



DANONE
2017 - 2020

Fit today and tomorrow

Emmanuel FABER

Chief Executive Officer

Evian 2017 - Investor Seminar

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Forward-looking statements in this document include, but are not limited to, statements regarding Danone’s operation of its business including that of WhiteWave following completion of the merger, and statements regarding the future operation, direction and success of Danone’s business including that of WhiteWave.

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Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.

2017 – 2020 FIT TODAY AND TOMORROW

2014-2016

The start of the Danone
2020 transformation



2015 – 2017

Revolution Accelerators
for Danone



2017 - 2020

Delivering on a recrafted
preparation agenda

2017 – 2020 FIT TODAY AND TOMORROW

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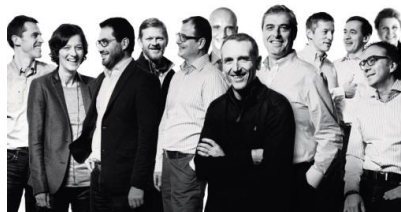
Transformation in motion

2014



September 2014
New governance

December 2014
New Comex team



2015



July 2015
Manifesto roll-out

October 2015
Streams activation



TOWARDS 2020*

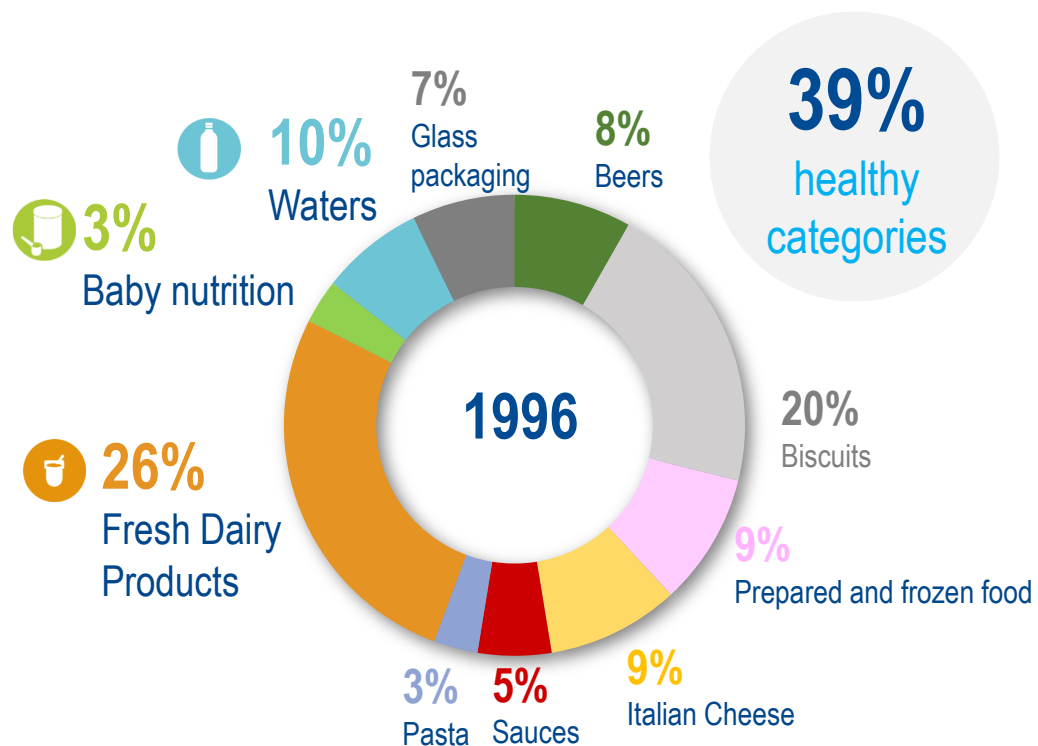


From European food conglomerate to global health focus

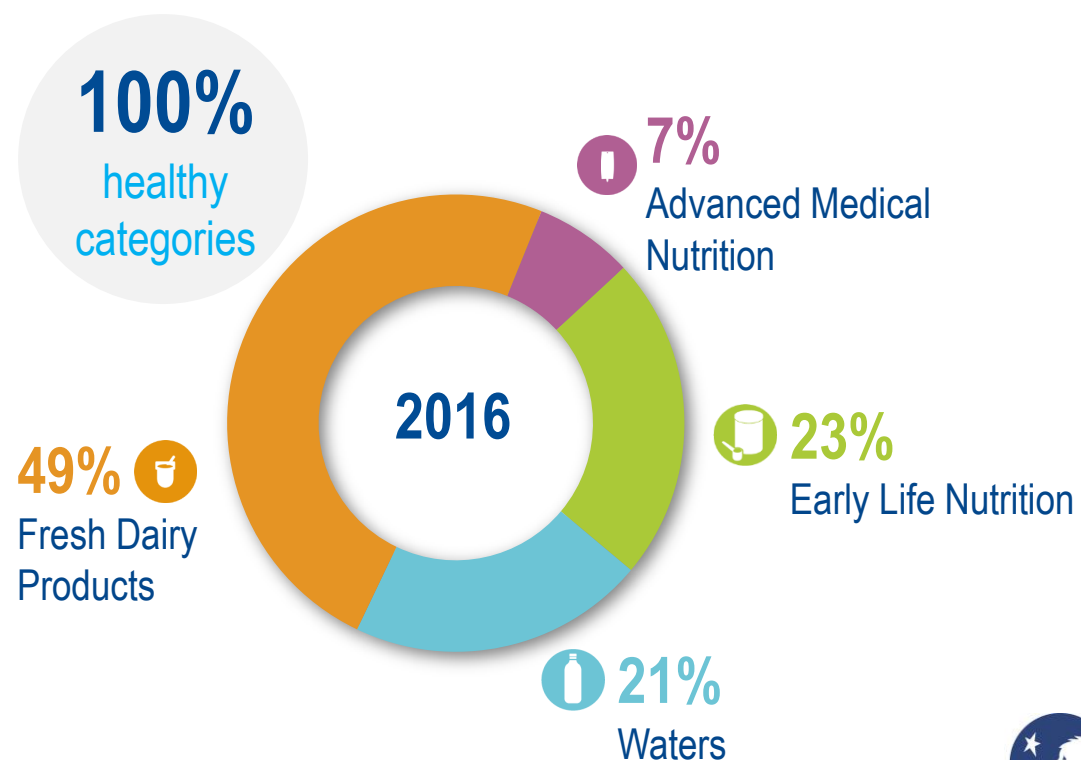
Categories : Portfolio revolution 1996-2016

Sales breakdown

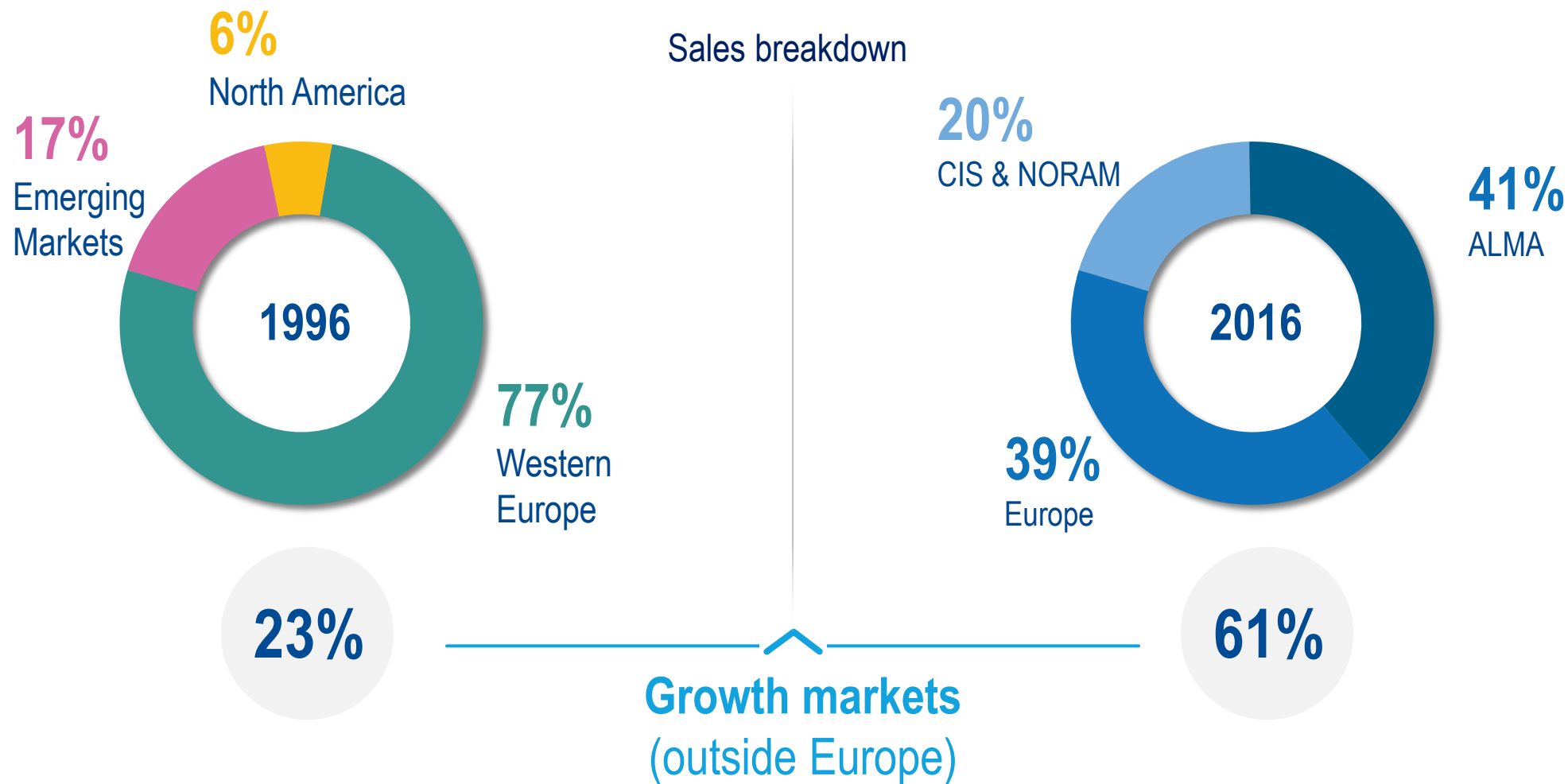
From 10 categories...



...to 4 categories



From European food conglomerate to global health focus



2014-2016: building on the 3 horizons of the transformation

Short term

- > US, CIS
- > Middle-East
- > China Direct ELN and AMN

- > One Danone
- > Resource allocation process

- > Medical Nutrition TAM organization
- > Dairy and Waters PRGM

Mid term

- > Nutrition policy
- > Agricultural policy
- > Packaging policy

- > ELN pledge
- > Non GMO – US pledge

- > Accelerated R&D spend
- > Factories : Evian, Cuijk, Fulda

- > 4 acquisitions in Africa

Long term

- > Milk, Water & Plastic cycles

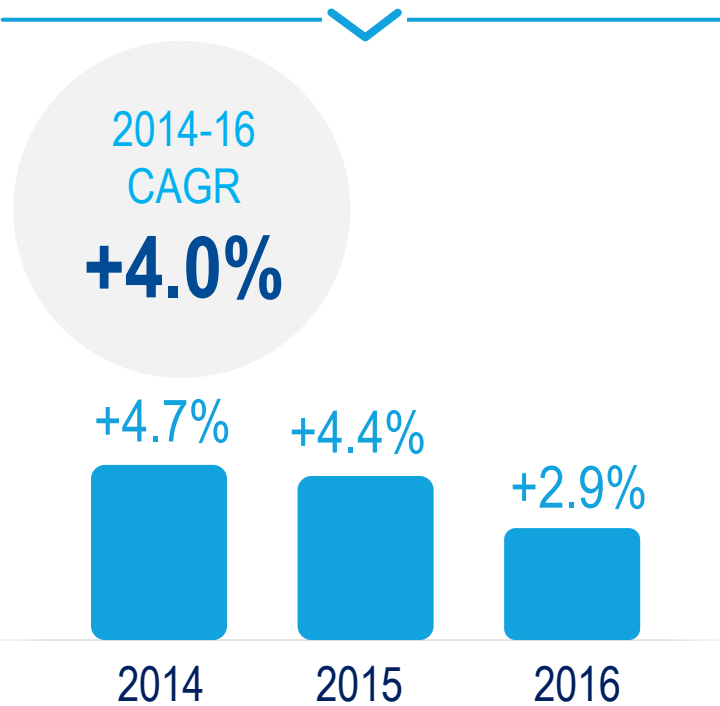
- > Global alliance Veolia

- > CO₂ commitment

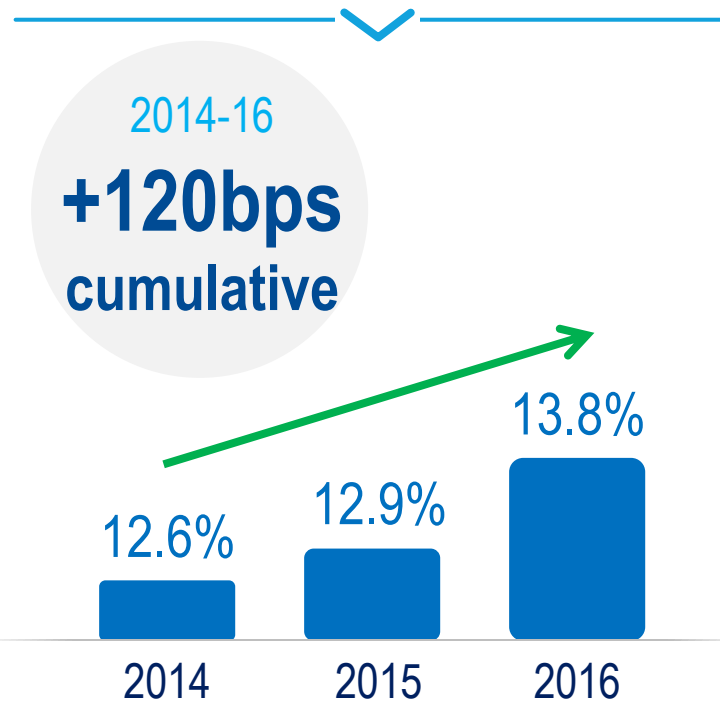
- > Launch of Livelihoods for Family Farming

2014-2016: delivering on the transformation roadmap

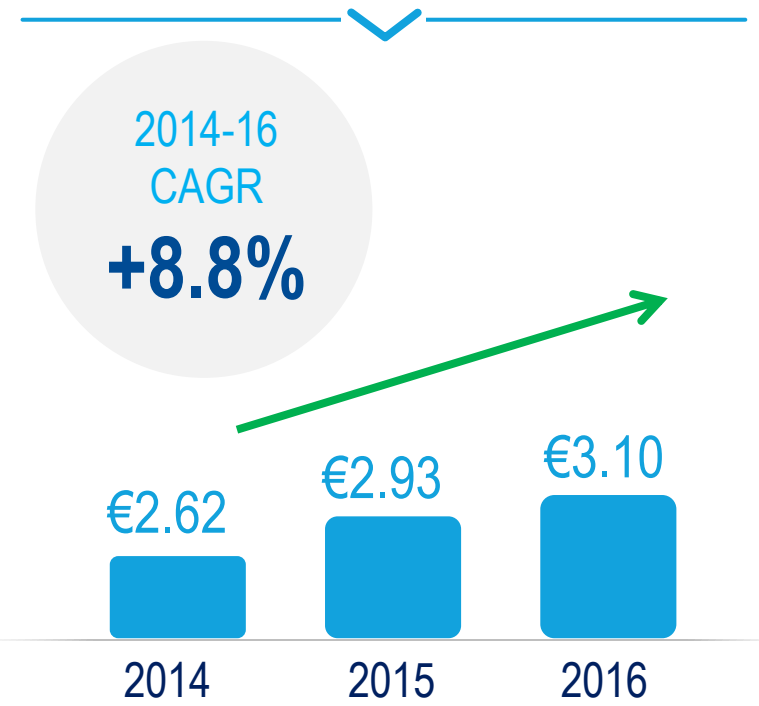
Like-for-like sales growth



Sustained improvement in recurring operating margin



Consistent recurring EPS growth



2017 – 2020 FIT TODAY AND TOMORROW

2014-2016

The start of the Danone
2020 transformation



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Revolution Accelerators
for Danone



