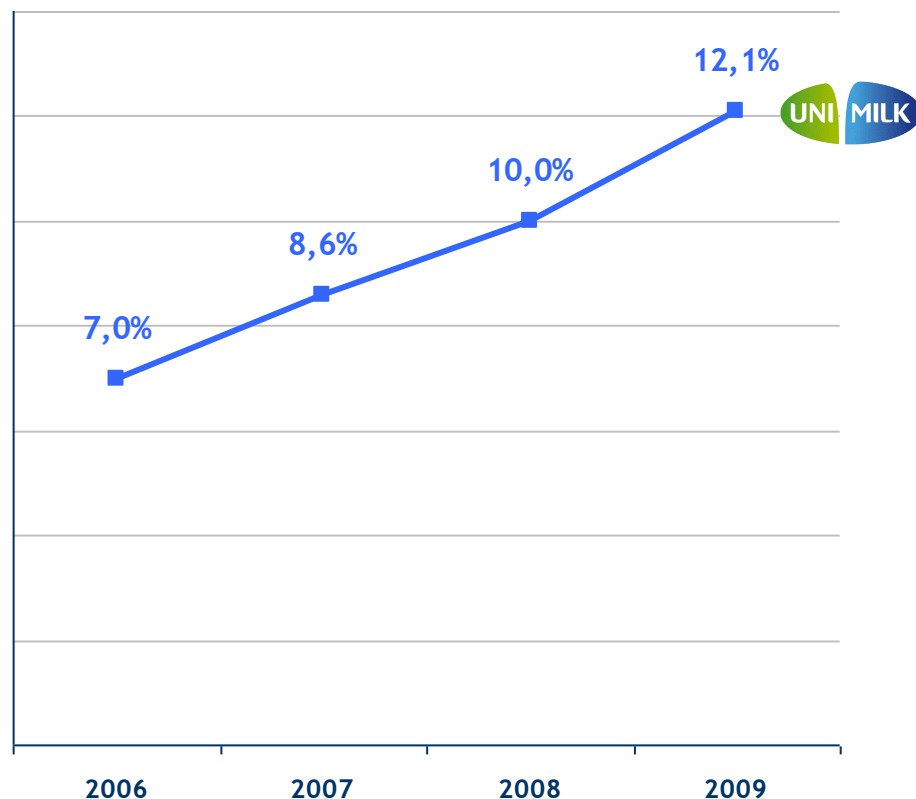
Average consumption of Fresh Dairy Products



* GDP growth PPP 2010-2015 (source EIU)

- Founded in 2002, Unimilk has reached a **#3 position** in Russian fresh dairy products market through the consolidation of local dairies
- Roll-out of **national well-known brands** (eg. Prostokvashino #1 brand in Russia) with various positioning allowing the company to address the vast majority of the market
- **Rapid trading up of the portfolio** through the development of the “Modern Dairy” and baby food segments
- Still low but **fast-growing profitability**

Value market shares Fresh Dairy Products



Usual Danone Fresh Dairy Products definition : Yogurt, Fresh Dairy Dessert, Spoonable Fresh Cheese, Petits Suisses, Fermented Milk, Fermented Cream, Soy Yogurt

Traditional Dairy



Modern Dairy



Baby Food



Key figures 2009

Sales	€ 969 mln*
Volume	1,280 kT

Rapid consolidation of local dairies under national brands

Product and packaging innovations : Bifidus, Whey-based, Tëma, Yoghurt, ...



Unimilk: large footprint and solid platform

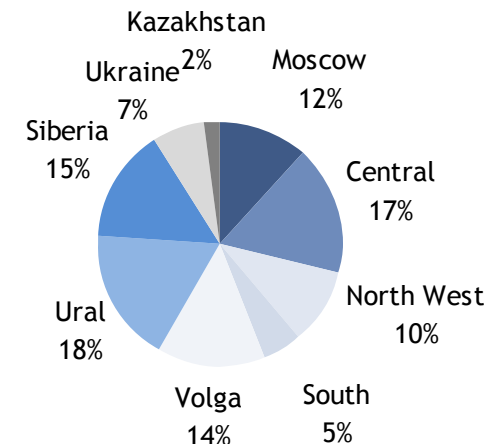


- Large and widespread milk collection in Russia : ability to secure milk supply for all segments in all regions
- 28 production facilities in operation across Russia, Ukraine & Belarus
 - Significant capex plan since 2003
 - Location throughout CIS, including white spaces
- 14,000 employees

