



# PROGRAM PROTEIN

DRIVING SMART SPENDING



**DANONE**  
ONE PLANET. ONE HEALTH

Investor Seminar  
October 22, 2018

## **Efficiency: The Power of Protein**

Susanne LUICK-NIJBOER

Katharina STENHOLM

Susanne Luick-Nijboer  
11 years at Danone



**VP, Global Business Leader,  
Program Protein**  
Since 2017

Regional Vice President  
Early Life Nutrition, Danone  
2007 to 2016

Senior Vice President,  
Marketing and R&D, Unilever  
2001 to 2007

Marketing and General Manager Positions,  
Unilever Ice Cream & Frozen Food  
1987 to 2001

**Senior Vice President, CCPO  
Cycle and Procurement**  
Since 2017

VP, CEO / CPO  
SABMiller Procurement  
2010 to 2017

CEO  
Polttimo Group  
2005 to 2010

Senior positions in  
Marketing, Sales & RD  
Prior to 2005

Katharina Stenholm  
1 year at Danone





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**Progress report on  
€1 billion savings target**



-2-

Embedding efficiencies to secure  
sustainable profitable growth

## Program Protein

### What success looks like for Program PROTEIN

€1bn

Sustainable savings by 2020

Maximizing efficiencies

Smart spending mindset

# Protein Program: year 1 progress report

## Delivery on track



€991m

Savings identified now



15

Cost category playbooks



**20+** Clusters activated  
**90%** Spend coverage

# Protein Program: year 1 progress report

## Delivery on track



€688m

Initiatives in delivery

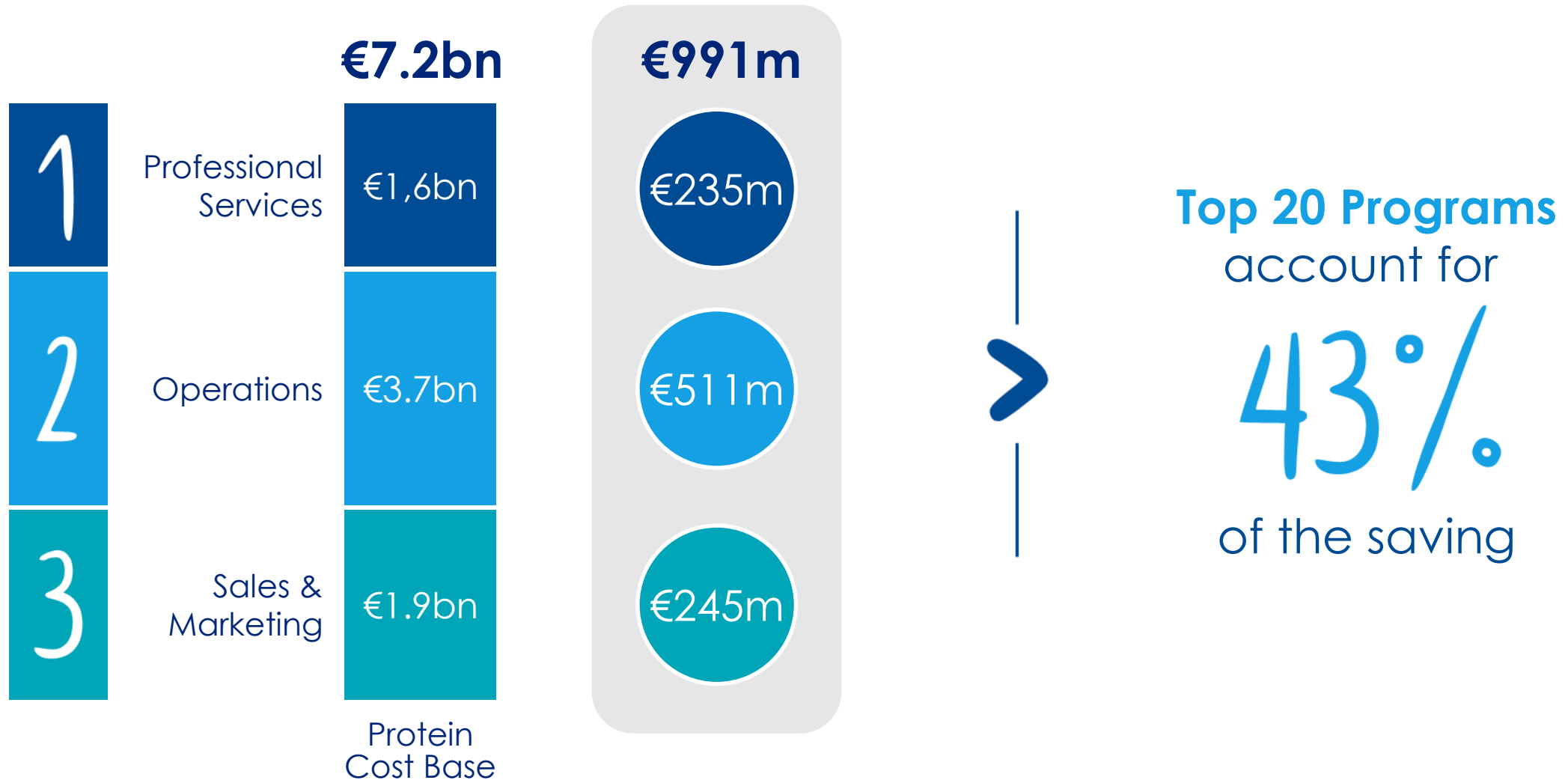


2018 H1 = €75m

2018e FY = €200m

