



EARLY LIFE NUTRITION

“Making a sustainable impact during first 1000 days of life”

Félix MARTIN GARCIA

Bruno CHEVOT

MESSAGES FOR TODAY

- 1. Business has emerged stronger from Fonterra issue**
- 2. ELN: A key platform within Danone 2020 project**
- 3. China: Consolidating a sustainable fast growing business**



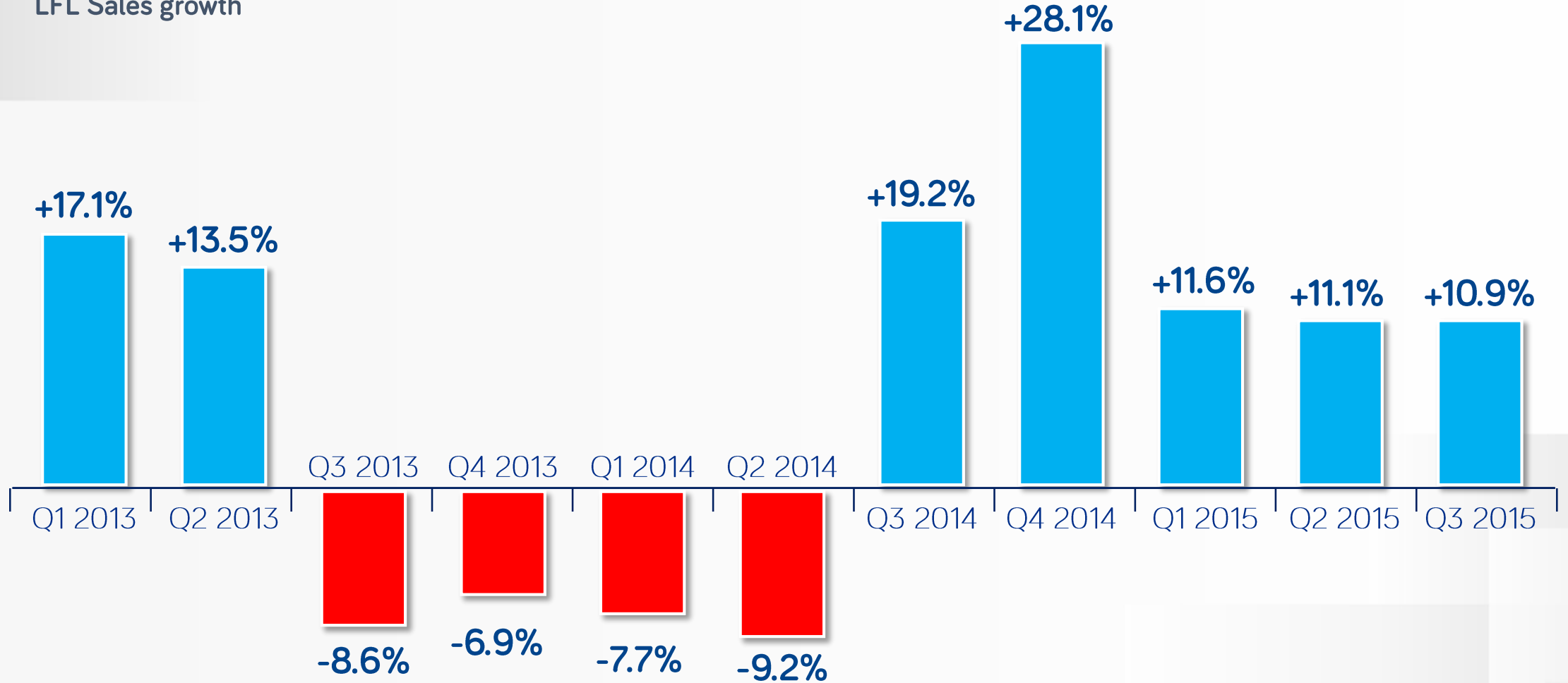


1. Business has emerged stronger from Fonterra issue



STRONG QUARTER TURNOVER GROWTH

LFL Sales growth

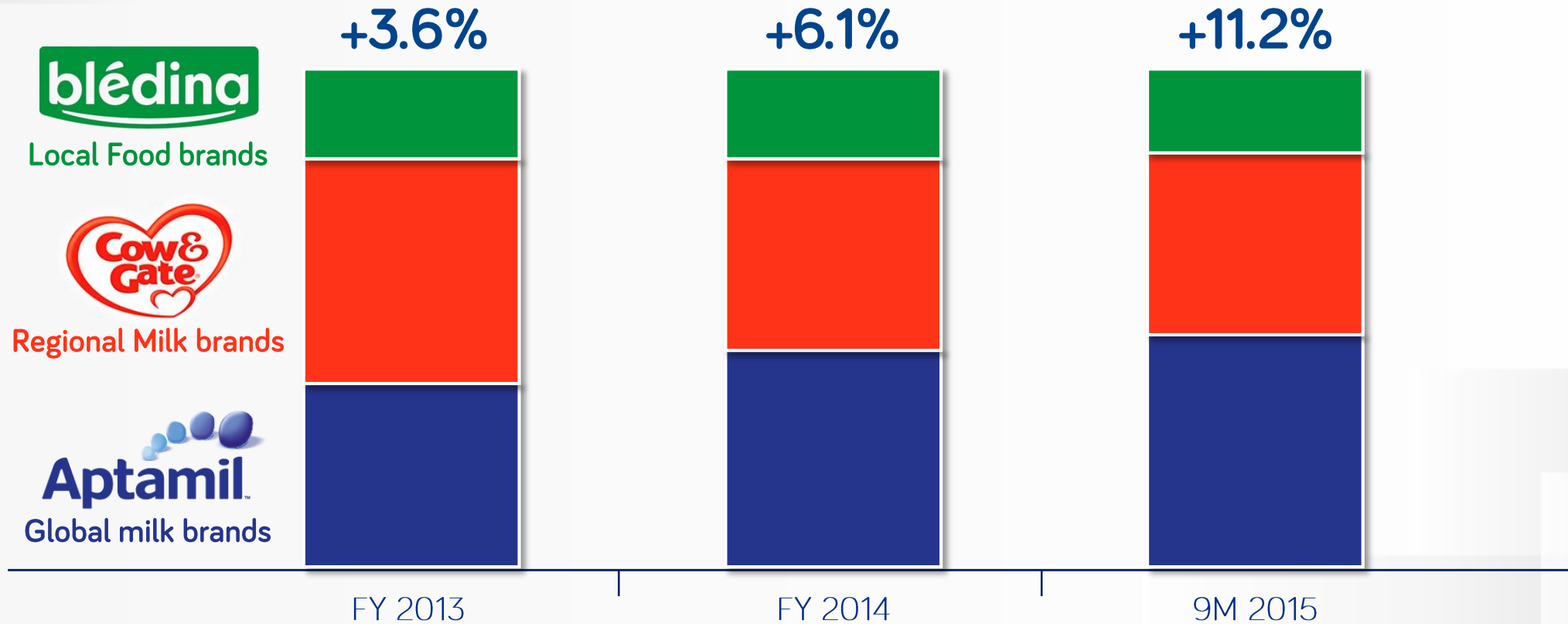


Source: Danone ELN

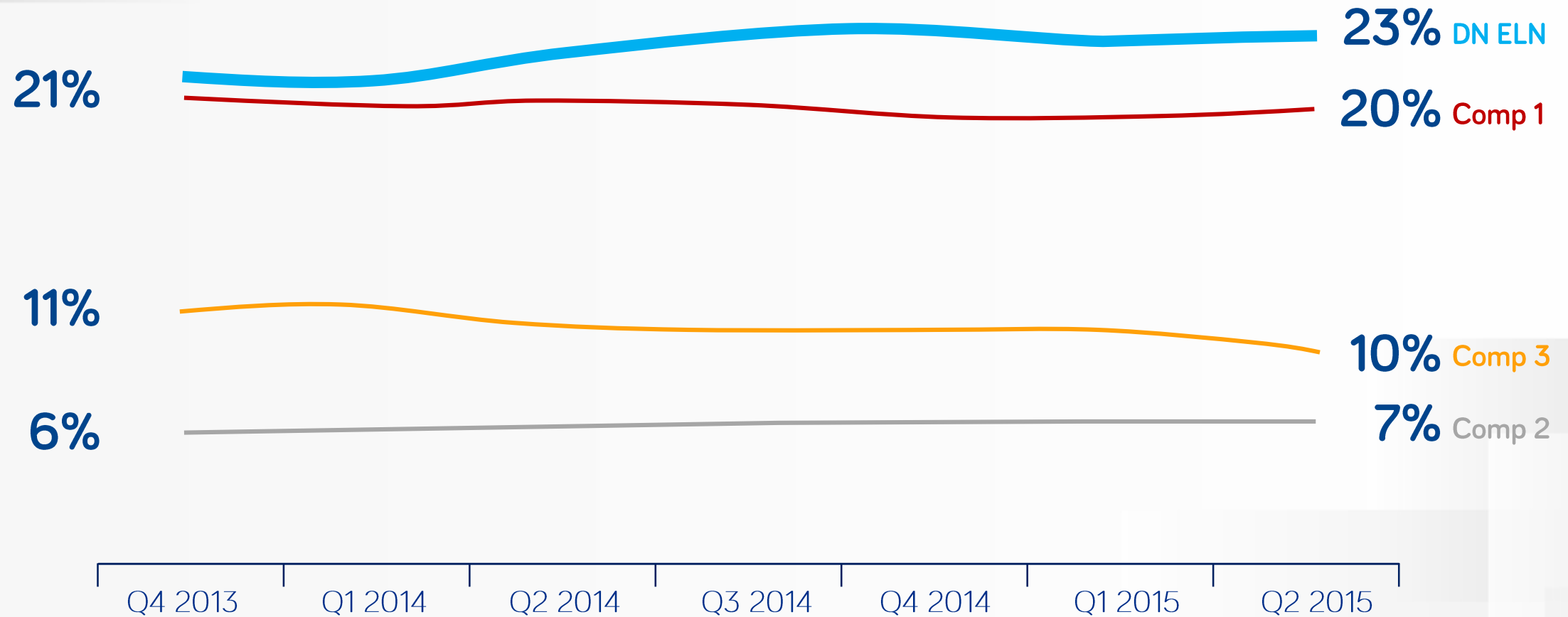


GROWTH DRIVEN BY GLOBAL MILK BRANDS

LFL Sales growth



GROWTH DRIVEN BY INCREASING SHARE OF MILKS DEMAND