2017 - 2020

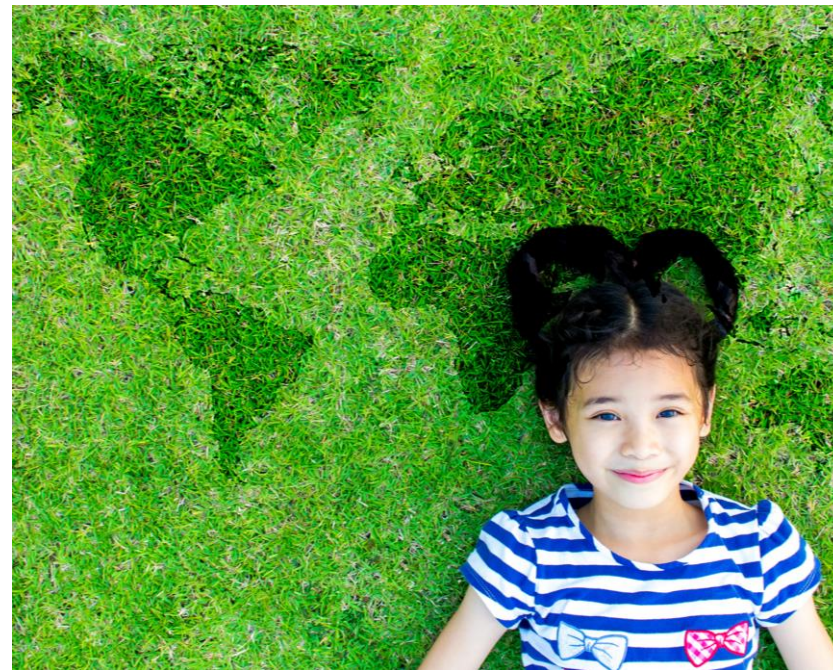
Delivering on a recrafted
preparation agenda

Revolution accelerators

SHIFTING CONSUMER
TRENDS



POLITICS ARE BACK
IN THE GAME



PEOPLE WANT TO LIVE
AND WORK DIFFERENTLY



Revolution accelerators

SHIFTING CONSUMER
TRENDS



POLITICS ARE BACK
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PEOPLE WANT TO LIVE
AND WORK DIFFERENTLY





Revolution Accelerator : shifting consumer trends

New relationship to food and drinks



Small and local brands

Small, local
are the new big

Transparency



People behind brands

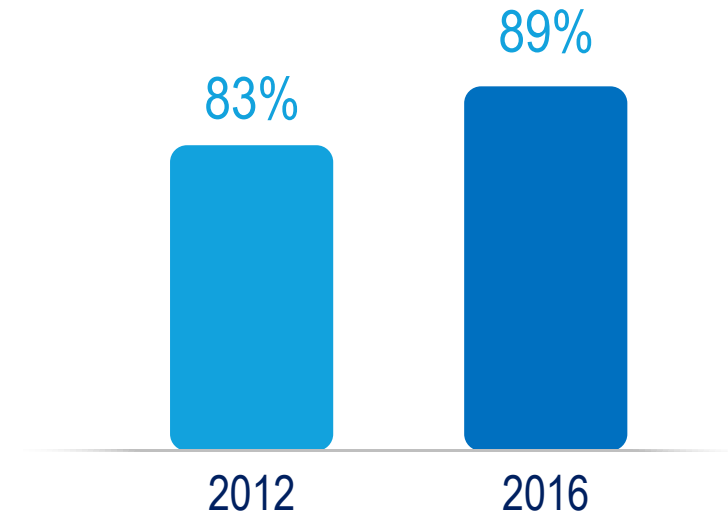




The future of food



89% of prosumers
think that *“food is as effective
as medicine in maintaining
overall health”*



Prosumers: consumers who influence the brand choices and consumption behaviors of others
BETC/Havas's Eaters Digest study, "The Future of Food".



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Growing interest for healthy food



“What I eat says a lot about who I am”

70%

of prosumers and 58% of mainstream consumers agree with this statement

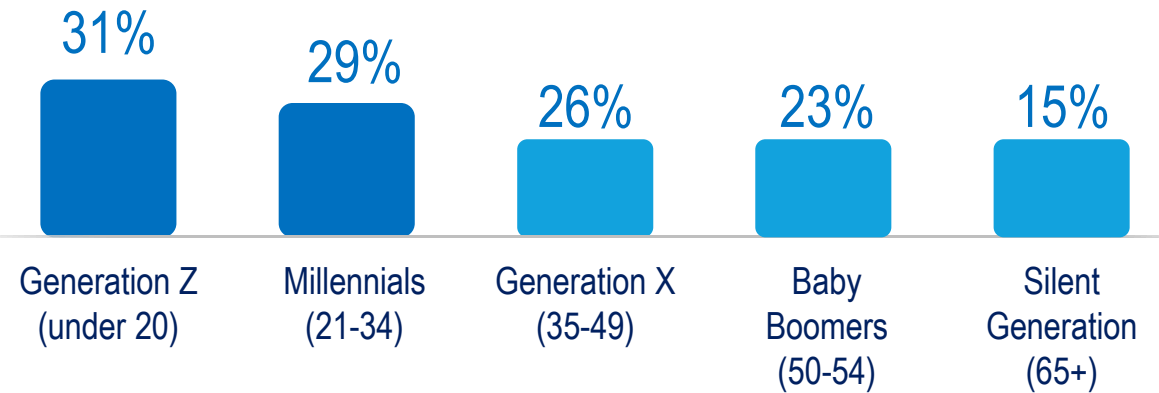


Connected foodies

52%

of millennials identify themselves as foodies, and 44% have published a photo of food on social media

New generations most willing to pay a premium for healthy food



Millennials are 29% of global wallet

Sources: BETC/Havas's Eaters Digest study, "The Future of Food".
Nielsen Global Health & Wellness Survey, Q3 2015



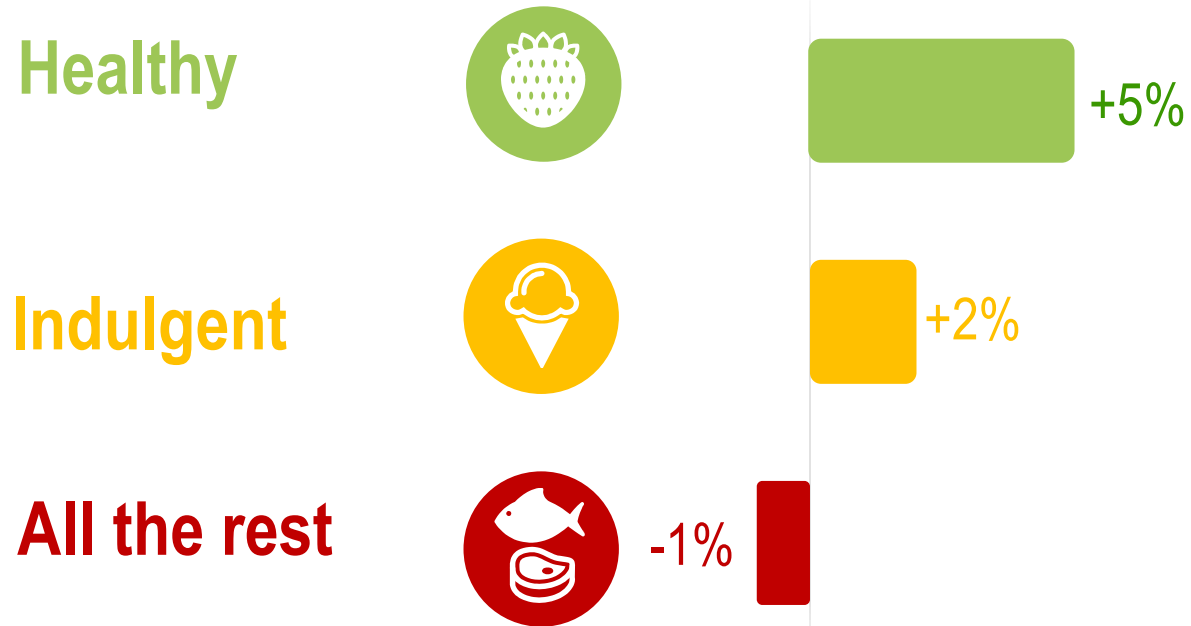
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Health attributes polarizing category growth



Global Food 2012-2015 sales change⁽¹⁾



(1) Nielsen Global Health & Wellness Survey, Q3 2015

2016 Danone SKU portfolio



(2) As defined in Danone Food, Nutrition & Health Charter : http://danone-danone.com-prod.s3.amazonaws.com/user_upload/danonetemplates_elementinv/FNH_Charter_2009_EN_LD_01.pdf



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From niche vegetarians to mass market flexitarians



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theguardian

home > opinion > columnists

Food & drink
Opinion

Stop telling me not to eat meat: we should all be flexitarians
Toby Moses



THE TIMES

Age of the flexitarian: millions now only eat meat at weekends

Andrew Ellison,
Donato Paolo Mancini

January 14 2017, 12:01am,
The Times



Aldi launches 'flexitarian' Full of Beans chilled mince

19 Jan 2017 | Beth Gault

Print | Email | Share | Comment | Save



Aldi is tapping the flexitarian trend with the launch of a new mince product made from a blend of British beef mince and haricot beans, called Full of Beans.

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RELATED ARTICLES

Debbie & Andrew's tops up Flexilicious sausage range

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09 Feb 2017

Aldi's steady



26%
of consumers
are flexitarian

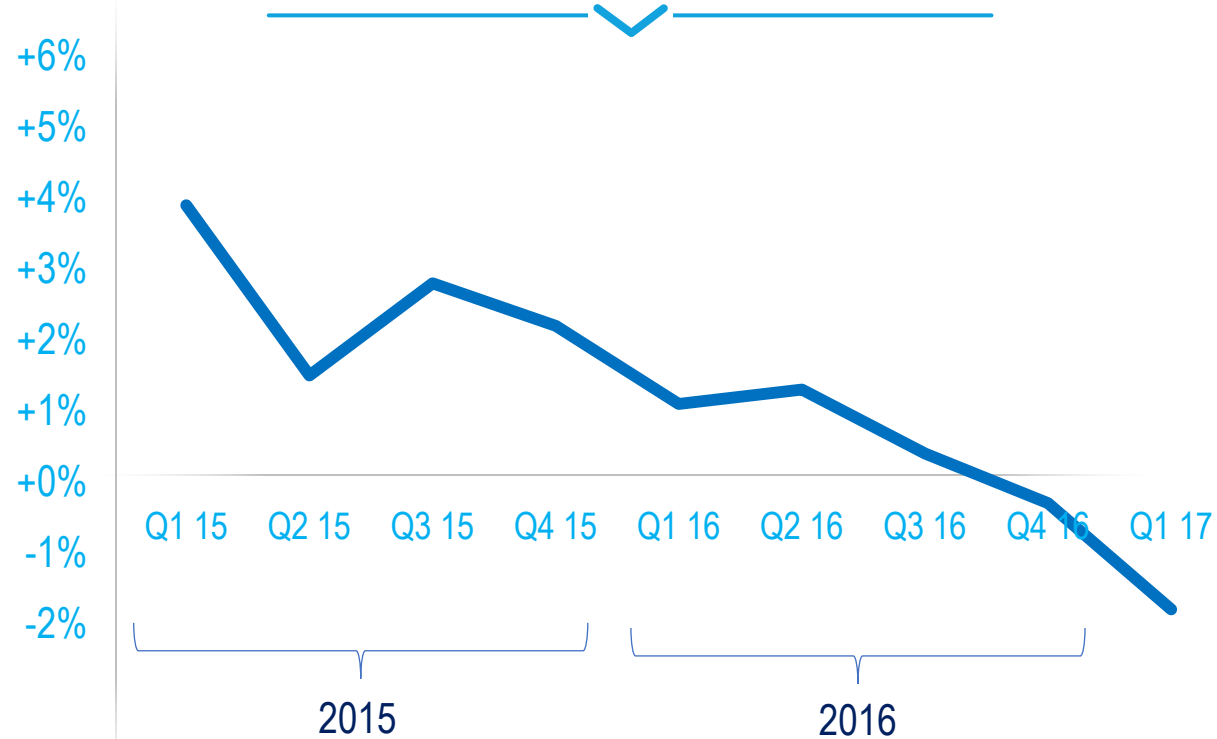




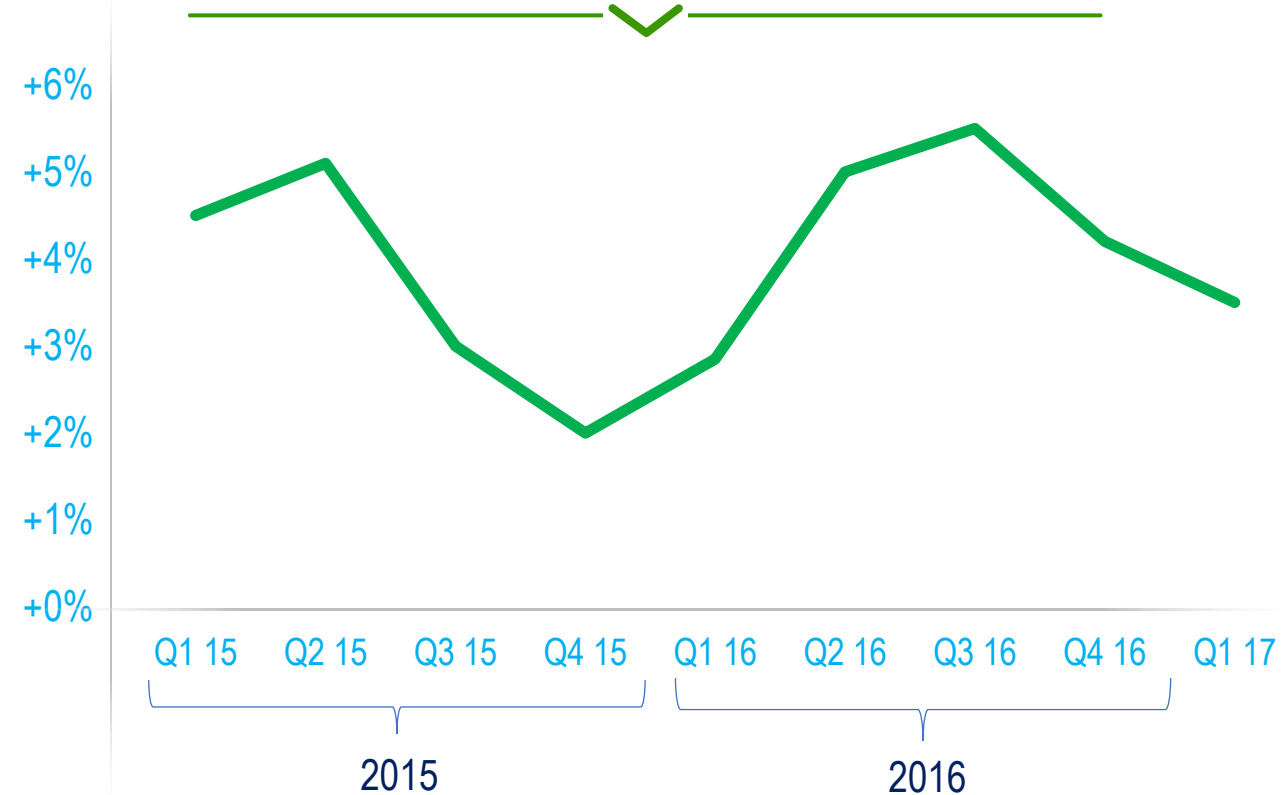
USA: Health attributes polarizing category growth