# Our focus and scope

## Making our indirect cost base more efficient by 2020





# Professional Services Delivering on our targets

## 2020 objective

€1.6bn



baseline



~15% savings

## Top Programs

**35% of category savings**

- Internal consultancy
- 
- Review use of temporary labour
- 
- Better real estate management
- 
- Smart travel
- 
- IS-IT efficiencies

## Actions

- Drive global policies
- 
- Implement global practices
- 
- New tools
- 
- Strict budget controls

**Drive  
overheads  
down**





# Operations Delivering on our targets

## 2020 objective

€3.7bn



Baseline



~15% savings

## Top Programs

85% of category savings

Best-in-class warehousing



Network optimization



Inventory reduction



Ideal energy



Integrated facility management



3rd party manufacturing

## Actions

Leverage expertise globally

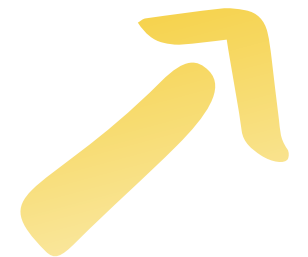


Unleash x-category opportunities

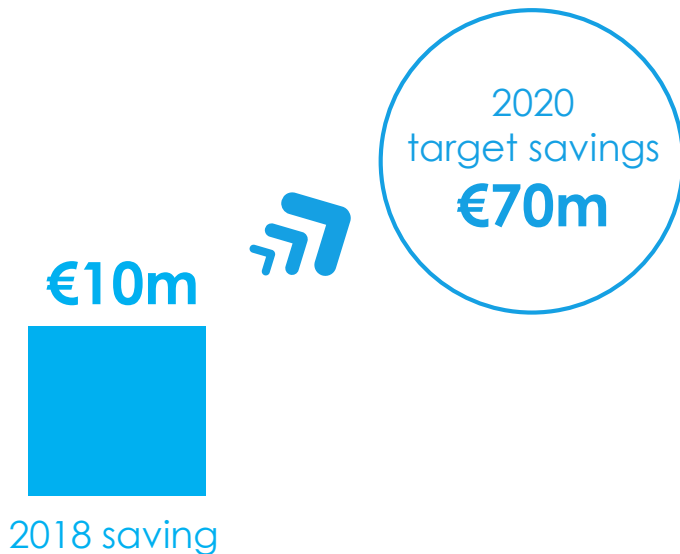


Best practices implementation across company

**Gross Margin Up**



## 2 Best-in-class warehousing Greater efficiency in logistics



### Taking best-in-class warehouse practices and roll-out to all warehouses

#### Key Benefits:

Boost efficiency using standardized toolkits

—  
Advanced technologies

—  
Digital solution

—  
Faster warehousing operations

—  
Waste reduction

# 2 Purchase Power Agreement in Mexico

## Buying cheaper cleaner energy



Securing >70% of Danone electricity consumption from a renewable source partnering with CAC40 companies in Mexico