AMERICAS: AN OLD WHITE SPOT, A NEW GROWTH ENGINE



Index Sales (100) since acquisition 2013



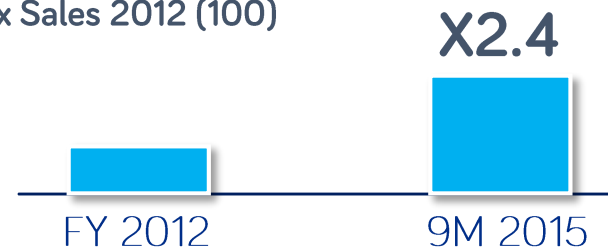
Index Sales 2012 (100)



NUTRICIA
NutriMom
PROGRAM



Index Sales 2012 (100)

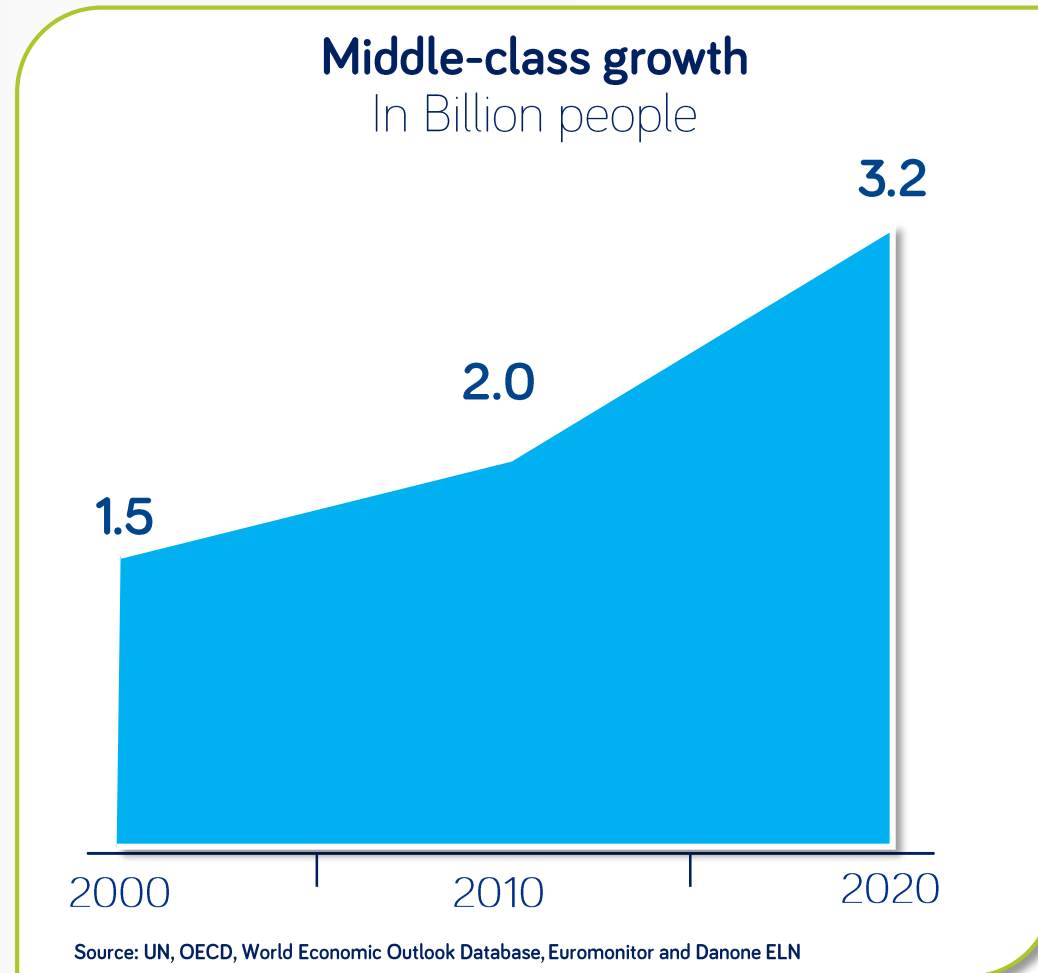




2. ELN: a solid platform within Danone 2020 project

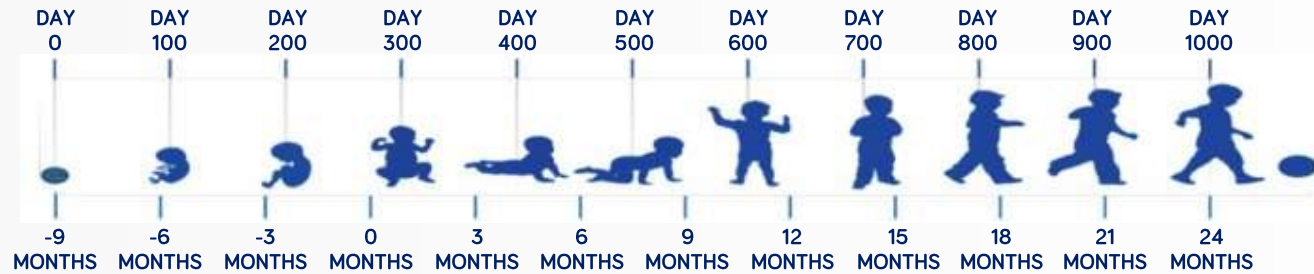
2.1 Our predictable environment

SOLID SOCIOECONOMIC MARKET TRENDS DRIVING HIGH SD GROWTH PROSPECTS

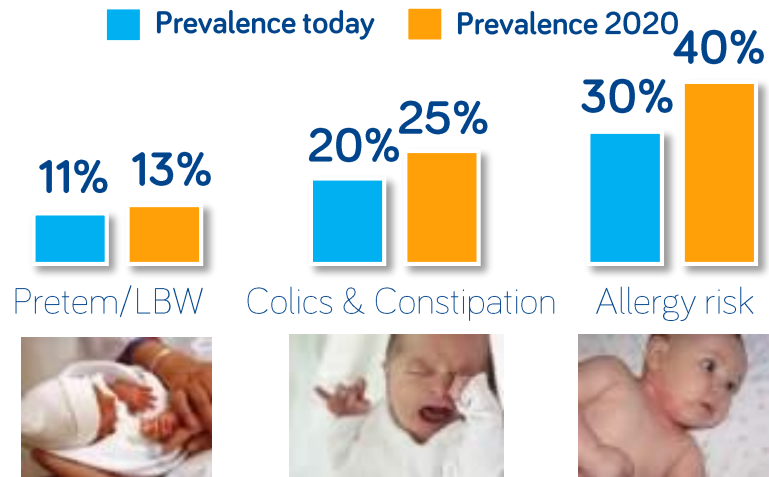


WIDER ROLE OF NUTRITION IN FIRST 1,000 DAYS TO PREVENT COMMON HEALTH ISSUES

“What you do and eat in the first 1,000 days, makes a difference for the rest of your life”