F&B Industry Sales growth



Plant-based beverages vs F&B growth



Source: Nielsen xAOC for Rfg PBB, Nielsen xAOC + Convenience – Includes Grocery, Mass, Drug, Dollar, Club (ex Costco), Convenience, Military for F&B categories including Alcohol
 Note: Sales are Retail Sales

Note: Size/growth figures are US xAOC only and do not include natural channel; data is for period ending 4/1/17;
 PB Ice Cream includes novelties, Organic Dairy includes Butter, Heavy Whipping Cream, Dip, Cheese, Sour Cream

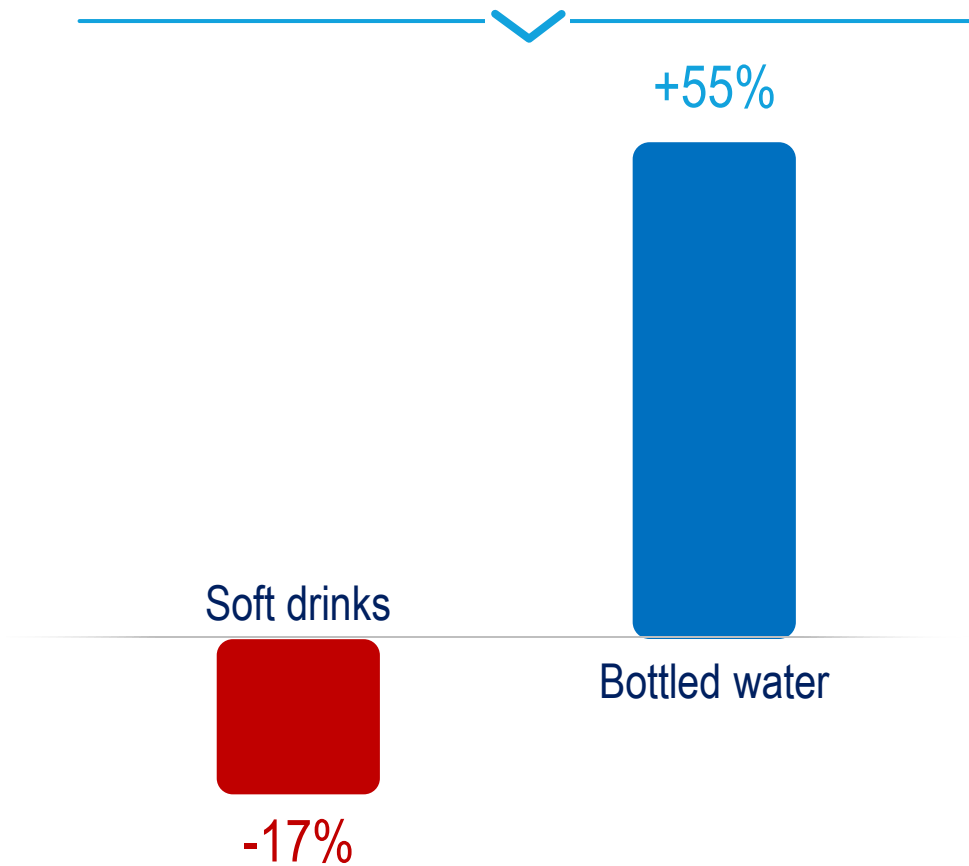




USA : Health attributes polarizing category growth



How America's drinking habits change
(2001-2011)



2016 **evian.** sales

~+50%

Source: The New-York Times 2016 - Beverage Digest, a trade publication.



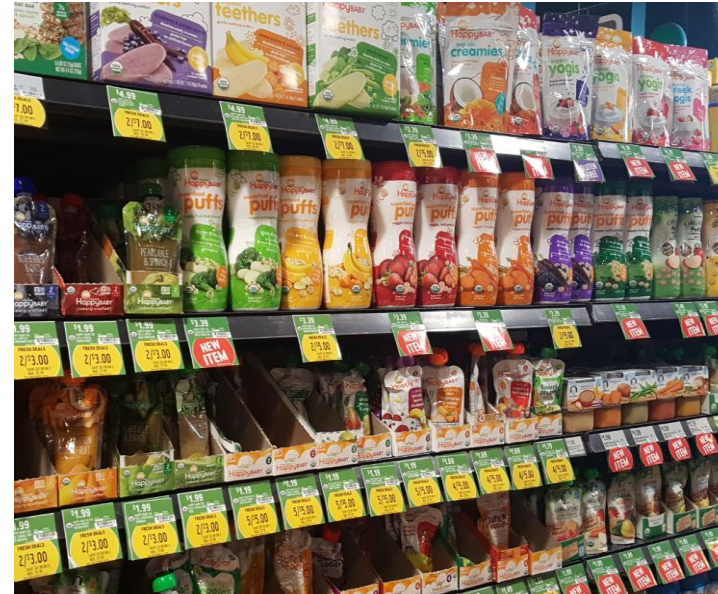


USA : Organic disrupting the baby food



From :

To :



2016:
+30%
sales growth

#1 Organic Brand (excl. Walmart)

#1 Brand in the natural channel

Organic
Market Share

2008: **5%**

2017: **28%**

Source: IRI and Euromonitor.



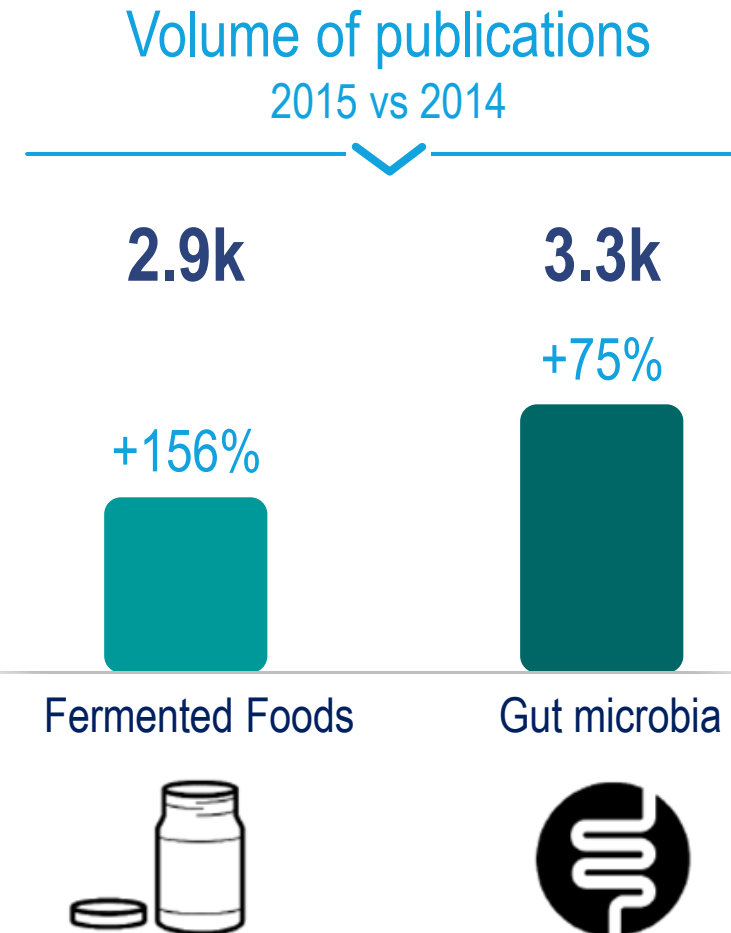
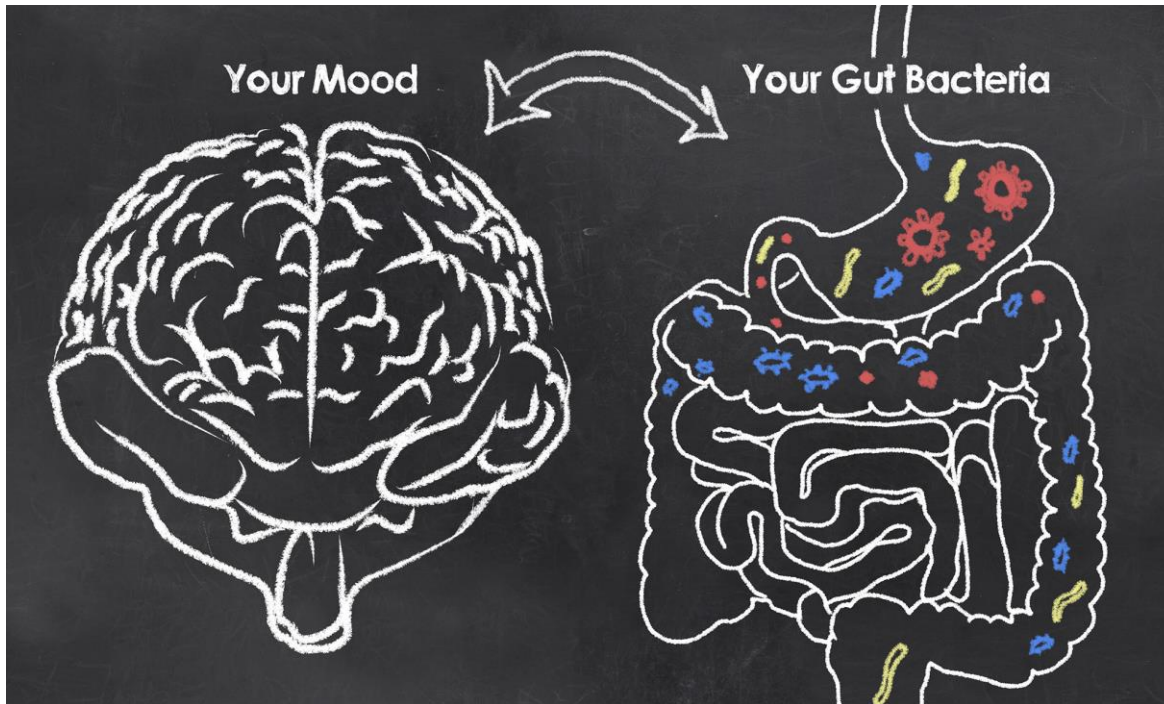
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New health is naturality: probiotics



Probiotics have become a frantic study subject since 2015



Sources: Global MONITOR 2016, base 23 countries, n= 21,856, min base n= 982. Leatherhead Food Report 2014. Radarly – Linfluence



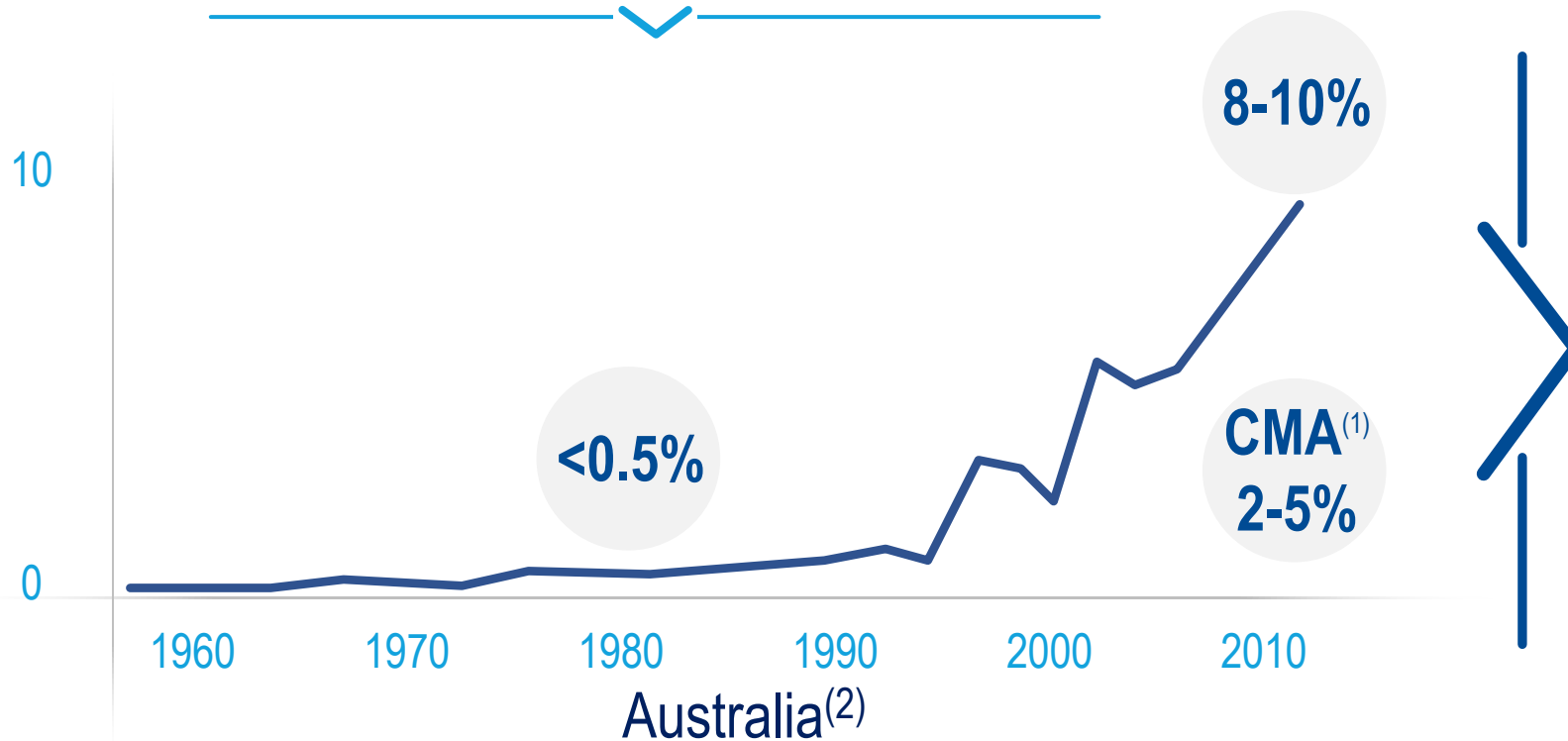


New health is « free from »: the case of allergies

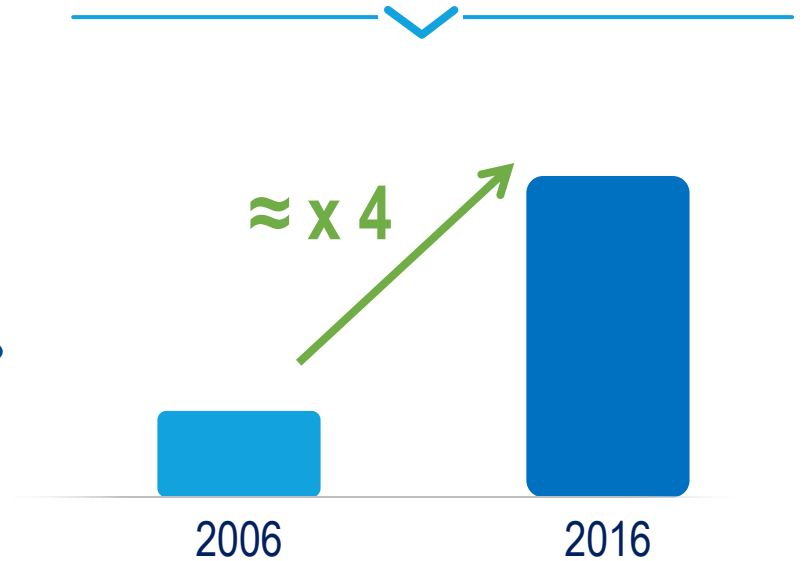


Food allergies are #4 most frequent disease in the world, and growing

Prevalence of food allergies (%)



Neocate Global Sales (index)



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Source: Sampson & Hirschborn, 'concept change on food allergy in the past three decades' (1) Cow Milk Allergy (2) numbers based on oral food challenges (not reported symptoms)