Global roll-out of Mexican best practice

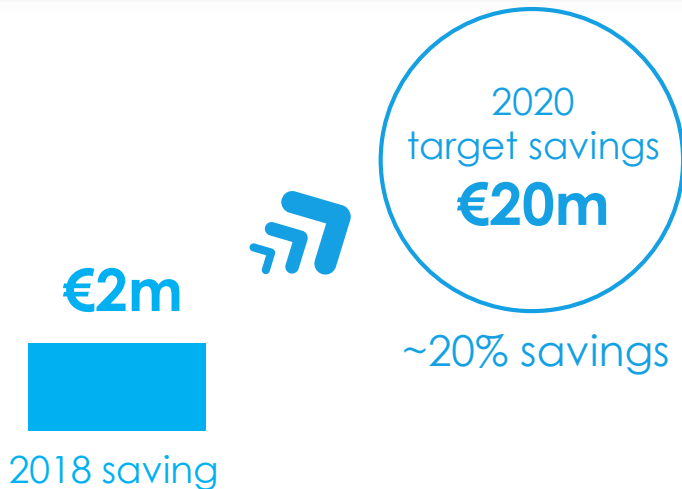


25% price efficiency

Business sustainability – moving from high volatility to long term fix price contracts

>70% renewable electricity – aiming for 100%

-45KT of CO<sub>2</sub> reduction



# Sales & Marketing Capabilities for higher effectiveness

## 2020 objective

€1.9bn



baseline



~13% savings

## Top Programs

60% of category savings

Smart Topline Investments



Best-in-class advertising production



Lean POSM



Graphic chain



Digital asset management

## Actions

New tools