Common 1,000 Days health issues



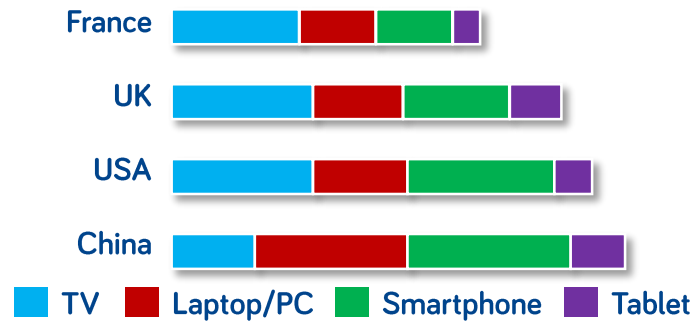
Source: Danone ELN *Specific Nutrition = Breast Milk, Infant Formula & Baby Food



GROWING INFLUENCE OF ON-LINE INTERACTION VS. MASS MEDIA MESSAGING

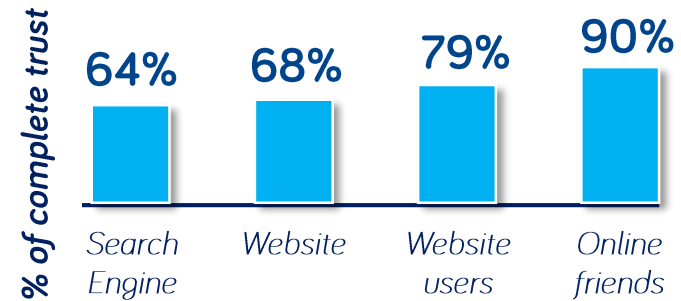
Parents spend more time online

Screen minutes per day



Online recommendation increasingly trusted

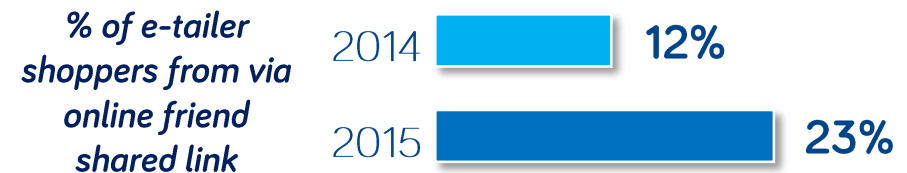
How much you trust online reco from.?



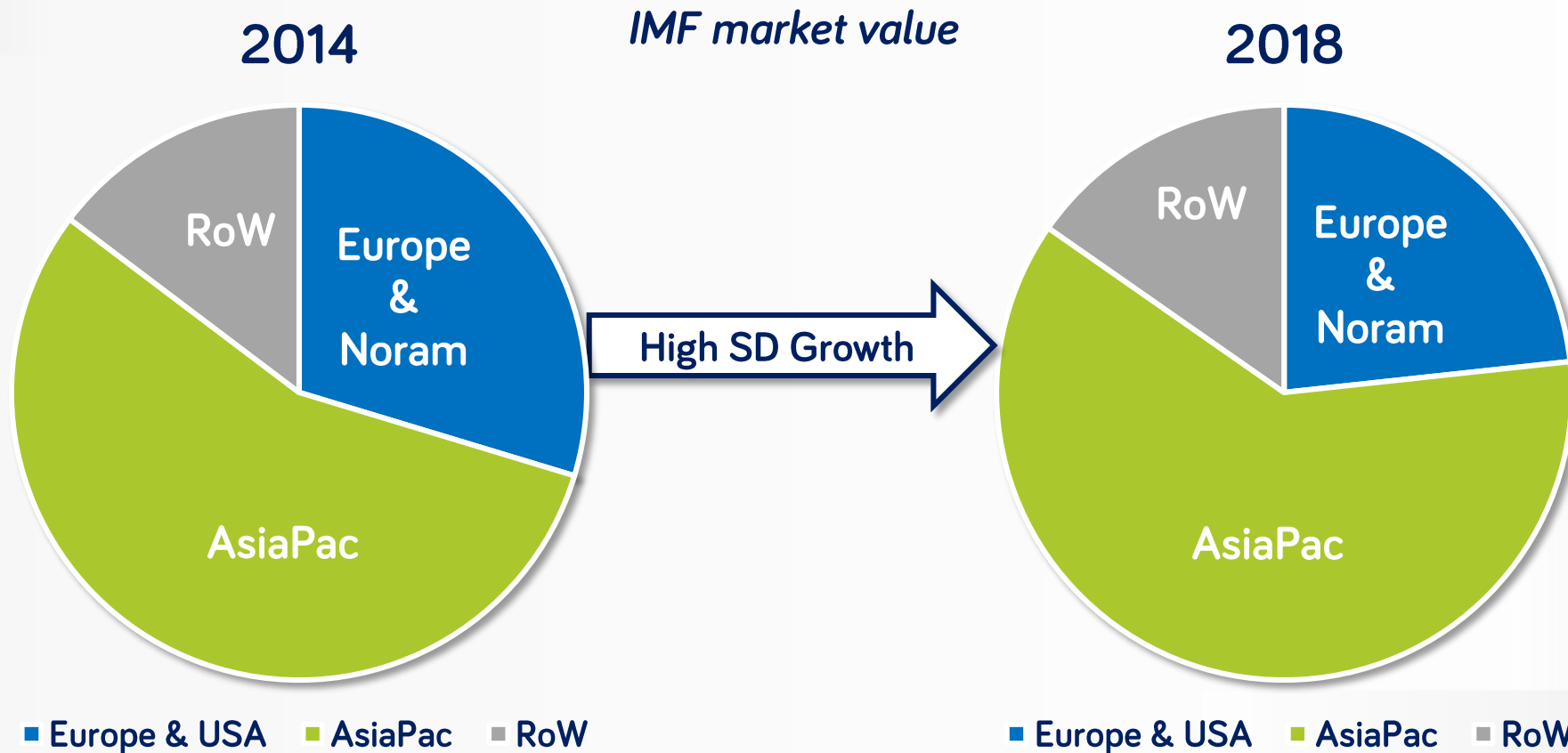
Millennial Mums Search very concrete stuff



Online WOM drives purchase



INCREASING IMPORTANCE OF DEVELOPING WORLD



Source: Danone ELN, AC Nielsen, Euromonitor

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2. ELN: a solid platform within Danone 2020 project