« My food, my health » revolution : Danone uniquely positioned



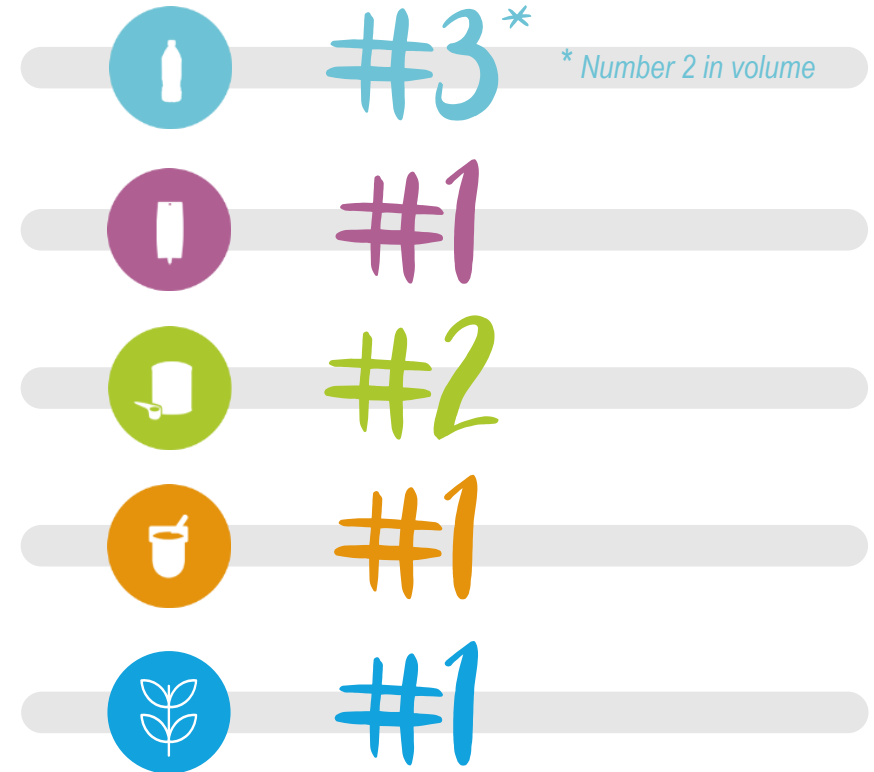
A mission

Bringing health through food to as many people as possible

An ambition for our Manifesto

Foster healthier, more sustainable eating habits

And a consistent product portfolio





Dairy



Category

Top 3 countries

Size 2016:
€ 62bn

2006-2016
CAGR⁽¹⁾
+2.7%



United States



Russia



France

> Key long-term growth drivers:

- Fresh snacking growing as a trend
- Guts/microbiota/probiotics awareness
- Fermentation as « minimally processed »



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NET SALES

€10.7bn

#1

25% Market Share⁽²⁾

* excluding China

(1) Source Euromonitor

(2) Market share in relevant Danone scope (only in sub-categories & countries we play in)





Plant-Based food & beverages



Category

Size 2016:
€ 12bn

2006-2016
CAGR⁽¹⁾
+12.2%

> Key long-term growth drivers:

- Growing household penetration (Flexitarians)
- Geographic footprint
- Sustainability consumer trend
- A white space for innovation

Top 3 countries



United States



United Kingdom



Germany



DANONE
NET SALES

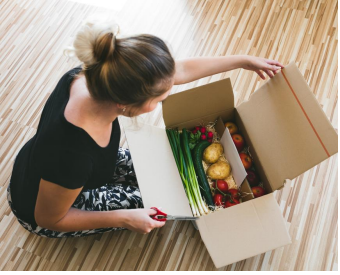
€1.7bn

#1
46% Market Share⁽²⁾

(1) Source: Canadean. Global category size (at manufacturer selling price). Product scope: milk alternatives (incl. soy milk & other plant-based milk alternatives).

(2) Market share in relevant Danone scope (only in sub-categories & countries we play in). Including WhiteWave





Essential Dairy & Plant-Based



 EDP NORAM



 EDP INTN'L



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Waters



Category

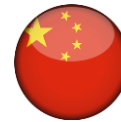
Size 2016:
€ 123bn

2006-2016
CAGR
+9.1%

> Key long-term growth drivers:

- Switching trend to healthier beverage
- Public Health recommendations on minimal hydration
- Water sustainability stewardship

Top 3 countries



China



Indonesia



France



DANONE

NET SALES

€4.5bn

#3 in value

#2 in volume

24% Market Share

Category source Canadean

Water market = Plain Water and AQD

(1) Market share in relevant Danone scope (only in sub-categories & countries we play in)





Early Life Nutrition



Category

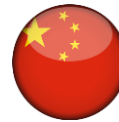
Size 2016:
€ 44bn

2006-2016
CAGR
+7.9%

> Key long-term growth drivers:

- Affluent middle-class demographics
- 1,000 days awareness
- Journey Management
- Tailored Nutrition (allergies, etc.)

Top 3 countries



China



Indonesia



United Kingdom



DANONE
NET SALES

€5.0bn

#1
22% Market Share⁽¹⁾

* Eurononitor

(1) Market share in relevant Danone scope (only in sub-categories & countries we play in)





Advanced Medical Nutrition



Category

Size 2016:

€ 5bn

2014-2016
CAGR

+6.8%

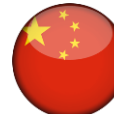
> Key long-term growth drivers:

- Ageing population and prevalence of chronic diseases
- Growing investment in healthcare infrastructure in developing markets
- Rising importance of outpatient care

Top 3 countries



United-Kingdom



China



Germany



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NET SALES

€1.6bn

#1

37% Market Share⁽¹⁾

* Internal data

(1) in relevant Danone scope (only in sub-categories & countries we play in)

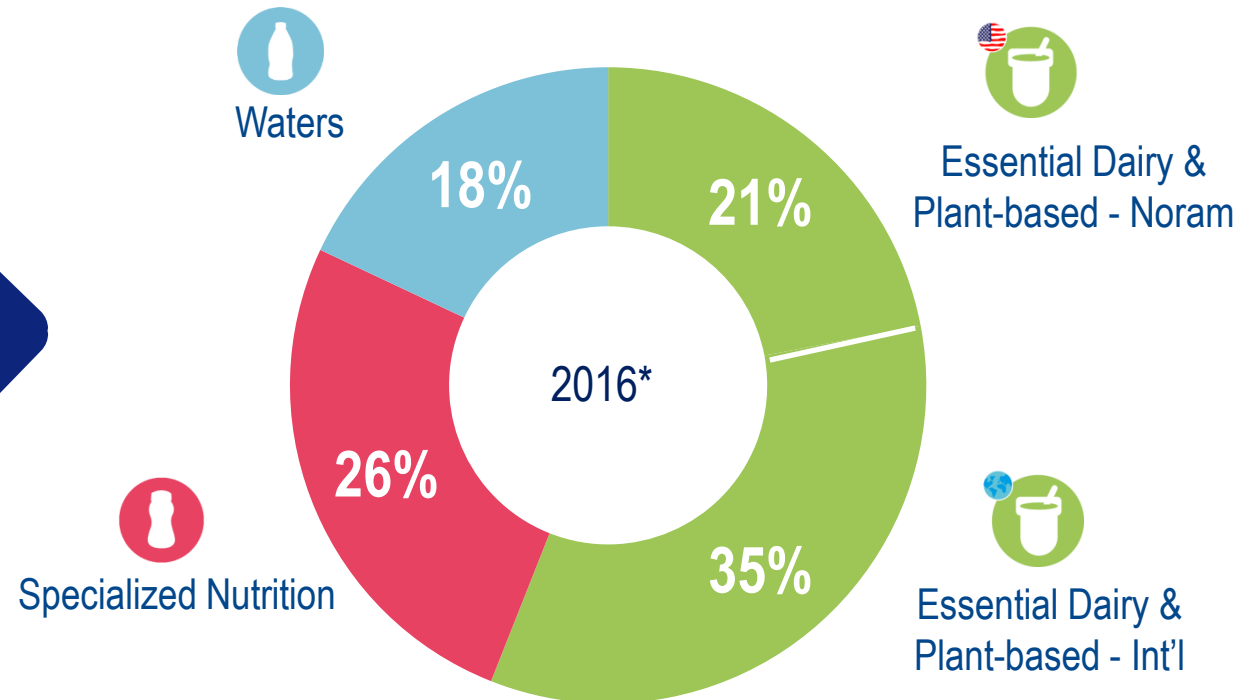
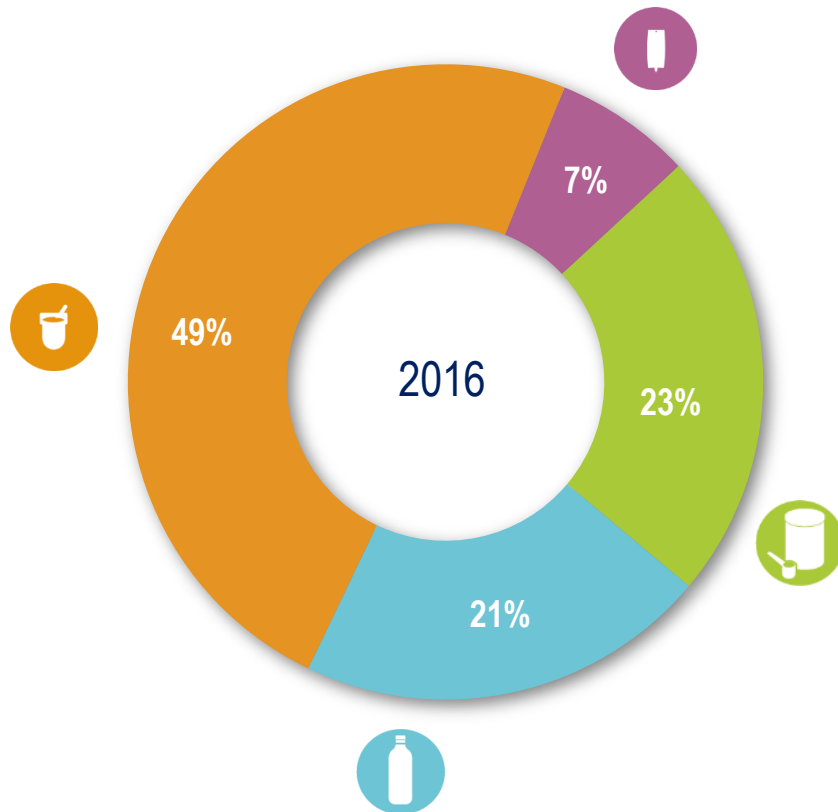
(2) Market share in relevant Danone scope (only in sub-categories & countries we play in)



An unparalleled portfolio of 100% healthy diet categories



New Danone



* Excluding Stonyfield



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« My food, my health » revolution : consumers disrupt retail as shoppers





The battle for shelf space



THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

MONDAY, MAY 1, 2017 - VOL. CCLXIX NO. 100

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Top Food Brands Are Losing The Battle for Shelf Space

BY ANNIE GASPARRO

America's packaged-food giants are losing the battle for retailers' shelf space, complicating their efforts to break out of a yearslong slump.

Instead of promoting canned soup, cereal and cookies from companies like Kraft Heinz Co., Kellogg Co. and Mondelez International Inc., grocery stores are choosing to give better play to fresh food, prepared hot meals, and items from local upstarts

more in favor with increasingly health-conscious consumers.

"We've got to maximize return on our shelf space," said Don Fitzgerald, vice president of merchandising at Mariano's, a Chicago grocery chain bought by Kroger Co. in 2015. Shoppers, he said, are drawn to steamy pasta at the store's deli counter, rather than a box of dried macaroni with powdered cheese sitting on the shelf for weeks.

New Jersey-based ShopRite

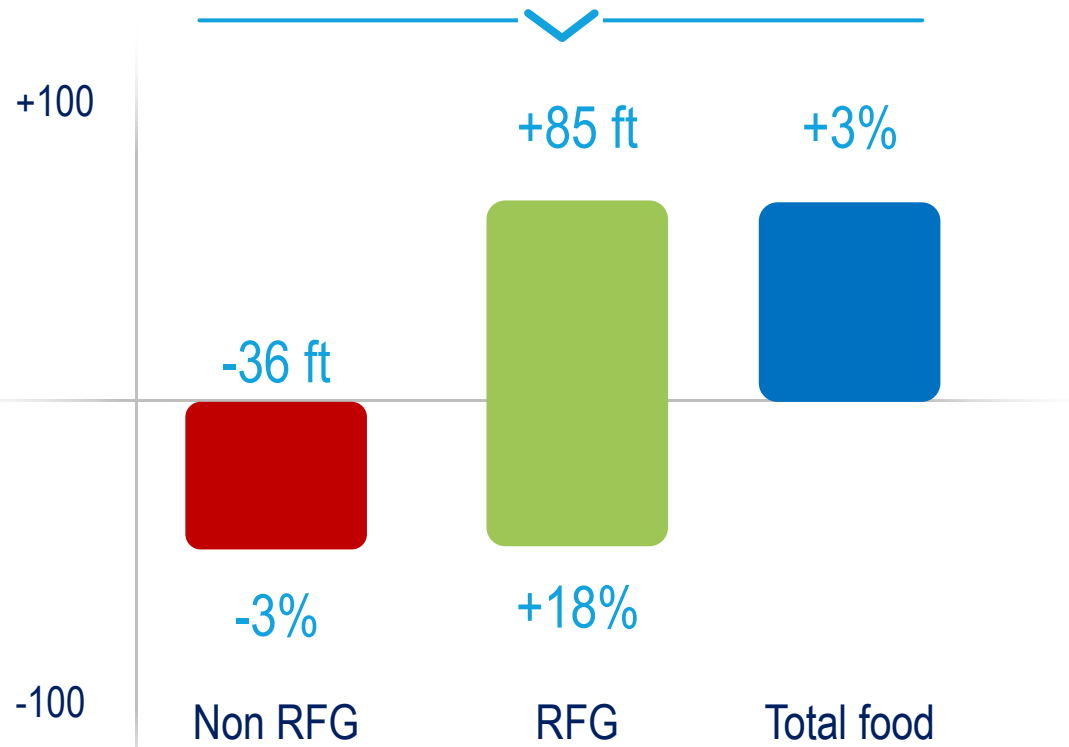




« My food, my health » Shelf Space Conversion



USA – total grocery 2014 – 2016
Change in Aisle feet



> Total F&B : **+3%**

> Top 10  categories : **+19%**

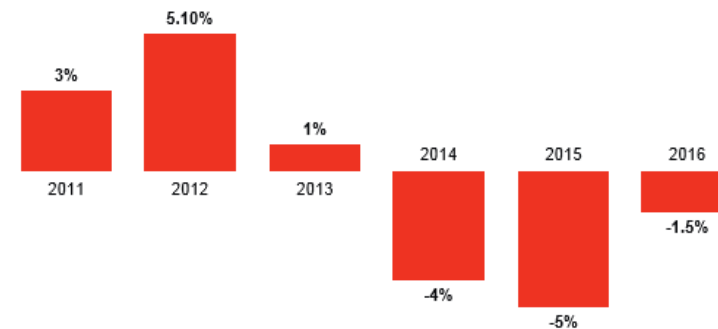
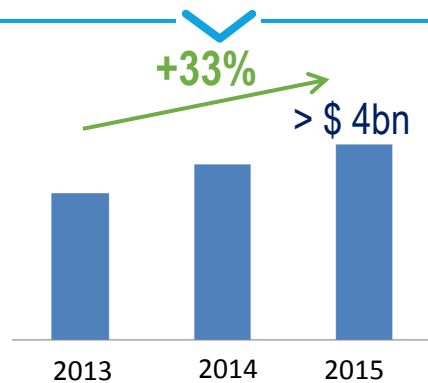


Customers/retailers looking to develop alternative, consistent approaches



“Organics hit on all three levers Costco pulls to enhance its value proposition.”

