



FRANCE: Bottled water slip blackens Danone Q1 sales rise

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Groupe Danone has reported a 1% sales rise for the first quarter of 2009, but a slide in bottled water sales has accelerated from the fourth quarter of last year.

Danone said today (16 April) that net sales rose by 1% to EUR3.76bn (US\$4.9bn) for the three months to the end of March, as a rise in the firm's nutrition business offset declines in the bottled water and dairy divisions.

President and CEO Franck Riboud said that the performance was "in-line with our expectations".



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Bottled water sales were the blackspot in Danone's first quarter, as a decline in Western Europe dragged the firm's total water sales down by 4% to EUR695m.

The fall marks an accelerated slide from the 1.5% water sales slip in the fourth quarter of 2008 and also means that the water division, which includes Evian and Volvic, contributed roughly the same to first quarter group revenue as Danone's emerging infant nutrition business.

Water sales by volume for the first quarter rose by 3%, due to growth in emerging markets, such as Indonesia, Argentina and Mexico, Danone said.

Going forward, Danone warned that group sales would likely be damaged in 2009 by a drop in consumer spending.

Independent analyst James Amoroso said of Danone's first quarter results: "You have to ask yourself whether Danone is well-positioned in its categories for the long term or whether this economic 'wake-up call' has made consumers realise that Danone does not offer value for money."

"Apart from water, where the jury is still out, I am completely convinced that Danone's product propositions are rock solid. Therefore, 2009 should really be viewed as a year 'in brackets' as CEO Franck Riboud described it."

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