2.2 Our key priorities moving forward

FACILITATE 1,000 DAYS MOBILIZATION WITHIN DANONE 2020 PROGRAM



DANONE
2020*

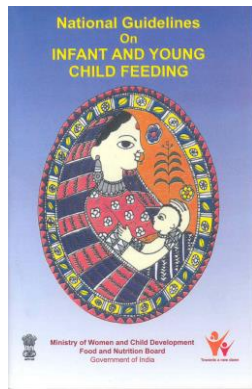


Health Agenda



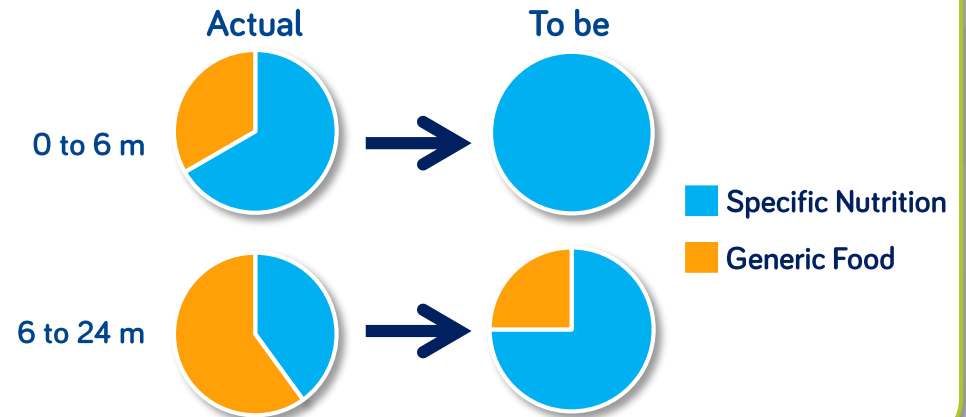
Business Agenda

Guidelines for Specific Diet



- *Breastfeeding First*
- *IMF only alternative*
- *Right of Parents to choose*

Decrease Generic Food



Source: Danone ELN *Specific Nutrition = Breast Milk, Infant Formula & Baby Food



SAFE AND RELIABLE BRAND OFFER, WITH PRIORITY TO ACCRETIVE GLOBAL MILKS

**DANONE
NUTRICIA**
Early Life Nutrition



Source: Danone ELN

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COMPLETE SCIENCE & NUTRITION DRIVEN 1,000 DAYS PORTFOLIO



Pregnancy



Lactation



From 6 months onwards

Mum's nutrition



Milk formula



Extra care



Foods



CONTINUE PIONEERING DIGITAL ENGAGEMENT AND SHOPPING

Digital Engagement



Preparing for birth support



Allergy Test + Educational Program



9 months & me app Pregnancy journey



Karikare Platform User Generated Content & community

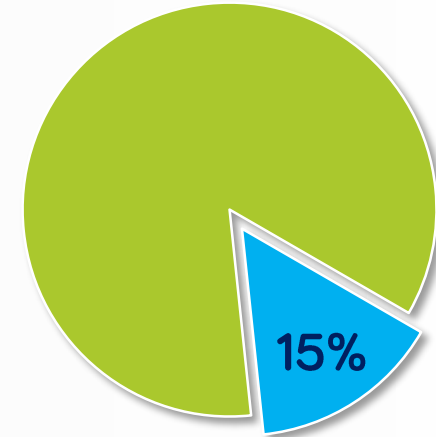


myMellin Shop
LA NUTRIZIONE SU MISURA IN UN CLICK

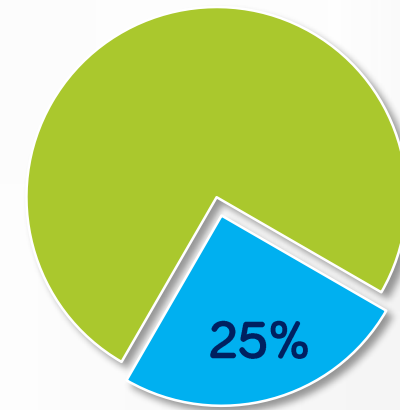
Branded e-shop linked with 1000 days app

E-commerce Evolution

2015



2020



■ Online sales
■ Offline sales

Source: Danone ELN



PRIORITIZE RESOURCES ALLOCATION TO CHINA





3. China: Consolidating a sustainable fast growing business

3.1 A New Normal towards 2020: Combination



COMBINATION OF SIZE AND POTENTIAL

High growth prospects in Greater China



Favorable Socioeconomic trends



Increasing middle class



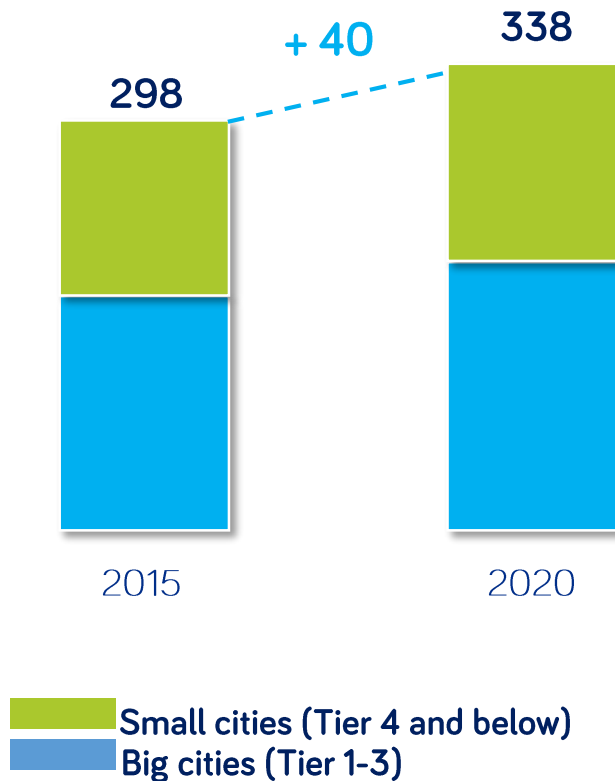
Growing urbanization



Two child policy in place

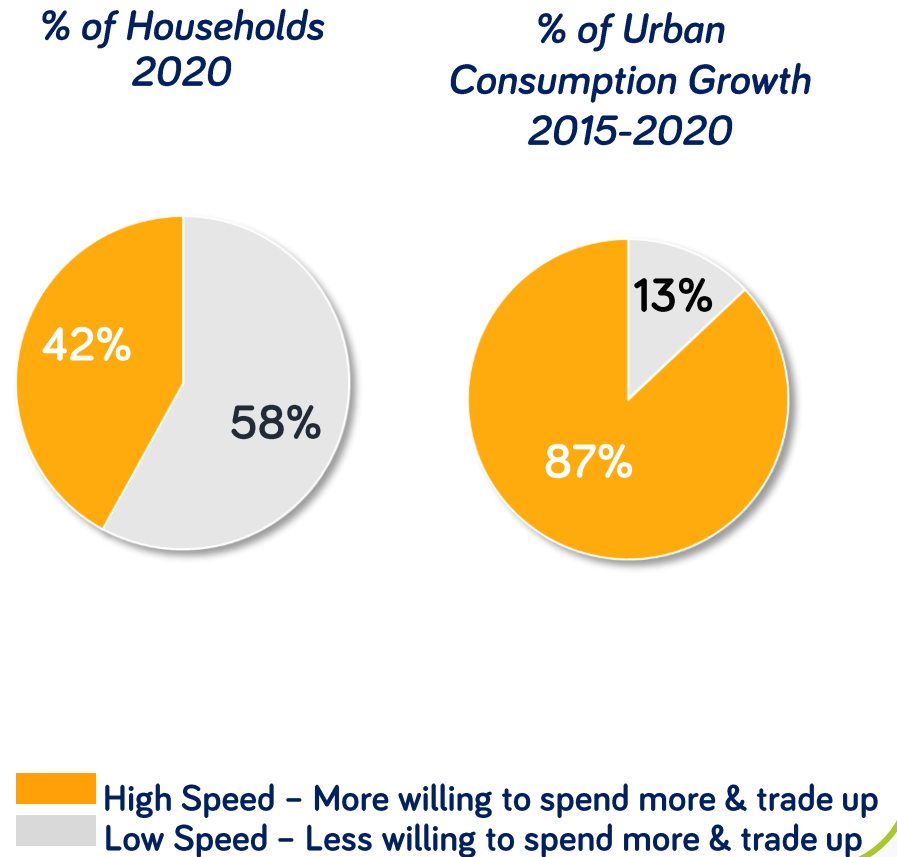
COMBINATION OF BIG AND SMALL CITIES IMPORTANCE