Production sites in operation in Russia, Ukraine & Belarus



Volume breakdown by region





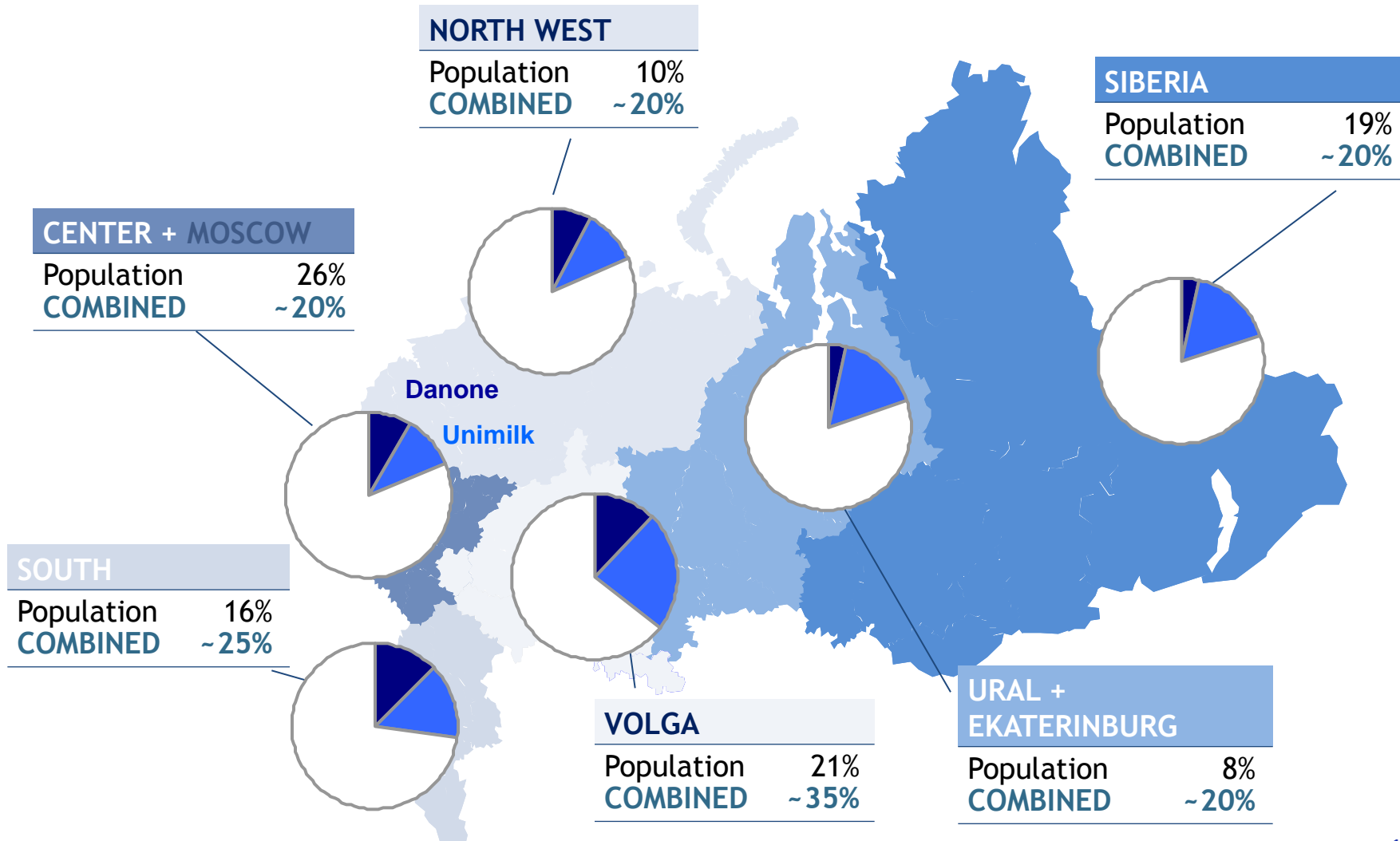
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Danone-Unimilk: a leader across Russia



Russia, Total Dairy, 2009 estimated Value Market Share

Source: Internal estimations





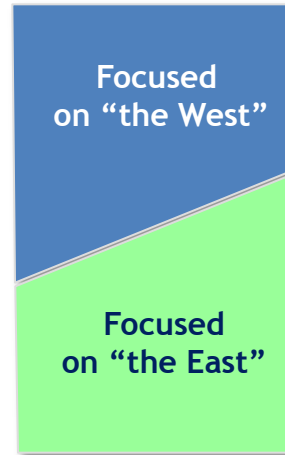
Danone-Unimilk: complementarity drive synergies



Portfolio



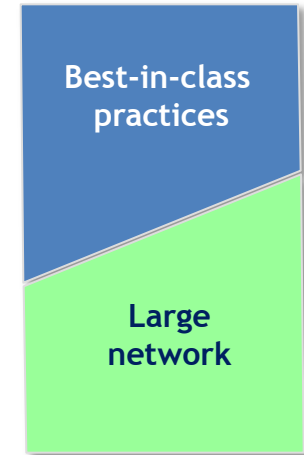
Regions



Distribution



Industrial & supply chain



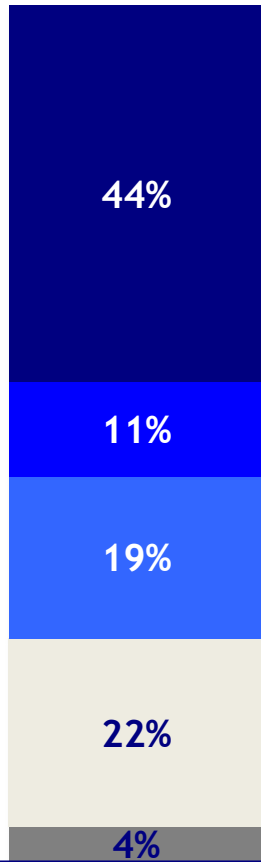
Revenue synergies:
+10% additional sales over 3 years