Costco Organic Sales



- > CVS is overhauling stores to re-ignite its sales
- > 50% stores upgrade food offering
- > Moving healthy food near cash register





Danone and WhiteWave already recognized for their Category Leadership and Partnership



Manufacturers	Overall performance
➤ Dannon	1
Chobani	1
➤ WhiteWave	3
General Mills	4
Sargento	5
Unilever	6
The Kraft Heinz Company	7
Hood	8
Nestlé USA	9
Organic Valley	10
Califia Farms	11
ConAgra Foods	12
The Hain Celestial Group	13
Dean Foods	14
Bel Brands	15
Johnson & Johnson	16

● Top Third Rank ● Middle Third Rank ● Lower Third Rank



#1 Overall Refrigerated Manufacturer

#1 in Category Development

Source : Advantage Report™ – FMCG
 Dannon - Refrigerated - Dairy (Grocery/Mass/Club/Value Channels) / Performance based on Net Favorable rank USA 2016 © The Advantage Group International, Inc.



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Customers/retailers looking to develop alternative, consistent approaches



'The Healthiest Place to Work and Shop'

May 2017

- > 3-week event branded 'Helpful Little Swaps' : focused on making it easier for shoppers to eat healthier
- > "Removed 8,000 tons of sugar, salt & fat from products since 2015"
- > **Danone part of the top 10 branded Global Packaged Partners**



Helpful Little Swaps. Stay hydrated

Water, lower fat milk, sugar-free drinks, tea and coffee all count towards the recommended 6-8 glasses of fluid per day.

UK Market share : 27.5%*

Over 3,400 Stores



'Activits for good, healthy, and local'

April 2017

- > #11 global biggest food retailer
- > #2 French global biggest retailer
- > 3,800 retail shops
- > 16 countries
- > **Danone in the top 10 suppliers**



Source: company website



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* Kantar Worldpanel 03/04/2017 Latest 12 weeks



Shifting consumer trends



New relationship to food and drinks

Small and local brands
**Small, local
are the new big**



Transparency



People behind brands

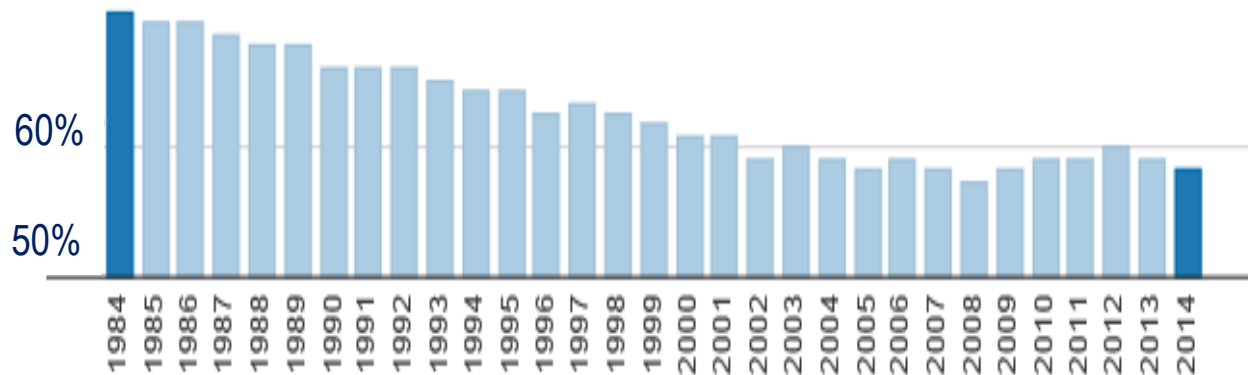


Why does local matter ?

Small, local
are the new big

To cook or not to cook?

Percentage of dinners eaten at home that were actually made at home in the U.S.



Time cooking



- 45mn (1964 – 2014)



+ 8mn (1964 – 2014)

Participating : **35%** → **43%**
(2003 – 2014)

Time eating



+13mn (1986-2010)

Source : NPD group



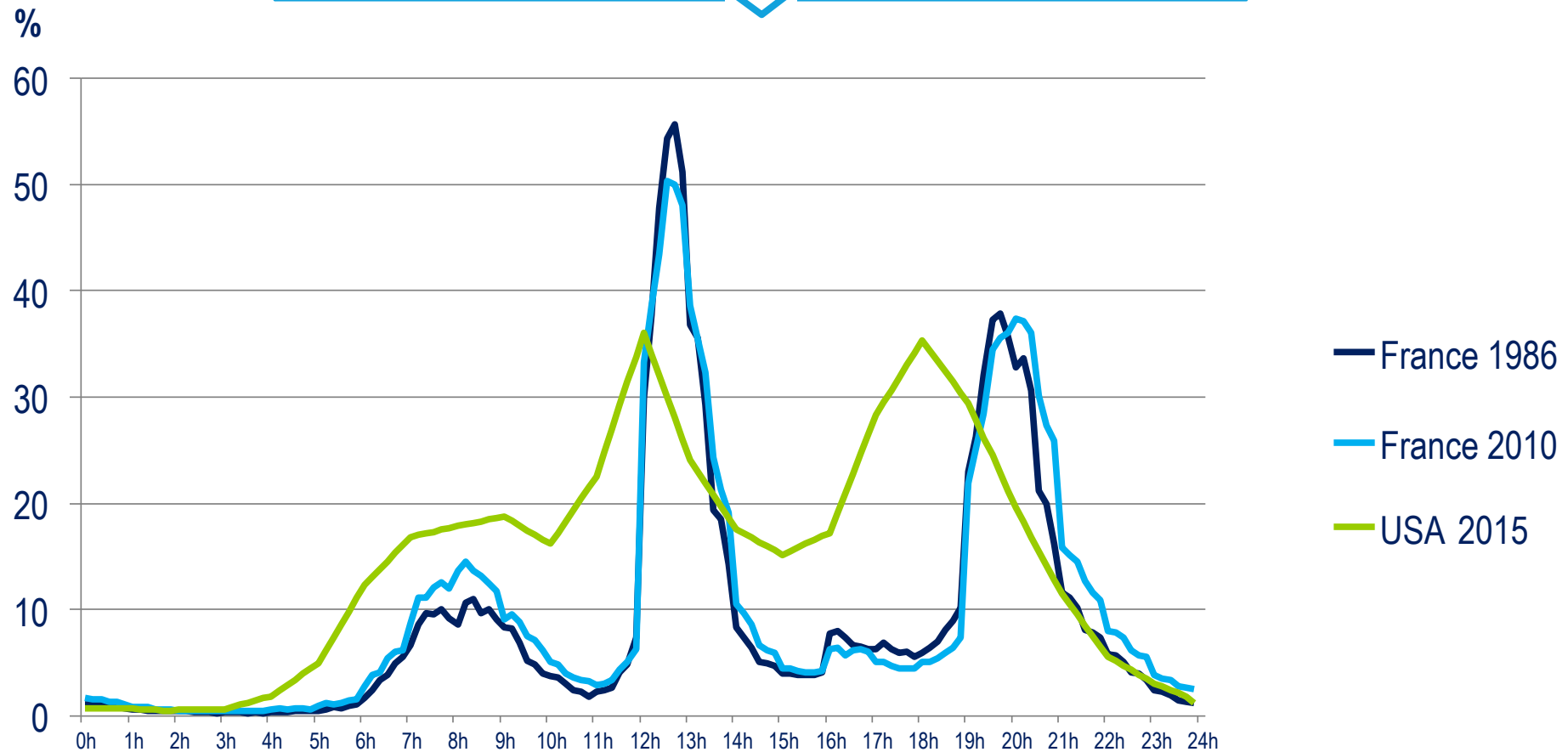
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Small, local
are the new big

Why does local matter?

France vs USA : eating time during the day



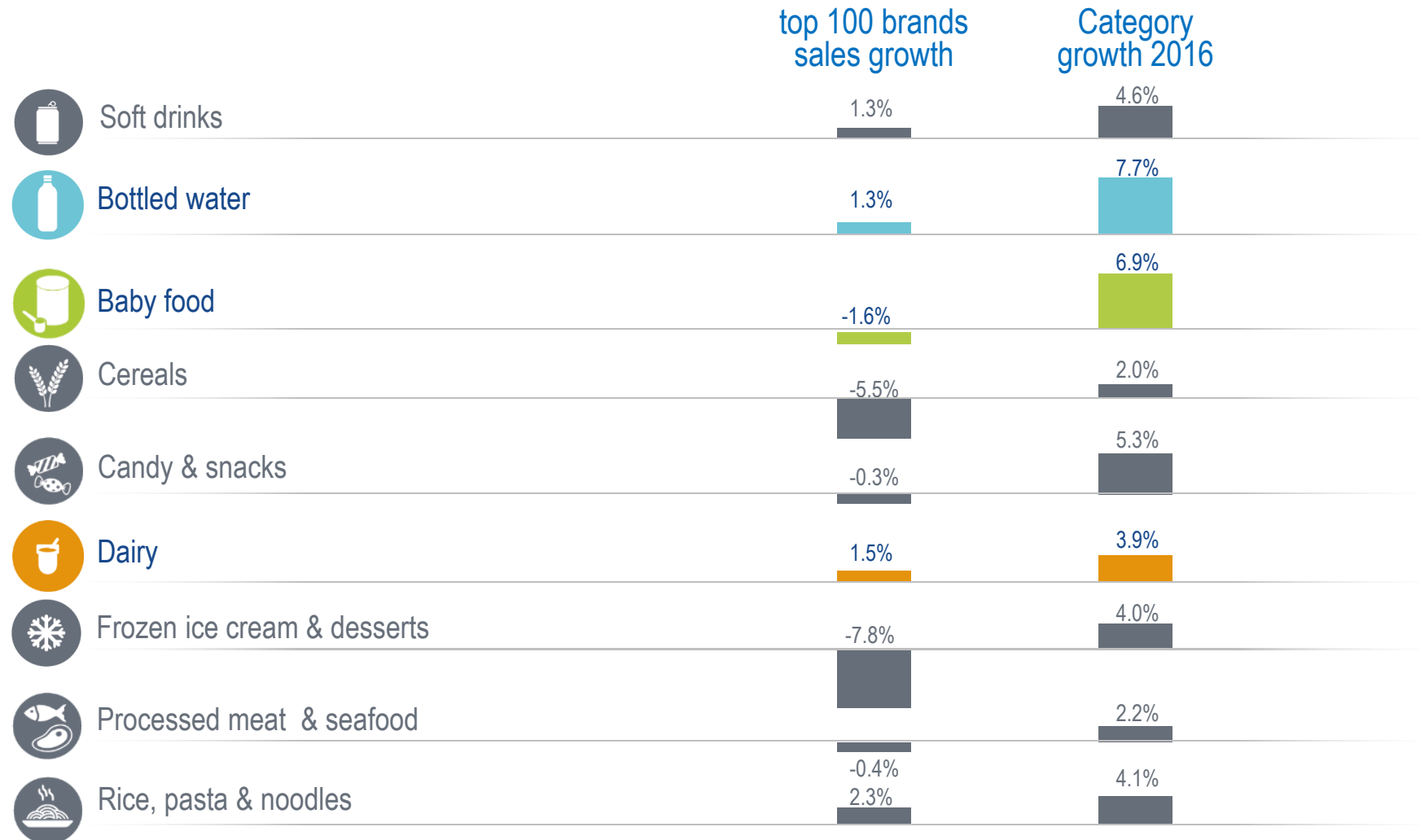
Sources: Insee and Bureau of Labor Statistics, American Time Use Survey, and ERS, Eating and Health Module





Growth comes from small / local brands

Small, local
are the new big



Source: 1. Ad Age report / Category growth Top 100 Jun 2015 (52 weeks) 2. Euromonitor data packaged food & soft drinks value growth rate % 2016

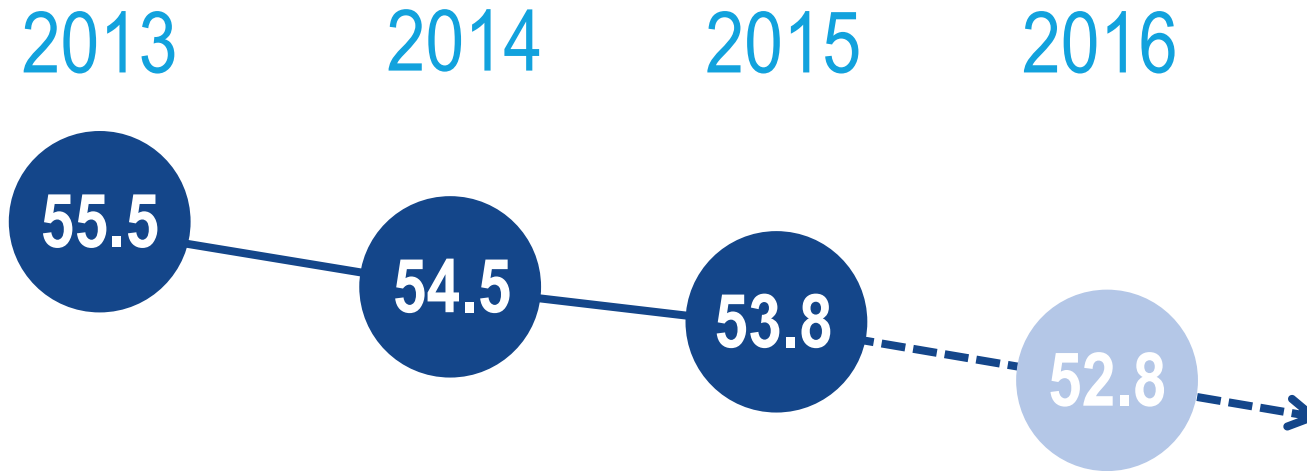




Small and local brands become the new “big”

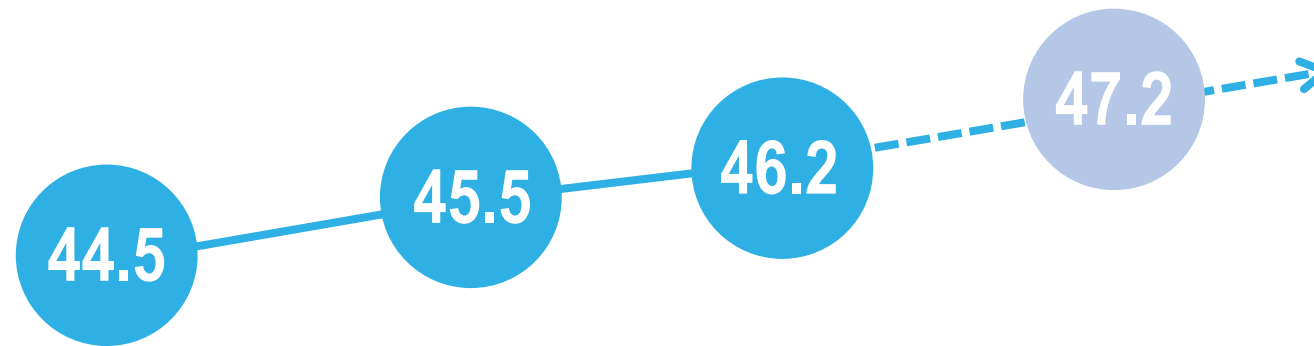
Small, local
are the new big

Global FMCG brands



% share value

Local / regional FMCG brands



Source: Kantar Worldpanel - Packaged food & drinks evolution 2013-2015 in MS Value & 2016 B- Estimated (without private labels).