Growing Urbanization



Source: Danone ELN, Euromonitor and AC Nielsen Danone Universe

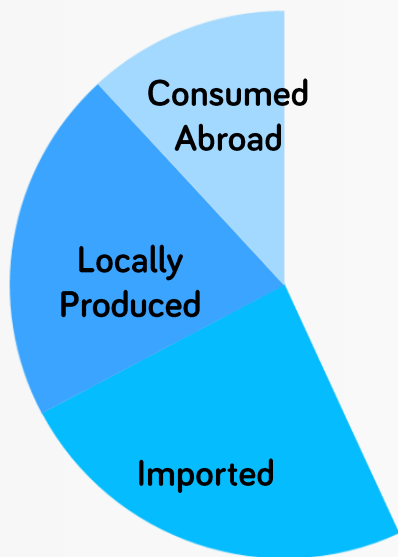
2 Speeds Urban Households



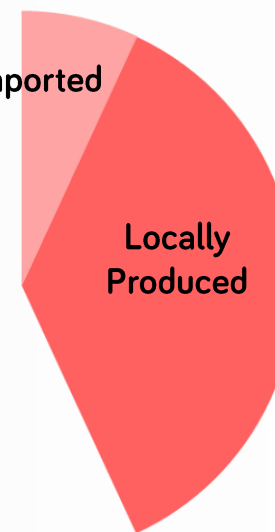
COMBINATION OF GLOBAL AND LOCAL BRANDS DEMAND

Share of IMF Demand

Global Brands



Imported



- 海淘
- 国产
- 纯进口

Source: Nielsen & Smart path, Value Share YTD August 15

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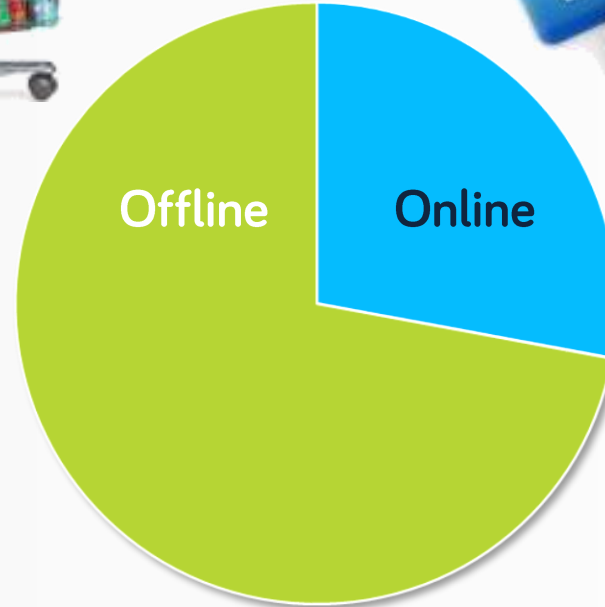


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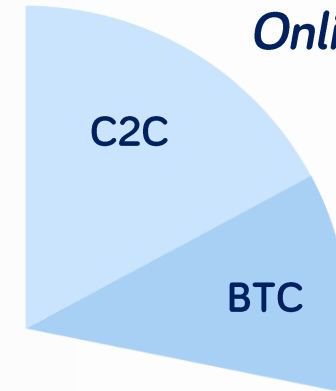
COMBINATION OF OFFLINE AND ONLINE CHANNELS DEMAND

Share of IMF Demand

Offline Channels



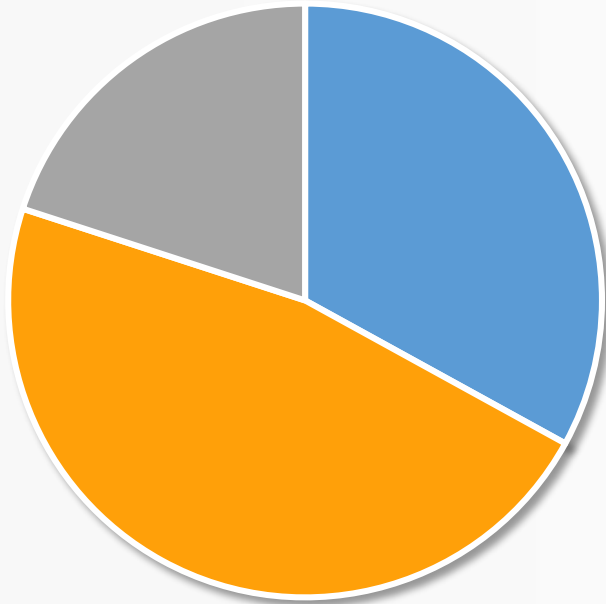
Online Channels



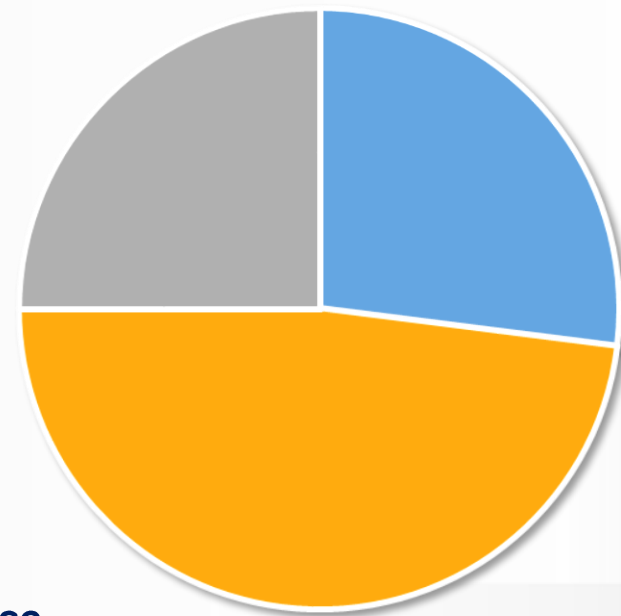
COMBINATION OF AFFORDABLE & PREMIUM OFFERS

Share of IMF Demand

YTD Aug 14



YTD Aug 15



- Mainstream Price
- Premium Price
- High Premium Price

Source: Nielsen & Smart path, Value Share YTD August 15

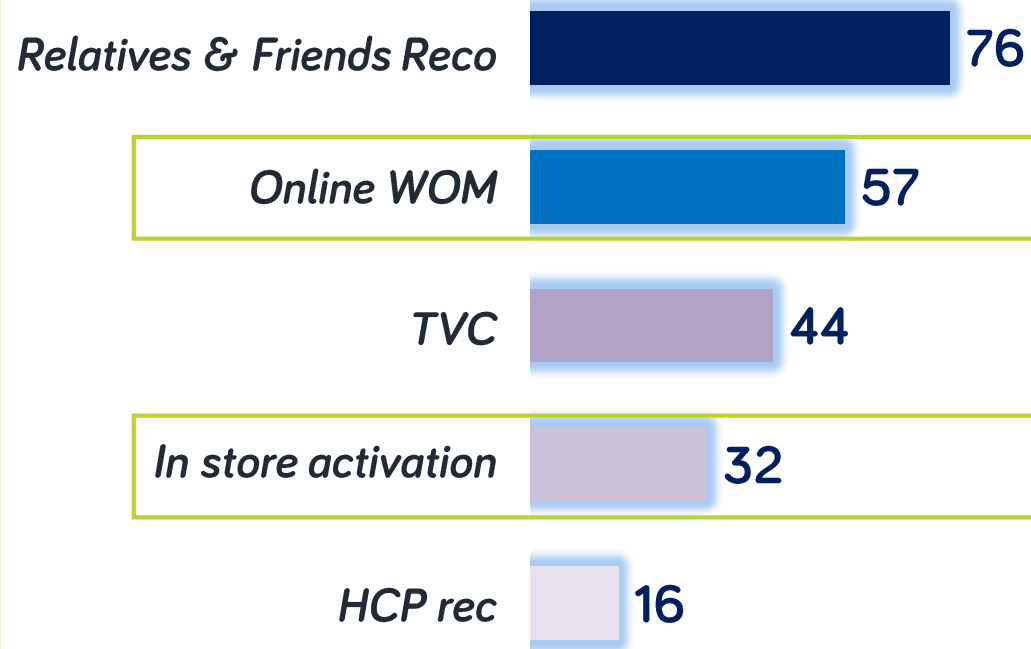
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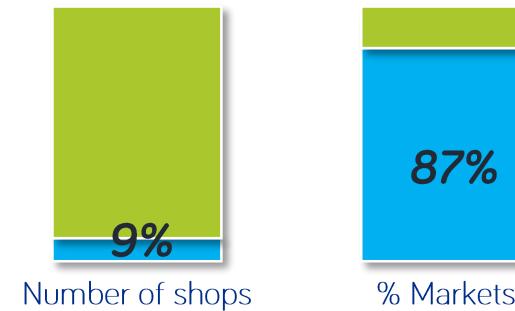
COMBINATION OF CONSUMER TOUCH POINTS