Cost synergies:
+ ~ 200 bp margin over 4 years

Danone-Unimilk will have a key role in accelerating the growth of “Modern Dairy”

Combined sales 2009

€ 1.5 bn



Yogurt & flavoured milk

Kefir

Other dairy products

Milk

Other

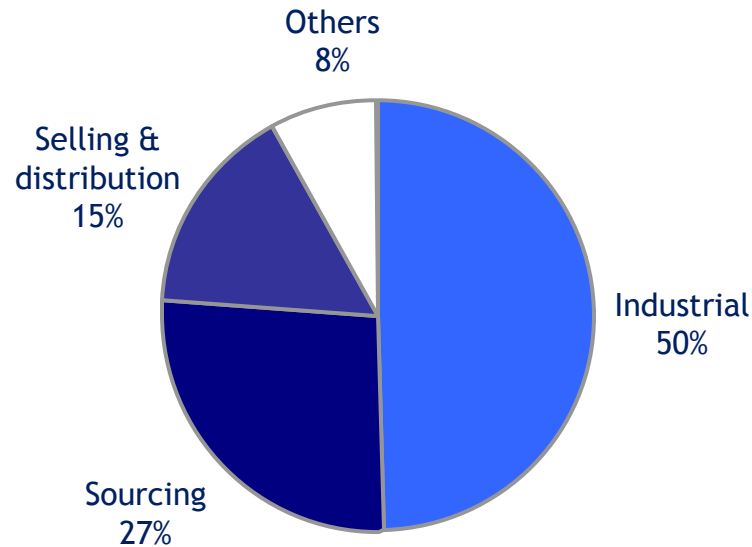
Combined sales growth (CAGR 2010-2014)

+ 15-20%

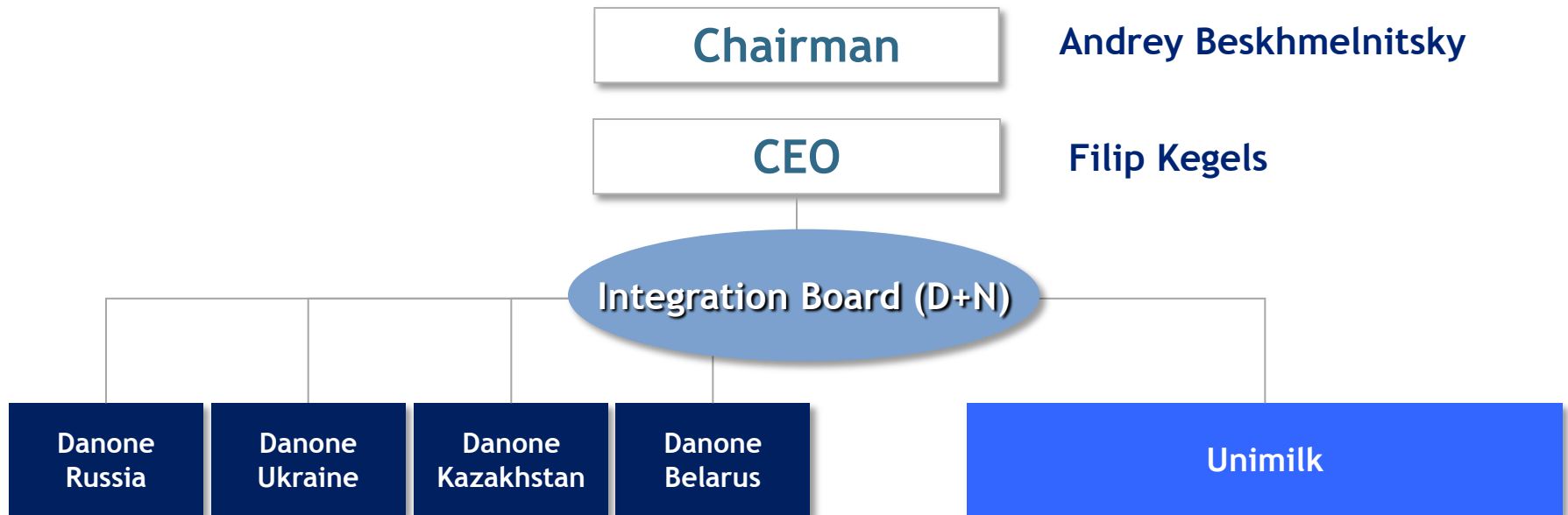
+ 15-20%

+ 5-10%

Identified synergies of 200 bps by 2014



- **Industrial**
 - Productivity plan and best practices roll-out
 - Capex avoidance
- **Sourcing**
 - Packaging & raw material leverage
 - Indirect buying control
- **Supply chain**
 - Network optimization, increase of frequency
 - Best practices roll-out



- Strong dynamics between the teams
- Bottom-up business plan built by joint teams

Summary: a strategic alliance

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