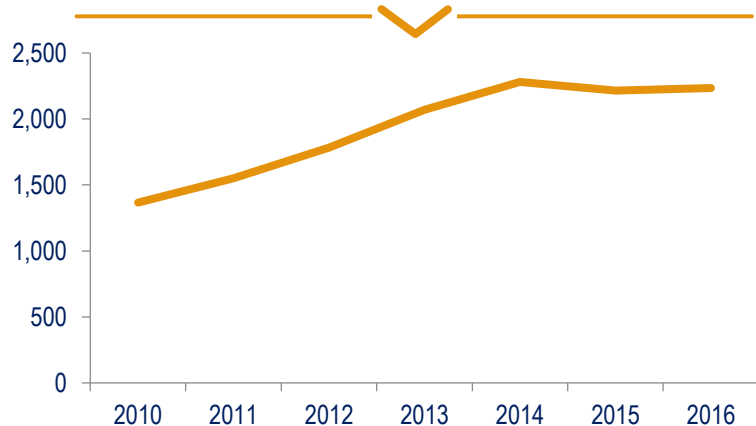




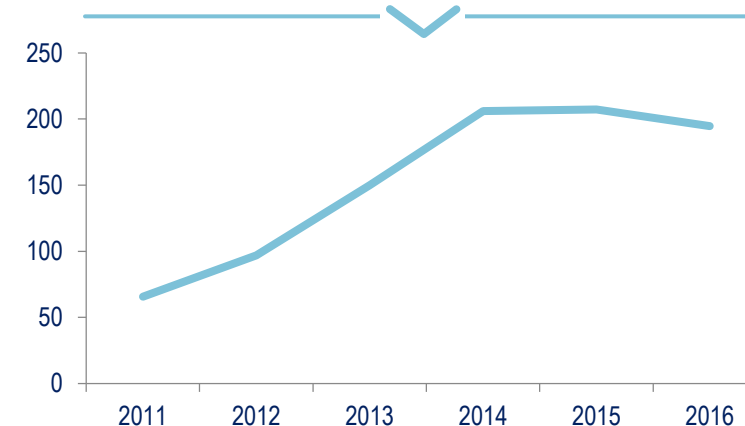
Danone expertise in growing local brands

Small, local
are the new big

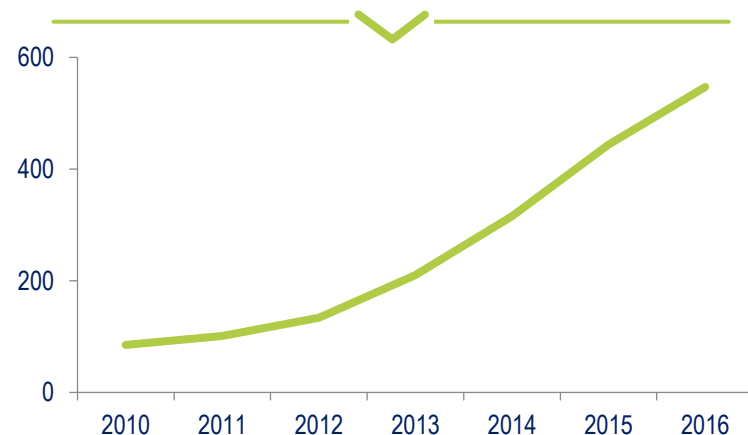
Net Sales, mBRL



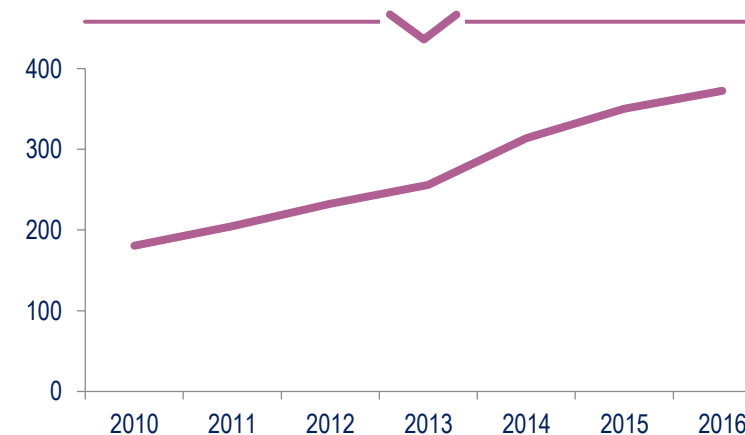
Net Sales, mBRL



Net Sales, mBRL



Net Sales, mBRL



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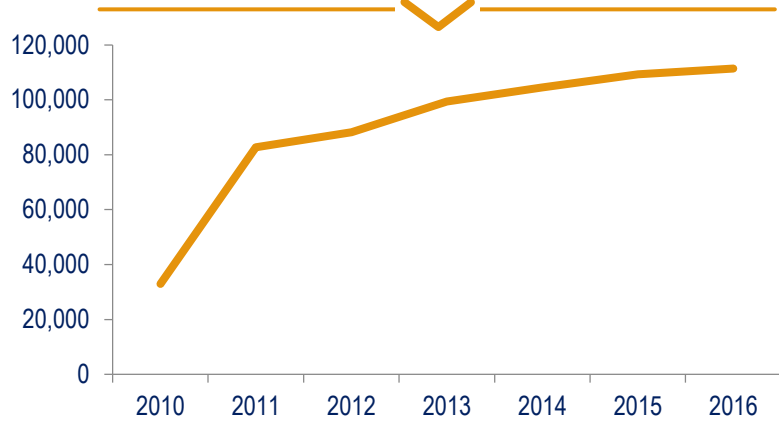


Danone an active contributor of this shift : growing local brands portfolios

Small, local
are the new big

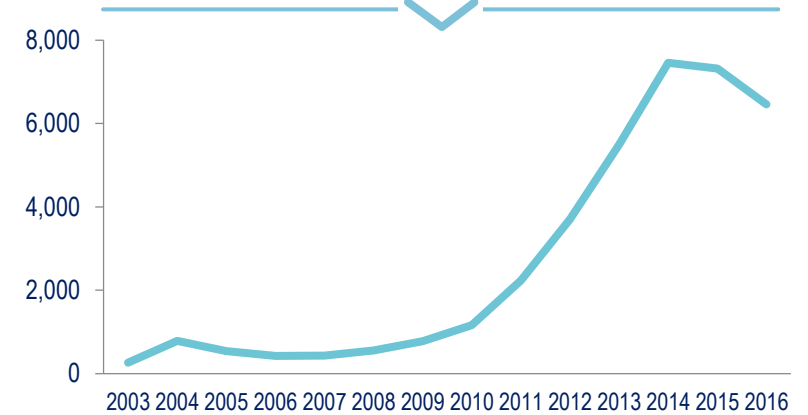
CIS

Net Sales, mRBL



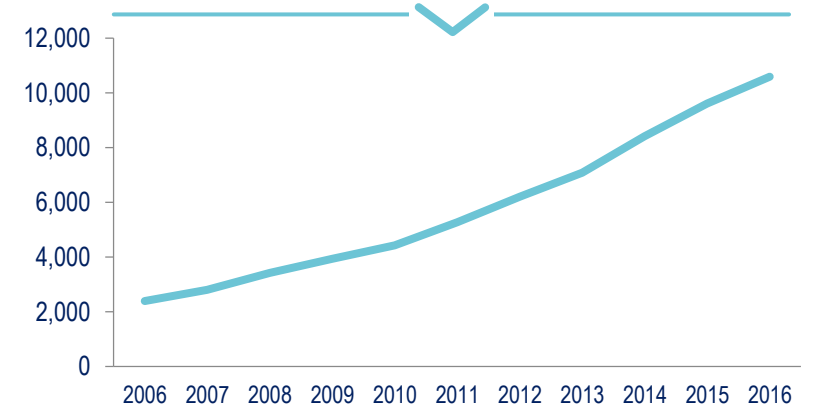
Mizone

Net Sales, mRMB



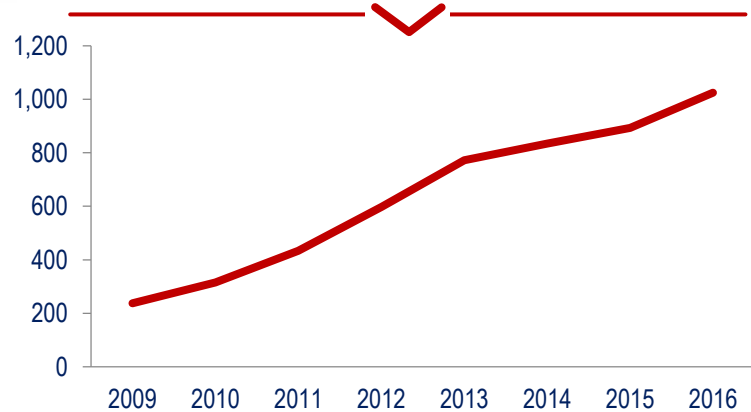
Aqua

Net Sales, mIDR



Egypt

Net Sales, mGEP, w/o IC



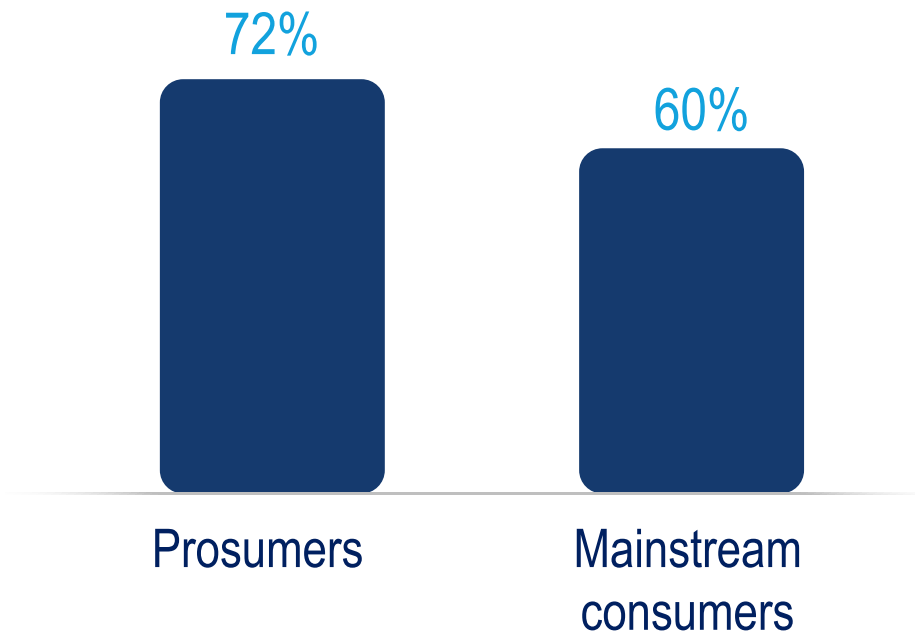
DANONE



Consumers behind the shift to small / local

Small, local
are the new big

Willingness to pay more for products that are grown or made locally



Sources: BETC/Havas's Eaters Digest study, "The Future of Food".





Shifting Danone's growth engines

Small, local
are the new big



Light & Free UK



Danissimo



Les 2 Vaches



Oikos Italy



Danio
France



Danio Poland
and Benelux



Indulgent Greek
LATAM

Dairy Young Brands:
+10% net sales growth
LfL in Q1 2017





Inventing global corporate capabilities to fit the shift to local

Small, local
are the new big



A TIGHTER EXCOM

12 > 8



**A NEW TEAM
MADE OF OUR 15 REGIONAL LEADERS**

- > Closer to markets, faster decisions
- > Empowered on global decisions
- > Regional alignment and collaboration

ONE DANONE / 30 clusters live

- > Backbone for key functions
- > Localised relevance
- > Mutualization of expertise



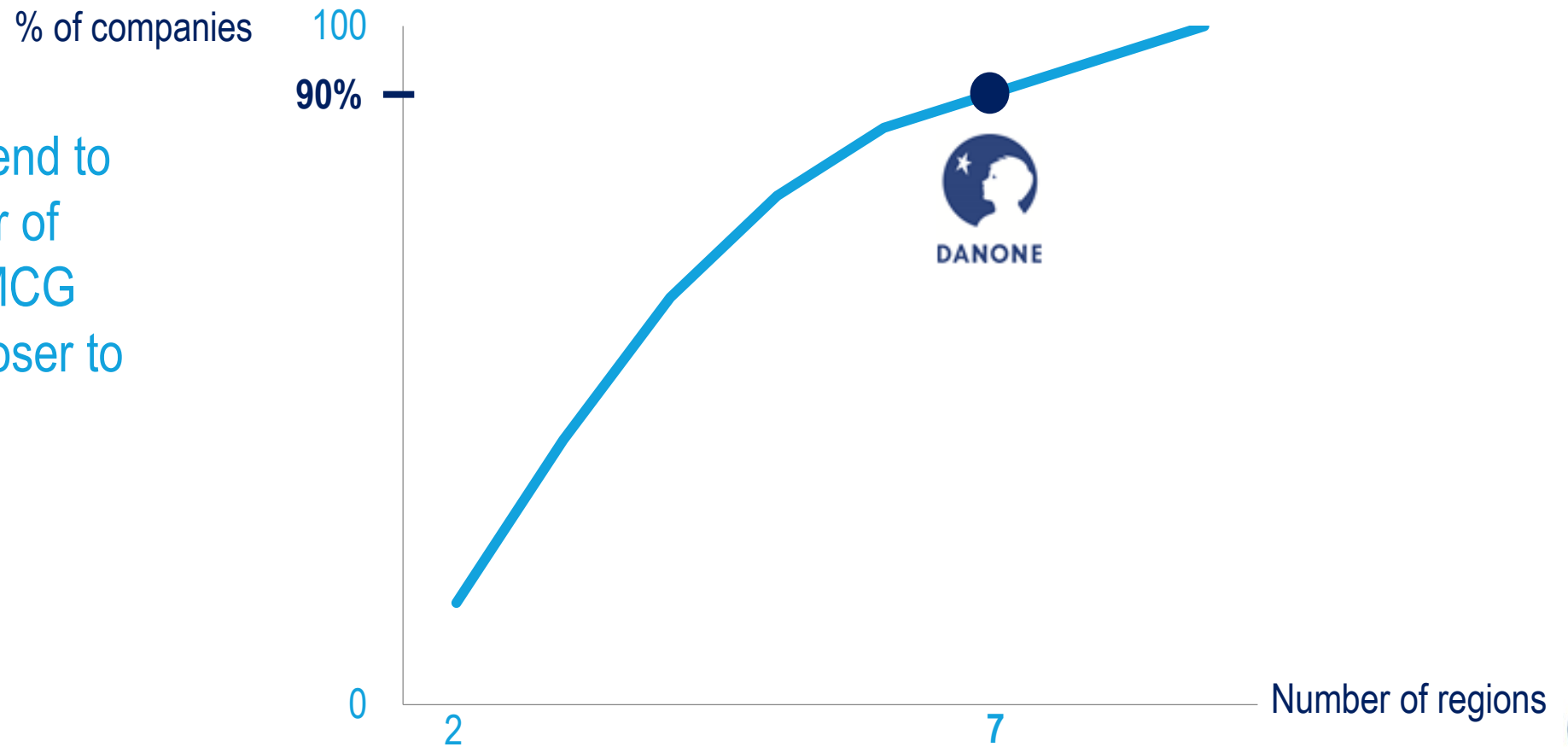


Empowering local business decisions

Small, local
are the new big

Top 20 FMCG – granularity of organization

“There is a global trend to increase the number of regions in top 40 FMCG companies, to be closer to consumer reality”
Heidrick & Struggles, 2017



DANONE



Simplify and fit the shift to local ex: Activia

Small, local
are the new big

FROM

TO

Global Brand Team



EU Brand Team

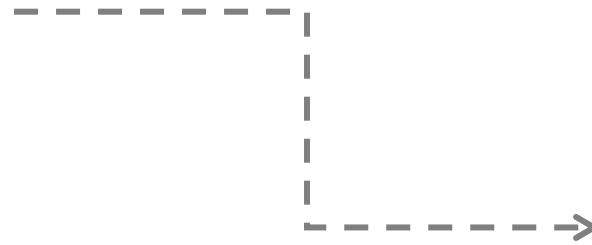


9 Cluster Brand Team



Country Marketing

Consumer Customer



EU Brand Team



5 Cluster Brand Team

Country Activation

Consumer Customer



Brand positioning decisions





Shifting consumer trends : Transparency

New relationship to food and drinks



Small and local brands

Small, local
are the new big

Transparency



People behind brands



Consumer Insights



Transparency

- > **62% of consumers: “it’s essential for a company to be completely transparent about all of its business practices (e.g. supply chain, donation activity, etc.)”**

Everlane is a clothing brand which prides itself on extreme transparency. It allows you to see the specific factory in which every item is made, providing information such as the temperature of the location, the number of employees and a wide range of photos.