"1 to 1 vs 1 to Many"

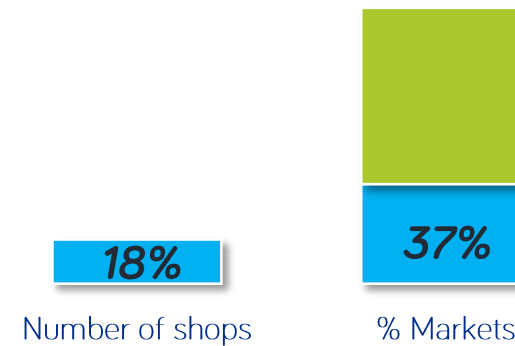


Concentration vs Dispersion

Extreme concentration in MT



More dispersion in MBS



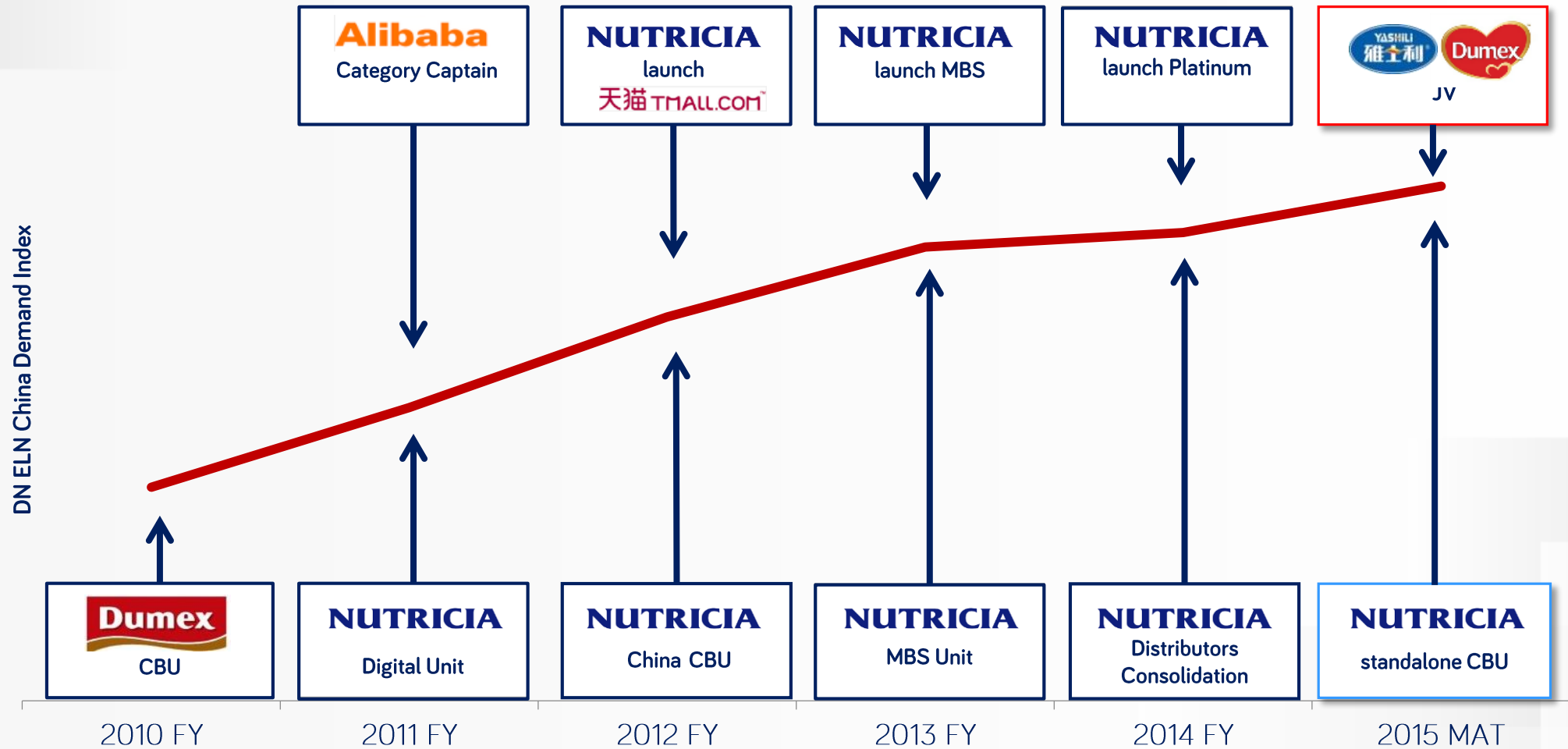


3. China: consolidating a sustainable fast growing business

3.2 Our key priorities



MOVING BACKWARD: ANTICIPATING TRENDS & ADAPTING TO THE NEW NORMAL



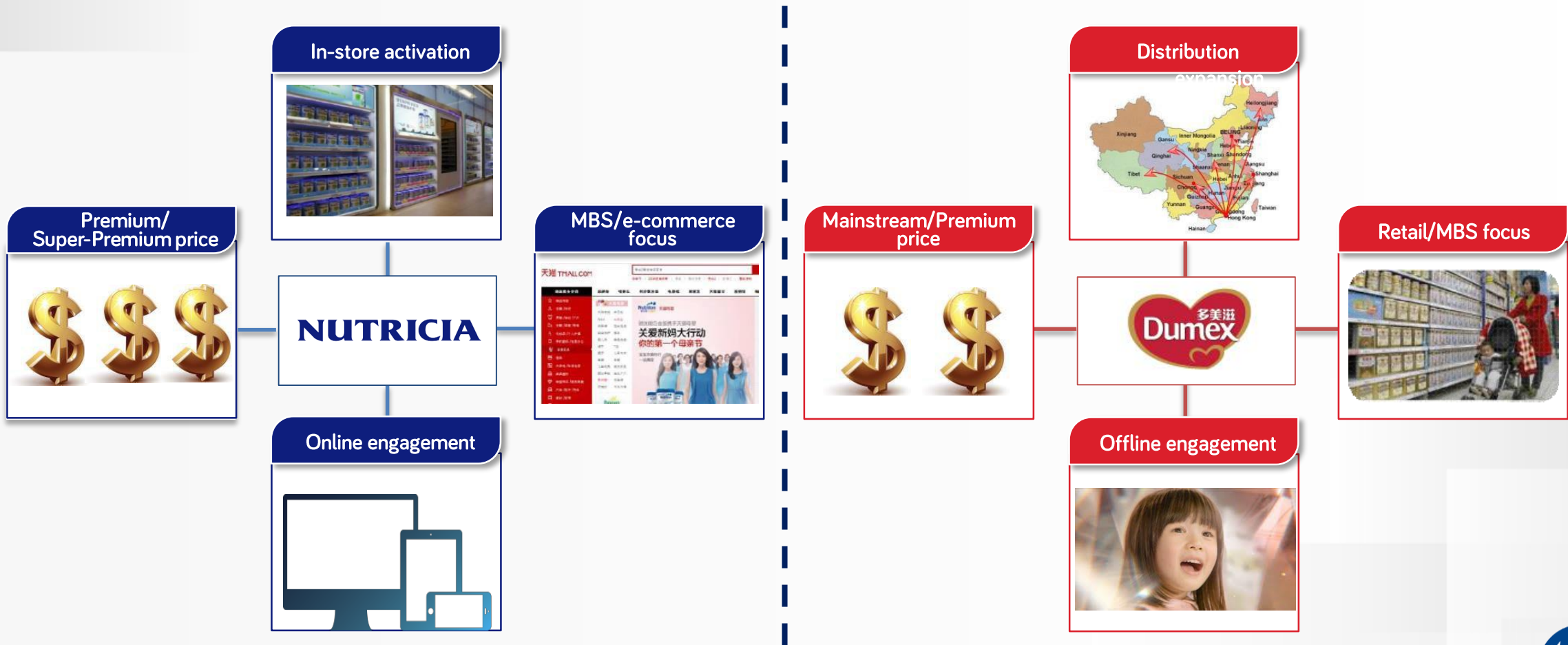
Source: Nielsen & Smart path, August 15

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MOVING FORWARD: COMBINATION OF TWO BRANDS & TWO BUSINESS MODELS



Source: Nielsen & Smart path, August 15

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3. China: consolidating a sustainable fast growing business