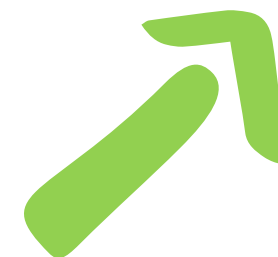


Capabilities building

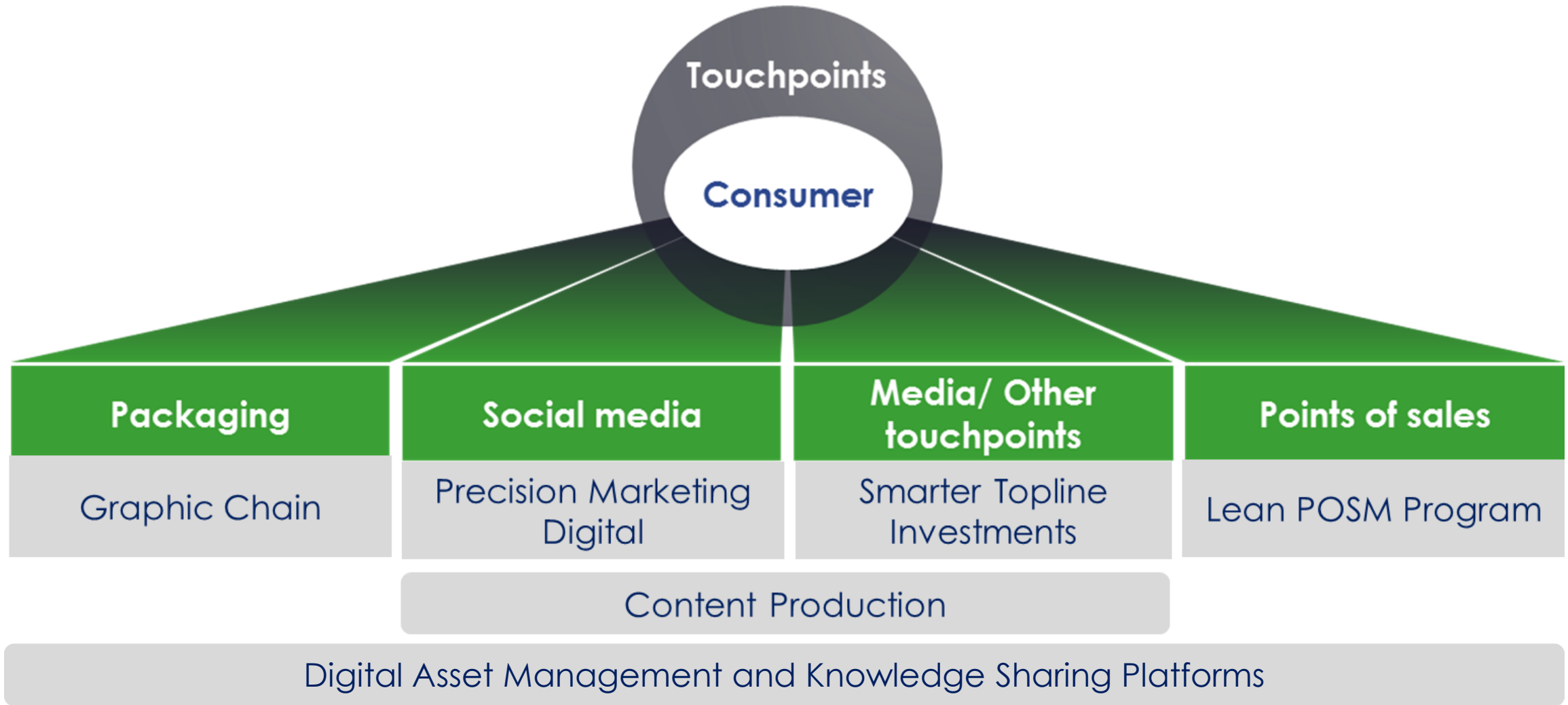


Leveraging scale

Growth



# Sales & Marketing Interlinked transformational programs



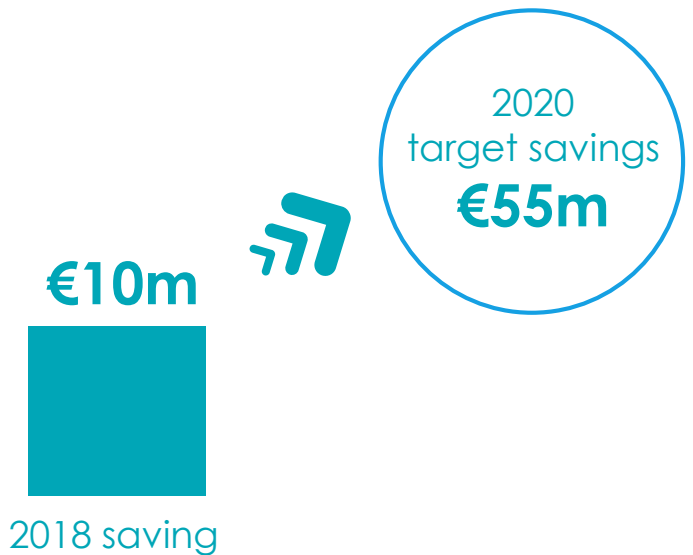
# Sales & Marketing Precision marketing digital



## Select the best in class digital agencies to enable precision marketing with optimized content

### Key Benefits:

- 30% decrease in cost per useful contact
- 
- +40% increase in brand campaign effectiveness
- 
- Deeper consumer understanding
- 
- Data ownership and usage
- 
- Data science capabilities inside Danone