Minimally processed / naturality

- > **50% of consumers : “I often eat/drink/take natural / minimally processed products to improve my wellbeing”**

Organic Burst have harnessed the natural superfood power of Baobab fruit, preserving its naturally occurring antioxidant, prebiotic properties in a smoothie / breakfast supplement.





Danone uniquely positioned to address naturality, simplicity



Most of Danone products are :

Untouched by man

Spring water



Minimally Processed

Fermentation:
main natural process
of transformation



Natural / Non-GMO / Organic



Special Care

- > Baby food grade
- > Medical science based ingredients





Danone driving its nutritional agenda



Danone nutrition policy



Food, Nutrition & Health Charter



It is our conviction at DANONE that food and nutrition are key to building and sustaining health and well-being for all - from birth through old age. We act on that conviction by seeking to bring health through food to as many people as possible. Nutrition and health for all is the vision on which we have built our history and brands and is the overriding focus of our four businesses - Fresh Dairy Products, Waters, Baby Nutrition, and Medical Nutrition.

As global concern grows over under-nutrition and diet-related diseases such as obesity, we are further intensifying our commitment to better understanding of consumer needs. To meet those needs, we continuously adapt the nutritional quality of our products and develop relevant, scientifically demonstrated health benefits. At the same time we are increasing investment in research to anticipate the health and nutrition challenges of the future. And because we believe that



Danonino

- > No preservatives
- > No artificial coloring
- > No artificial flavoring
- > Ca sourced directly from milk



Sugar reduction 2014-2017



-34%



-31%



-27%



-15%



-11%



-2%





Ingredients Front of Pack



MARS

OCTOBER 17, 2008

Mars First Confectionery Company to Launch Front-of-Pack Nutrition Labeling Globally





Transparency

The power of the word “natural”

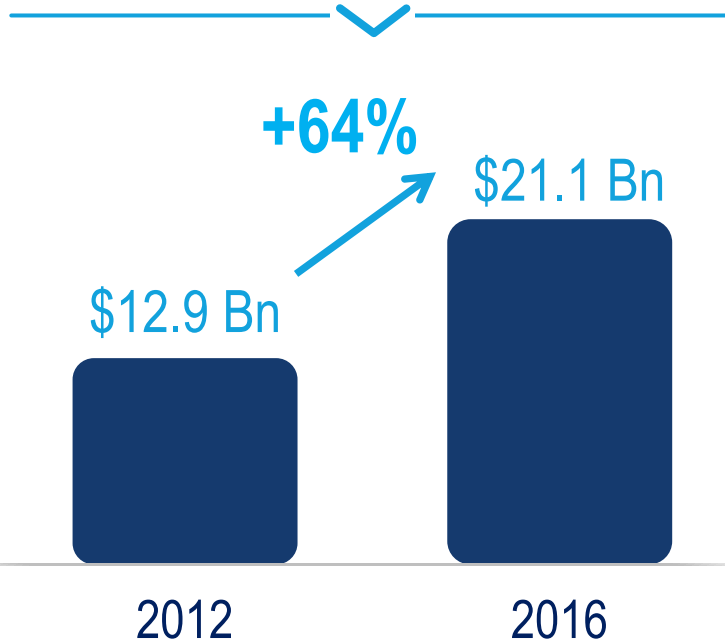




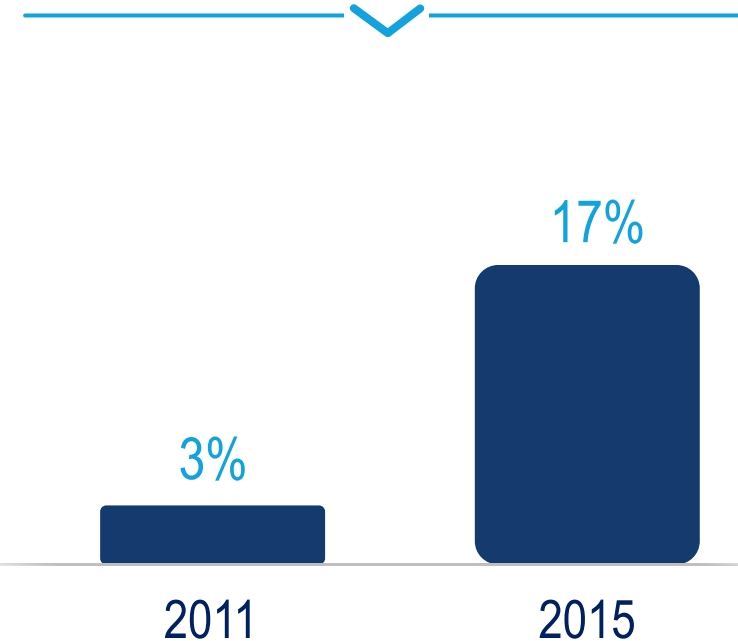
The case for GMO labeling in the USA



Sales of foods labeled as non-GMO



% of non-GMO food and drink products launched



Sources: Nielsen
Food Science, Mintel Report, April 2016
The NPD Group/National Eating Trends®, Years ending February





The case for GMO labeling in the USA: consumers expect brand activism



93%

of Americans want
labeling on genetically
modified foods



- > “Just Label It” campaign to advocate for labeling of GMO foods in the U.S.
- > Senate reviewing the regulation
- > \$400m reported to be spent by corporates to fight the bill
- > Does not sign the GMA petition
- > Endorses “Just Label It” campaign
- > Pledges to label GMO presence on pack by end of 2017, even if not required



Shifting consumer trends: vote for people behind the brand

New relationship to food and drinks



Small and local brands

Small, local
are the new big

Transparency



People behind brands





People/founders are more important than brands

Authentic activists



Shazi Visram
Founder & CEO



DANONE



People/founders are more important than brands

Authentic activists



Brendan Brazier

Formulator and Co-Founder Of Vega

Formulator and Co-Founder of Vega, Brendan Brazier is a former professional Ironman triathlete and two-time Canadian 50km Ultra Marathon Champion. He is now a successful performance nutrition consultant, the bestselling author of the Thrive book series and formulator of the award-winning line of plant-based Vega nutritional products.



- [Brendan_Brazier](#)
- [brendanbrazier](#)
- [Brendan Brazier](#)
- [Brendan Brazier](#)
- [www.brendanbrazier.com](#)



Our Story

Wallaby Yogurt Company was born out of an adventure that began Down Under. During the Christmas season of 1992, founders Jerry and Faith traveled to Australia for vacation. They were awed by the country's many natural wonders, but interestingly enough, one of their most impressive discoveries turned out to be the yogurt. It was fresh, subtly sweet, and creamy in a way that they weren't used to finding in the U.S. They wondered why this style of yogurt was not available back home – they were sure that Americans would enjoy its unique qualities. Being somewhat naive, but genuinely inspired, Jerry and Faith decided to quit their technology industry jobs and dedicate themselves to building a yogurt company that would make this happen. They already knew what they would name it – Wallaby Yogurt – in honor of where the idea got its start.

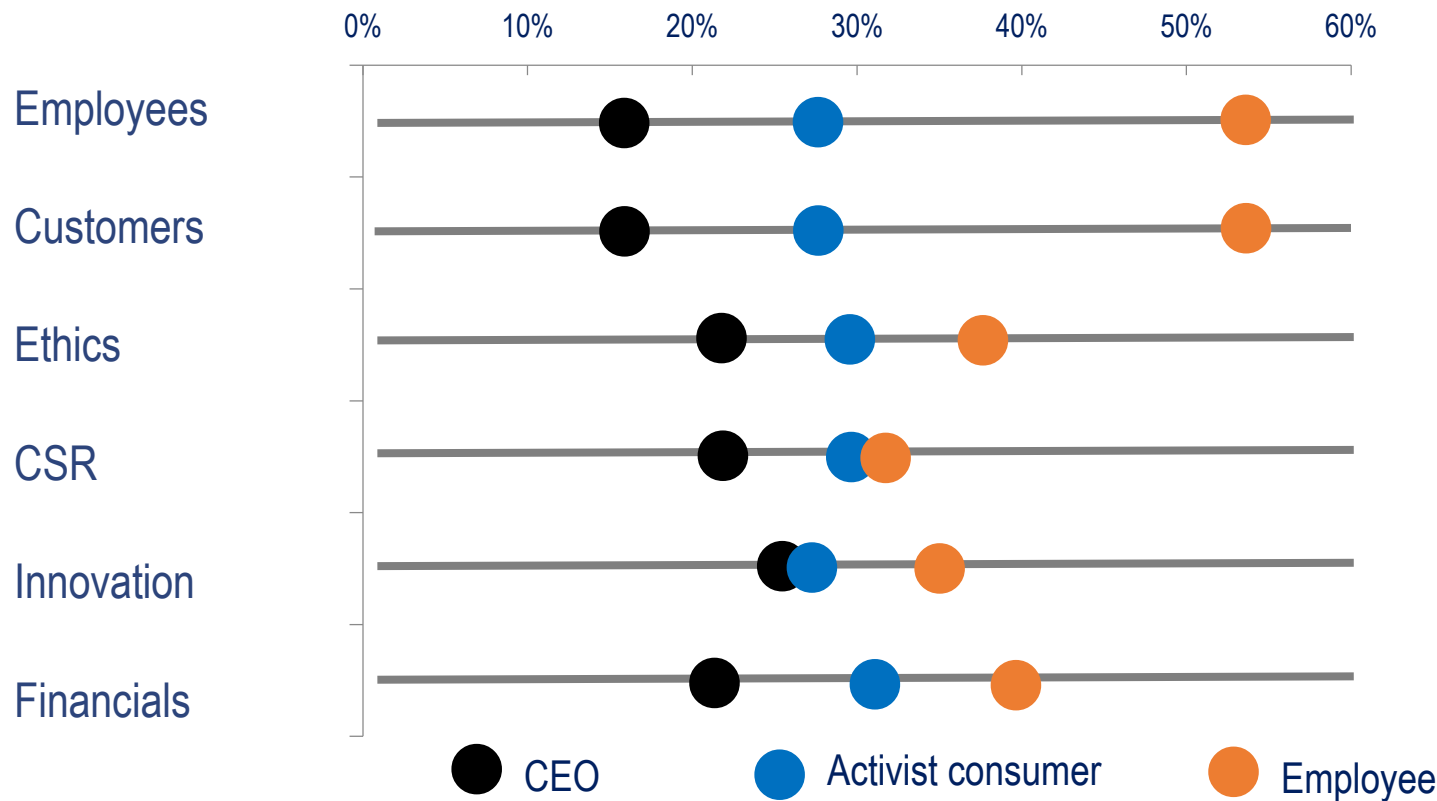




The people behind the brands



Who is most trusted spokesperson to speak about:



Employees
by far most trusted
source of information



The people behind the brands



Edelman 2017 – Global Trust Barometer

- > «The Edelman Trust Barometer reveals **the largest-ever drop in trust** across the institutions of government, business, media and NGOs.»
- > «Of the four institutions, **business** is viewed as **the only one that can make a difference.**»
- > «Business is the last retaining wall for trust.»



2017 Edelman Trust Barometer

Global Report



Kathryn Beiser, global chair of Edelman's Corporate practice.



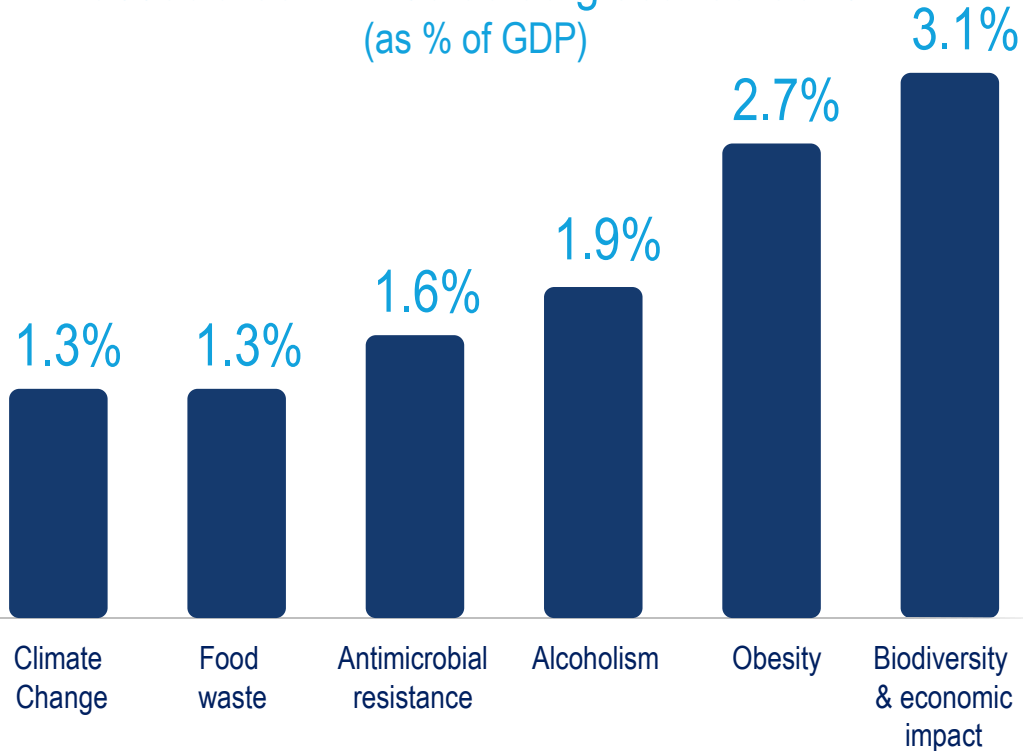


The case for big food to be part of the solution



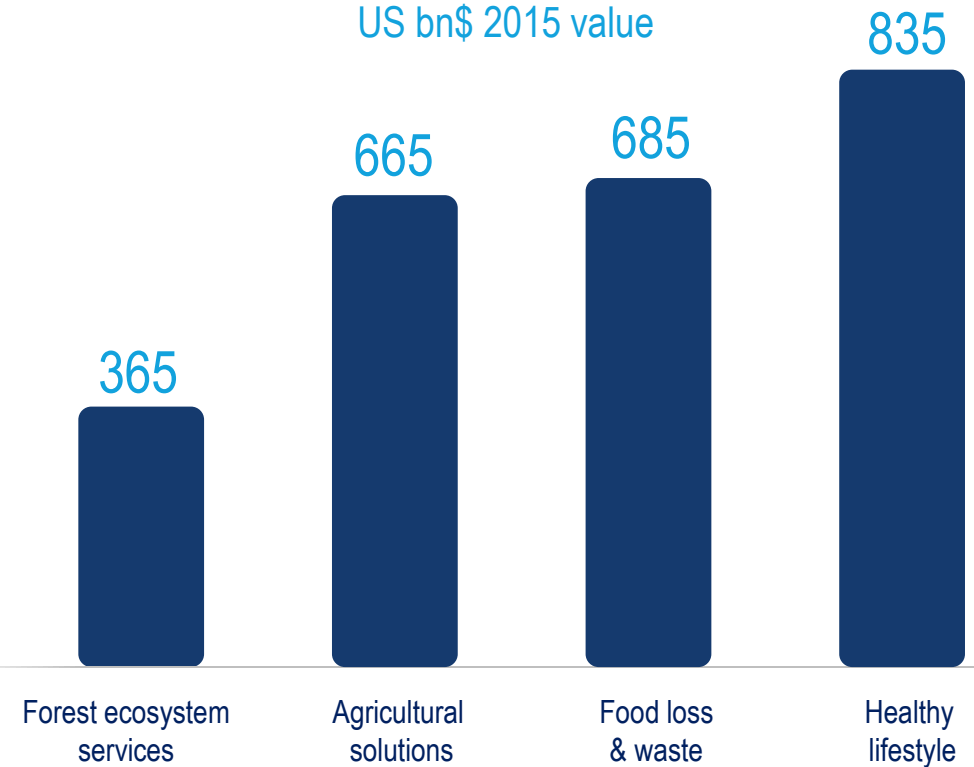
The cost of global burden

Est. annual global direct economic impact associated with selected global burdens (as % of GDP)



The opportunity for embracing opportunities

Value of incremental market opps in 2030
US bn\$ 2015 value



DON'T USE THIS COFFEE CUP



Let's just say that a certain coffee company's \$3 billion in net sales is only half from drinks sold in disposable cups (probably being conservative), and then say that those drinks are \$4 apiece (probably on the high side). That's 375,000,000 cups per year, tossed in a trash can and taken to a landfill. If you drive through a coffee shop – any coffee shop, not just Starbucks – for your morning coffee on the way to work every day, that's 260 disposable cups you throw away every year.