3.3 Nutricia China



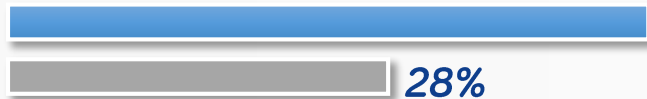
STRONG BRAND EQUITY WELL AHEAD MARKET AVERAGE



NUTRICIA



Reliable Country Origin



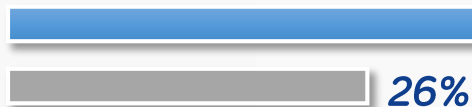
Big WOM Online



Safe & Trusted



Leading science



Reliable Country Origin



Big WOM Online



Safe & Trusted



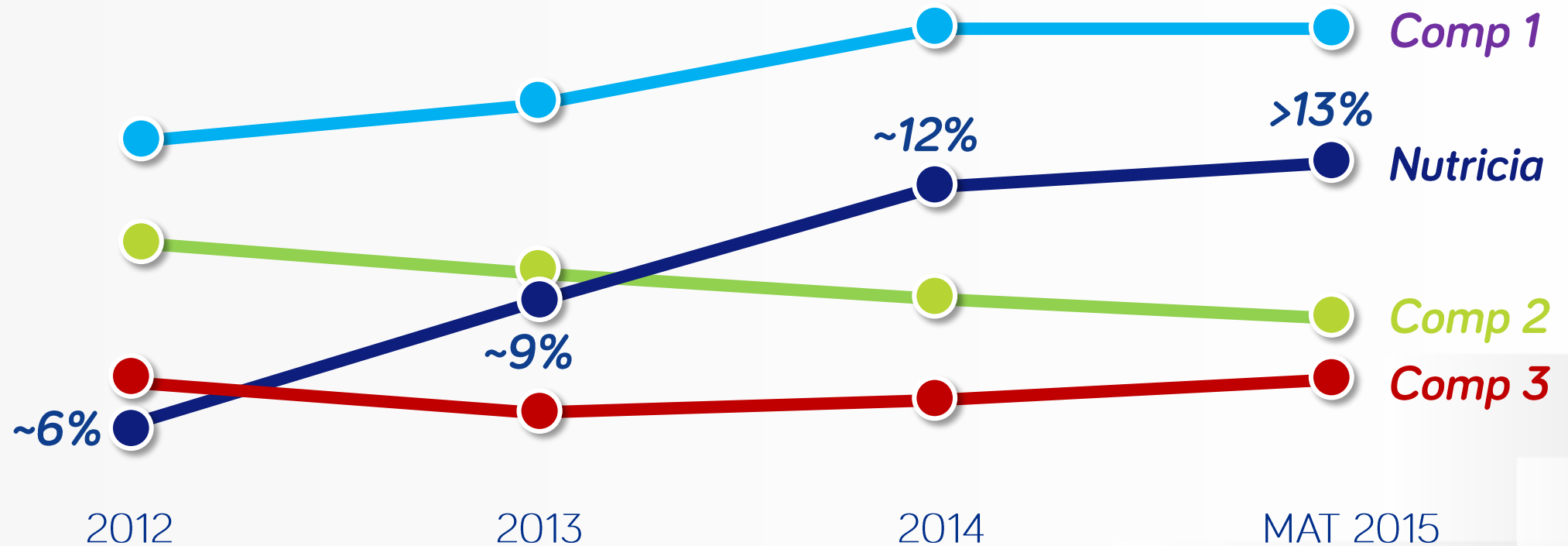
Source: BHT Preg and Mums, YTD Aug 2015



NUTRICIA CHINA: BRAND EQUITY DRIVING STRONG DEMAND

NUTRICIA

Share of Demand %



Source: Nielsen & Smart path, August 15

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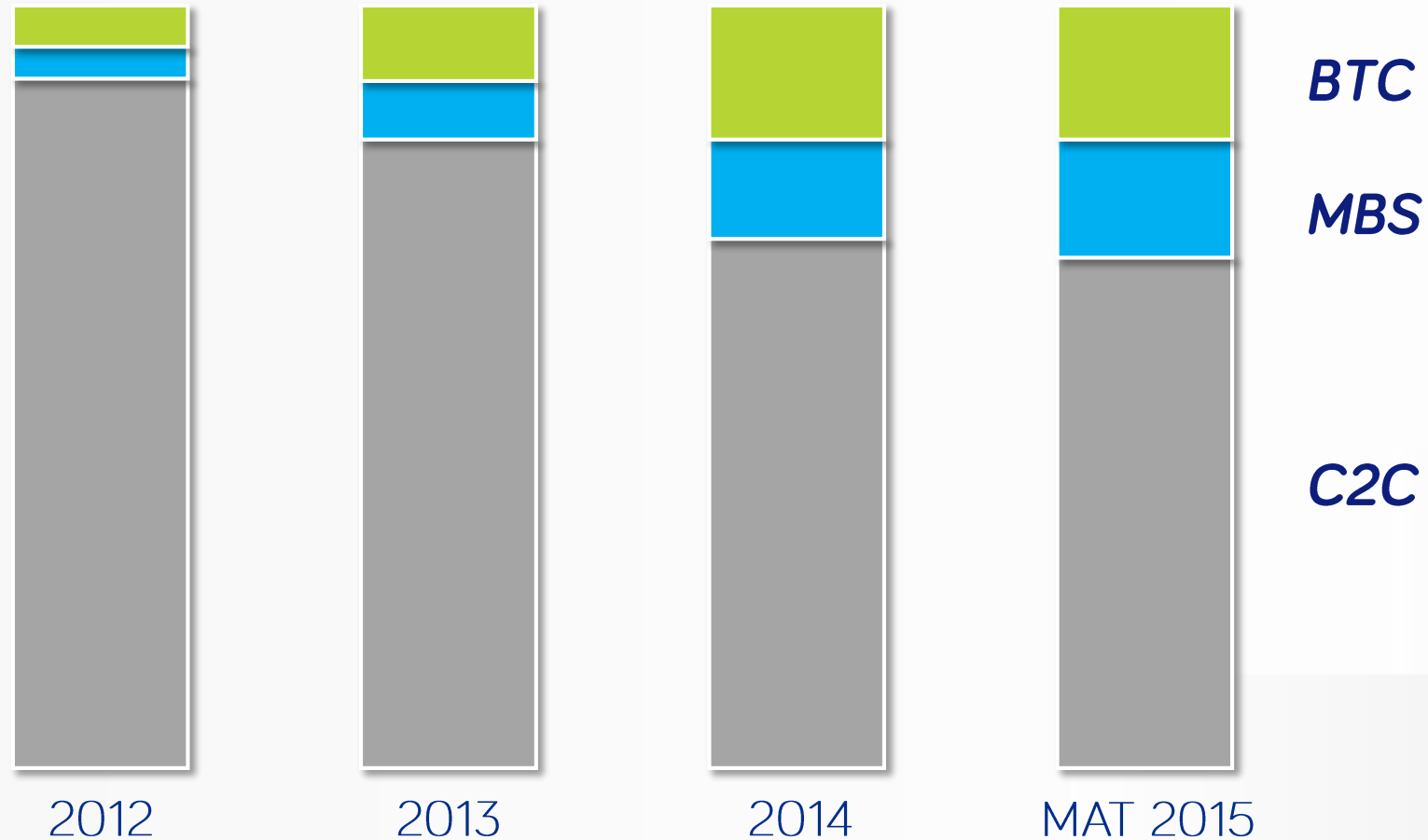