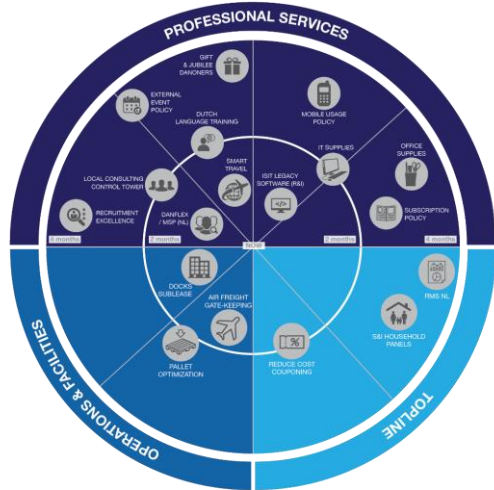


# Benelux Cluster

## Execution of global programs and driving smart spending

2018  
**20M€**

2020  
**~70M€**



### Projects Portfolio Management

Use of One Danone organization across 13 entities

New processes and tools

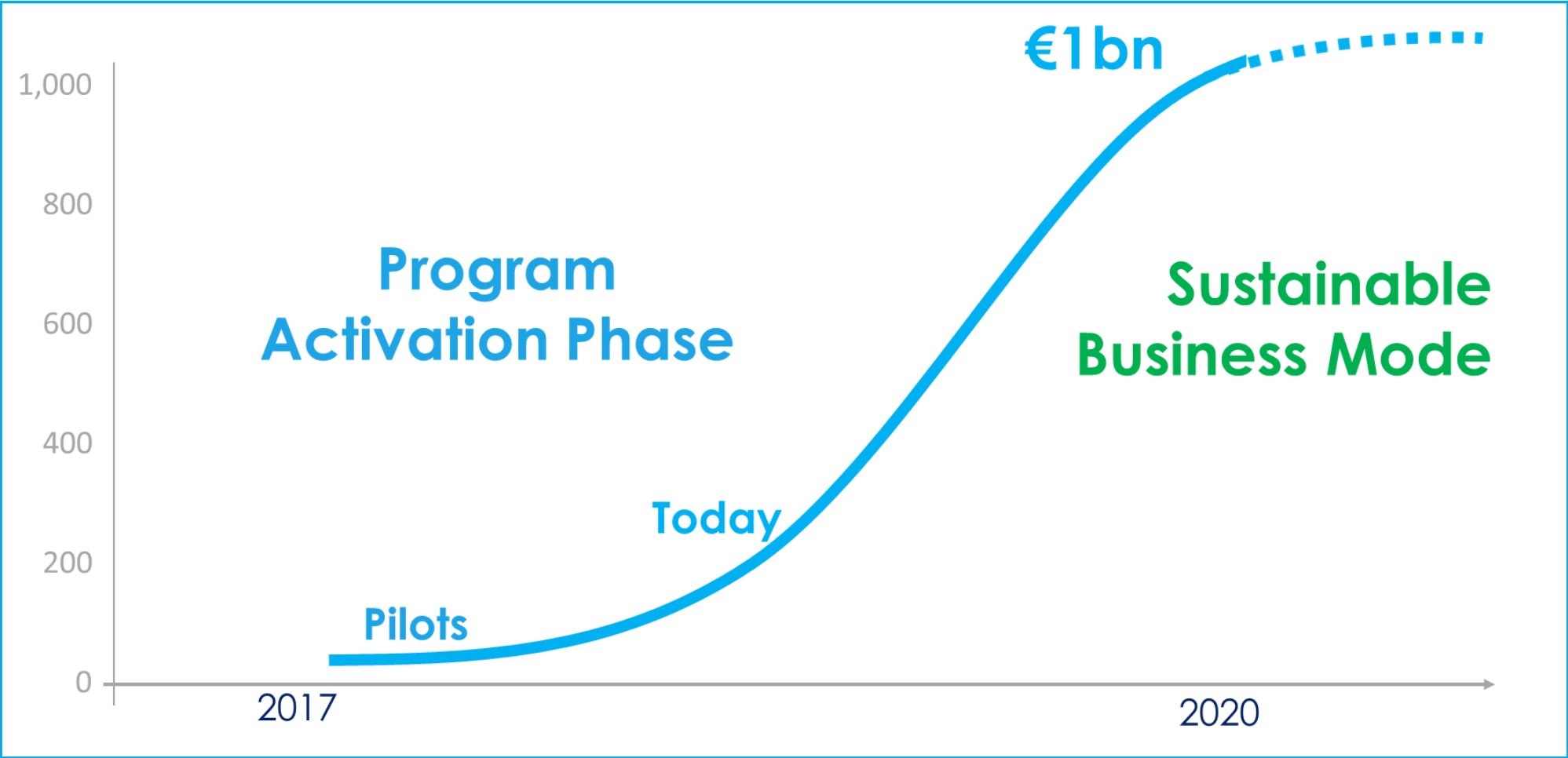
High people engagement

Strong transformation & change management activities



# Delivering Protein Program

## Transition to sustainable business practice





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Embedding efficiencies to secure  
sustainable profitable growth

# Secure value delivery

## Embedding capabilities built through Protein



# Support sustainable profitable growth

## Repositioning procurement as a strategic business partner



# Redesigning Source to Pay process

## Becoming a data driven procurement organization



- Improve visibility and spend control
- Avoid value leakage in the process
- Allocate resources towards strategic sourcing
- Improve end-user and supplier experience
- Build differentiating digital capabilities

# Securing the 1bn€ and unlocking future value potential

## Reimagining indirect cost management

join up  
as one team



partner for  
success



streamline &  
simplify



leverage  
digital



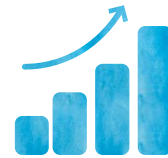
## Conclusion

### Securing savings to enhance value creation



### Danone strategic priorities

- 1 **accelerate growth**
- 2 **maximize efficiencies**
- 3 **allocate capital with discipline**



### Protein efficiency program

Delivering savings, enabling reinvestment in growth

— Enhancing margins through permanent cost reduction

— Creating a more solid and efficient procurement organization

— Embedding a smart spending mindset throughout the company

— Disciplined resources management





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