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DEMAND BEING FULFILLED THROUGH 3 CORE CHANNELS

NUTRICIA

Demand by Channel (%)



Source: Nielsen & Smart path, August 15

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AMPLIFY BRANDS EQUITY THROUGH CONTINUOUS DIGITAL FOCUS

NUTRICIA



Cost efficient Paid Media Reach

Media combination that maximize the reach of NUTRICIA brand audience

BROAD AUDIENCE MEDIA



CORE AUDIENCE HIGH AFFINITY MEDIA



WOM buzz



Source: Nielsen & Smart path, August 15

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OUTWEIGH IN-STORE ACTIVATION VS. NUMERICAL DISTRIBUTION

NUTRICIA

Modern Trade



Selective Presence

Mum & Baby Store



Focus on KMBS

E-commerce



Expand Leadership

Source: Nielsen & Smart path, August 15

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SIGNIFICANT INVESTMENT IN CORE 4 FACTORIES TO FULFILL DEMAND TRENDS

NUTRICIA



A GLOCAL ORGANIZATION TO MANAGE DEMAND TRENDS NUTRICIA



BUILDING A NO.1 GLOCAL CHAMPION





3. China: consolidating a sustainable fast growing business

3.4 *Dumex China*



DUMEX BRAND EQUITY FUNDAMENTALS ARE STILL STRONG



■ Brand awareness

92%

Baby nutrition expert

9.3

Big, well-known brand

8.5

Formula suitable for Chinese babies

7.9

Providing good parenting supports

7.2

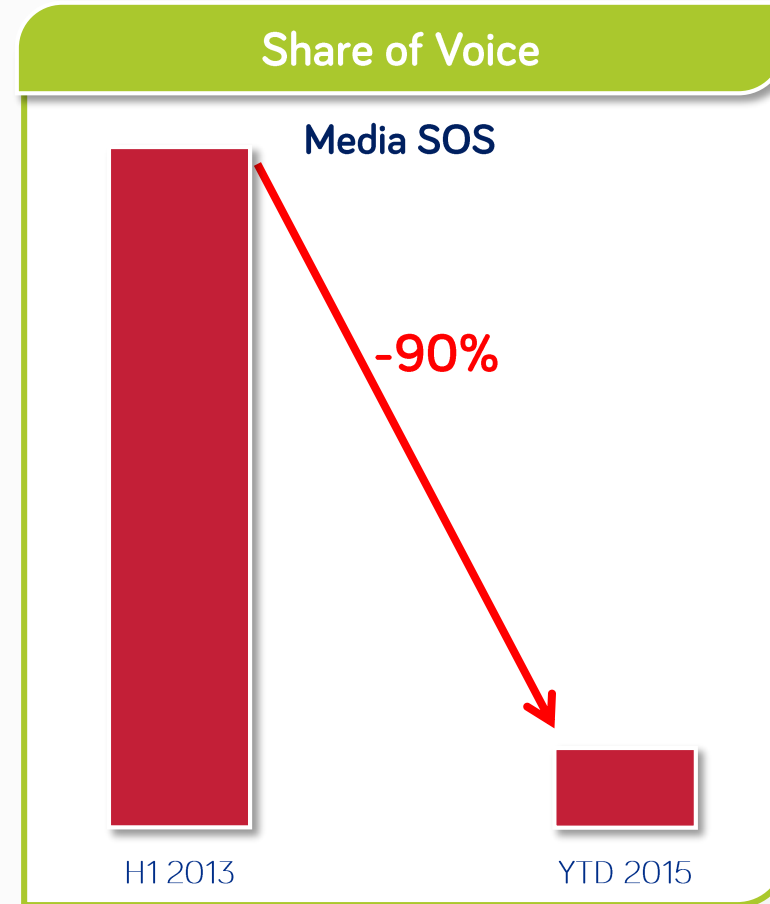
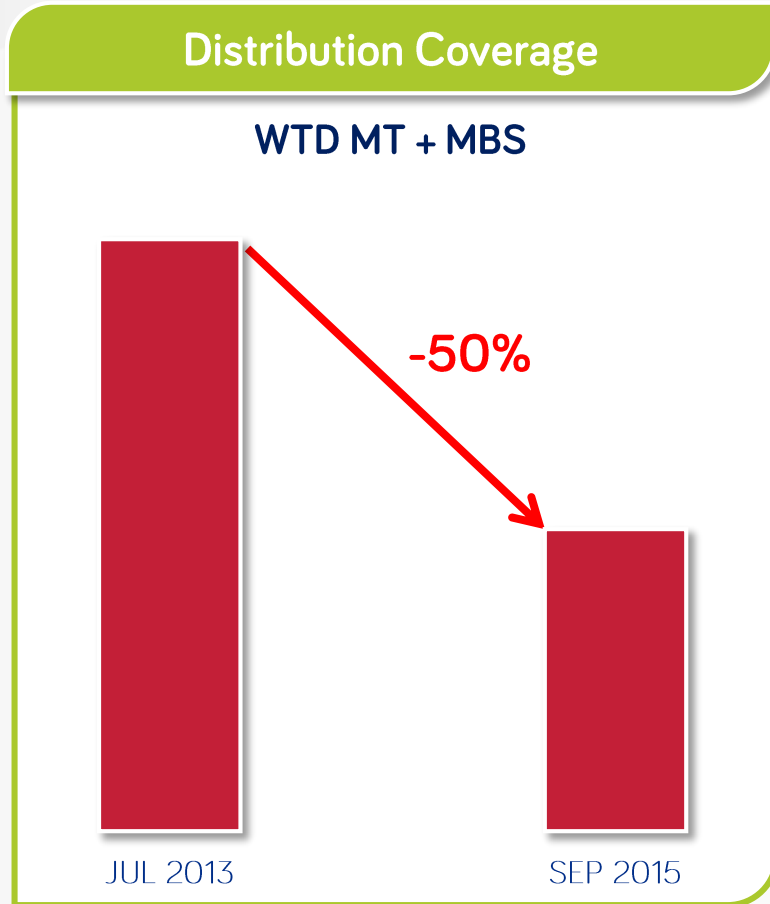
Source: Brand Health Tracking, Q1 2015; *BHT data wave

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BRAND SUPPORT SIGNIFICANTLY DOWNSIZED TO FACE FONTERRA IMPACT



Source: Brand Health Tracking, Q1 2015; *BHT data wave

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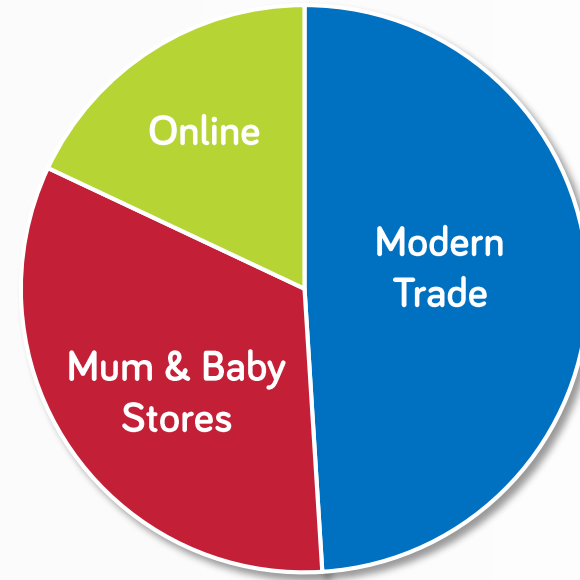
REMAINING DEMAND MAINLY SKEWED TOWARDS MT



Market Split



Dumex Split



Source: Nielsen & Smart path, Value share YTD Aug 15

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BUILDING A NO.1 LOCAL CHAMPION



COMBINATION

- Strong Brand equity
- R&D acumen
- QFS Credentials
- IMF Management expertise

Tier 1 – 3 cities
Share X2



- Top 3 domestic brand
- Offline distribution coverage
- Local / Overseas production network
- Government candidate for consolidation

Tier 4 and below cities
Share X4



EARLY LIFE NUTRITION

“Making a sustainable impact during first 1000 days of life”

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2. ELN: A key platform within Danone 2020 project
3. China: Consolidating a sustainable fast growing business



THANK YOU