How about you remember to use one of those six reusable "travel mugs" you have sitting in a cupboard at home next time? And every time after that.

SEMI-RAD[®]
semi-rad.com

DON'T BUY THIS BOTTLE OF WATER



The average American uses 167 single-use plastic water bottles every year. The average American throws away 144 of those single-use plastic water bottles, and they end up in a landfill. The process of manufacturing those bottles uses 1.5 million barrels of oil, which could fuel 100,000 American cars for an entire year.

Tap water in the USA is treated, publicly available and practically free. Bottled water companies are not selling you water, they're selling you a bottle. For the cost of a half-dozen bottles of Dasani or Aquafina, you can buy a sturdy water bottle that you can fill up for free, for years.

SEMI-RAD[®]
semi-rad.com

(statistics from drotheprop.info)

The New York Times

FRIDAY, NOVEMBER 25, 2011

Patagonia made a splash on Black Friday

BY PHILIP FRANK

The producers of high-tech gear — and their customers — have long been known to be particularly keen about the holiday season. This year, they are going all-in, with a special effort to make sure that the products are available in stores at the lowest prices for the season. The gear is being sold at a discount of up to 50% off the regular price, and the savings are being passed on to the customer. The gear is being sold at a discount of up to 50% off the regular price, and the savings are being passed on to the customer.

THE PERFORMANCE

"This is what you're getting for \$100 for a pair of pants?" he asked. "This is what you're getting for \$100 for a pair of pants?" he asked. "This is what you're getting for \$100 for a pair of pants?" he asked.

That's the message the Patagonia High Mountain Jacket is sending. It's not just a jacket, it's a statement. It's a statement about the quality of the gear and the commitment to the environment.

When it comes to the jacket, the message is clear. It's not just a jacket, it's a statement. It's a statement about the quality of the gear and the commitment to the environment.

All that does are making high-tech gear because of dynamic pricing, a really well-known strategy that's a price's secret.

The strategy involves lowering or increasing prices for certain items based on market conditions. It's a strategy that's been used by many retailers.

Continued on Page A1

DON'T BUY THIS JACKET



URGING CUSTOMERS NOT TO SHOP

BY PHILIP FRANK

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Continued on Page A1



Patagonia campaigning



patagonia®

DON'T BUY THIS JACKET

COMMON THREADS INITIATIVE
Together we can reduce our environmental footprint.

TAKE THE PLEDGE

COMMON THREADS INITIATIVE

REDUCE

WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR

WE help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE

WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE

WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE

TOGETHER we reimagine a world where we take
only what nature can replace

patagonia®
patagonia.com



**BRAVING
.....the.....
OUTDOORS**



patagonia®

**SAVING
(THE)
OUTDOORS**



DANONE

Competitive Overview

Patagonia



- Brand reputation: Innovative designs, quality products and environmental conscience
- Green Marketing approach: "Don't buy what you don't need" campaign
- Worn Wear program
- Create solutions and awareness for environmental causes
- Annual sales in the following two years grew 40%

<http://www.businessweek.com/articles/2013-11-25/patagonias-confusing-and-effective-campaign-to-grudgingly-sell-stuff>

<http://www.adweek.com/news/advertising-branding/ad-day-patagonia-136745>

<https://www.behance.net/gallery/5666423/Patagonia-Campaign>

Karen's slide

January 2016: Disruptor brand aggressively attacking category leaders



- Chobani ad vs Dannon Light & Fit

- Chobani ad vs Yoplait Greek 100



Did You Know
Not All Yogurts Are
Equally Good For You?

You think you are doing something good
for yourself and your family

By buying yogurt instead of bad stuff
And then you find that the bad stuff
is in your yogurt!

Look, there's potassium sorbate
as a preservative in Yoplait Greek 100.
Potassium Sorbate? Really?
That stuff is used to kill bugs.

There's sucralose used as a sweetener
in Dannon Light & Fit Greek!

Sucralose? Why? That stuff has chlorine added to it!

If you want to do healthy things,
know what's in your cup.

Chobani Simply 100® is the only 100-Calorie Greek Yogurt
without a trace of any artificial sweeteners
or artificial preservatives. **

Real fruit - Real nature - Real good
Because to love this life is to live it naturally.

CHOBANI
Love This Life!

** Artificially Flavored. **
Yoplait Greek 100 is a registered trademark of Yoplait. Dannon Light & Fit is a registered trademark of The Dannon Company, Inc.



Legal injunction successful to ban the ad



February 2016 : Just Label It Campaign Support



- > Dannon supports “Just Label It” campaign
- > Dannon announces it would label GMO’s presence on pack before end-2017, even if not required

April 2016 : Offering US consumers the choice of non-GMO dairy brands



*The **DANNON PLEDGE**
on sustainable agriculture,
naturalness and transparency*





The Dannon pledge stands for sustainable agriculture, naturality, and transparency



**WE ARE GOOD
HONEST FOOD**

NATURAL
NUTRITIOUS
FERMENTS
EVERY DAY

TRANSPARENT
SUSTAINABLE

DELICIOUS
YOGURT

WE PLEDGE Sustainable Agriculture



WE PLEDGE Naturality



WE PLEDGE Transparency



- > Fewer ingredients
- > More natural ingredients
- > Non-GMO ingredients
- > Non-GMO fed cows milk



- > Label presence of GMO's regardless of government requirements by end 2017



DANONE



We are unique in the scale and impact of our transformation, investing in Non-GMO down to the feed



Brands

3 Flagship Brands



R&D

75% products reformulated



Ingredients

Sugar
Starches
Flavors
Sweeteners...

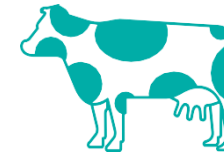


Milk

1.3 Billion LB of Milk

45,000 cows

65,000 forage acres



Manufacturing

50% volumes





By 1H 2019, Brand Dannon, Danimals, and Oikos will be Non-GMO Project Verified



2H 2016

1H 2017

2H 2017

1H 2018

2H 2018

1H 2019

By 1H 2019 All Pledge Brands Will Be:

- ALL NATURAL INGREDIENTS WITH VITAMIN D
- MILK FROM COWS CONSUMING NON-GMO FEED
- NON GMO INGREDIENTS*
- NON-GMO PROJECT VERIFIED



Timeline for Dannon products:

- 2H 2016: One Dannon yogurt tub with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 1H 2017: Two Dannon yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 2H 2017: Three Dannon yogurt tubs with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 1H 2018: Four Dannon yogurt tubs with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 2H 2018: Five Dannon yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 1H 2019: Six Dannon yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.



Timeline for Danimals products:

- 2H 2016: No products shown.
- 1H 2017: No products shown.
- 2H 2017: One Danimals yogurt tub with icon for Non-GMO Ingredients*.
- 1H 2018: Two Danimals yogurt tubs with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 2H 2018: Three Danimals yogurt tubs with icons for Non-GMO Ingredients*, Milk from Cows Consuming Non-GMO Feed, and a green globe icon.
- 1H 2019: Four Danimals yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.



Timeline for Oikos products:

- 2H 2016: One Oikos yogurt tub with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 1H 2017: One Oikos yogurt tub with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 2H 2017: No products shown.
- 1H 2018: Two Oikos yogurt tubs with icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 2H 2018: Three Oikos yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.
- 1H 2019: Four Oikos yogurt tubs with Non-GMO Project Verified logos and icons for Non-GMO Ingredients* and Milk from Cows Consuming Non-GMO Feed.





Dannon brand turned activist



Vance Crowe @VanceCrowe

28 avr. 2016

En réponse à @VanceCrowe

The only way this will stop, the only way to keep companies from going in the wrong direction is to react with disdain @Dannon



Vance Crowe

@VanceCrowe

Director of Millennial Engagement at Monsanto. Former Peace Corps & World Bank. @LongNow Member 5454. I like the Bitcoin meme. You ought to know is. my opinions

St. Louis MO · monsanto.com/whoweare/pages...

 Danone and 1 other follow



Concordia @ConcordiaSummit · 30 Dec 2016

#FlashbackFriday to this session with @Cargill & @Danone . More on sustainable global food supply campaign here: concordia.net/sustainable-gl...

 Ken Roseboro, Contributor
Editor, The Organic & Non-GMO Report

Attacks on Cargill over non-GMO moves based on fear

04/25/2017 05:13 pm ET



 Suivre

#Monsanto-funded groups object to @Dannon's move to non-#GMO feed [gmwatch.org/news/latest-ne ...](http://gmwatch.org/news/latest-ne...) #followthemoney



DANONE



US Pledge progress



- > A strategic choice of brands



- > A brand turning consumer's choice activist

Unique competitive advantage

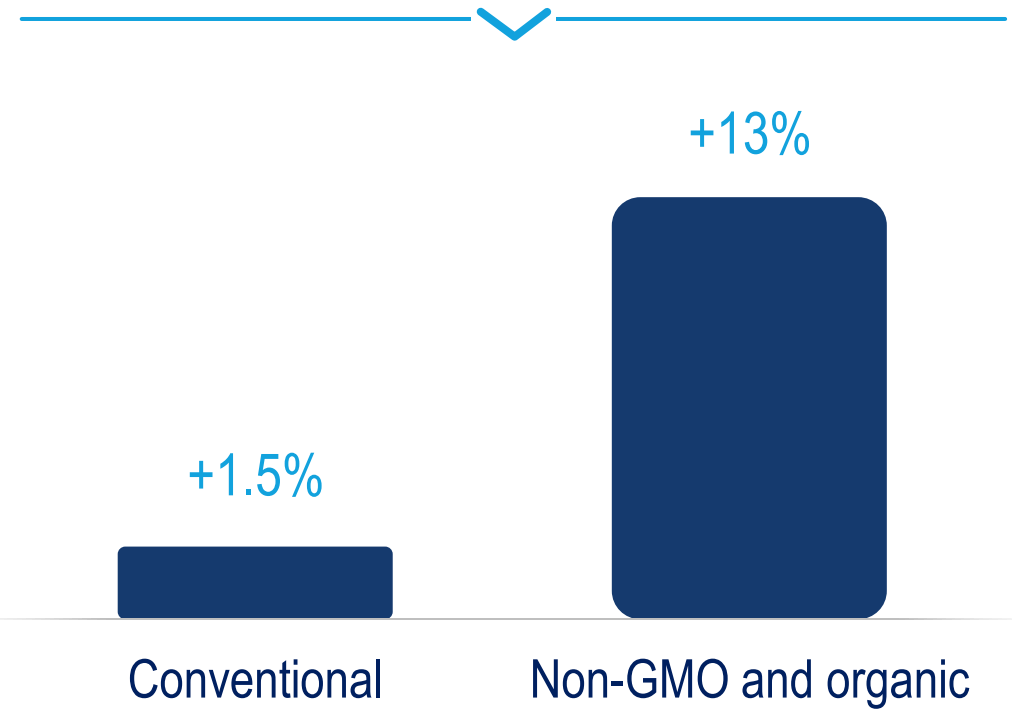
- > Only large player with direct milk collection / farmers relationship
- > 75% of pledge farms are on unique « cost + » Dannon model
- > Only player with full portfolio allowing scale effect
- > Improving Oikos competitive position (conversion cost on greek formula = 3x yogurt)



Dannon aligning with the shift to transparency



2016 SKU \$ growth



Source: Spins data 2016





Climate-friendly brands : evian carbon neutrality



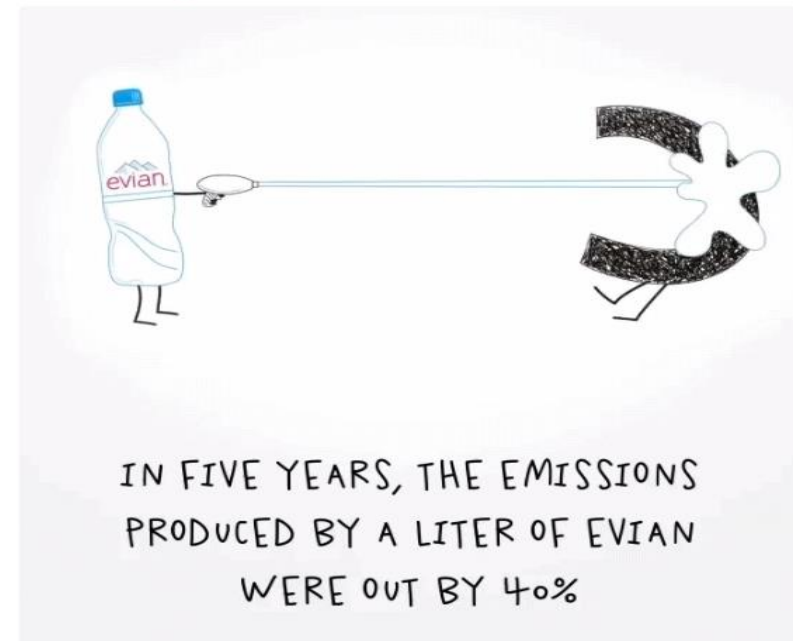
evian will be Danone's first brand to reach the target of **zero net carbon**, by:

- > Reducing its carbon footprint
- > Restoring water-linked ecosystems



evian @evianwater [Follow](#)

Since 2008 evian has been committed to reducing its carbon footprint. evian's goal is to be carbon neutral by 2020
#EarthDay2017





Climate-friendly brands: Provamel carbon neutrality



**2010 - PROVAMEL ACHIEVES
CO2 NEUTRAL PRODUCTION**

The production of Provamel products becomes fully CO2 neutral.

CO₂
neutral
PRODUCTION PROCESS





Danone ELN and breastfeeding support



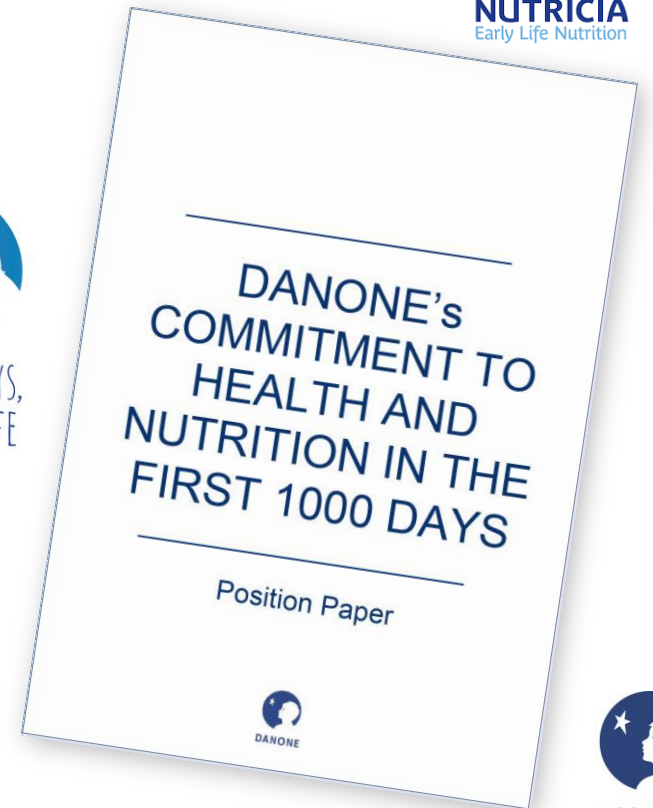
Danone's Global Parental Policy released March 2017



'Stand by Mums' in Romania



- > Danone supports the **WHO's global public health recommendation** calling for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond

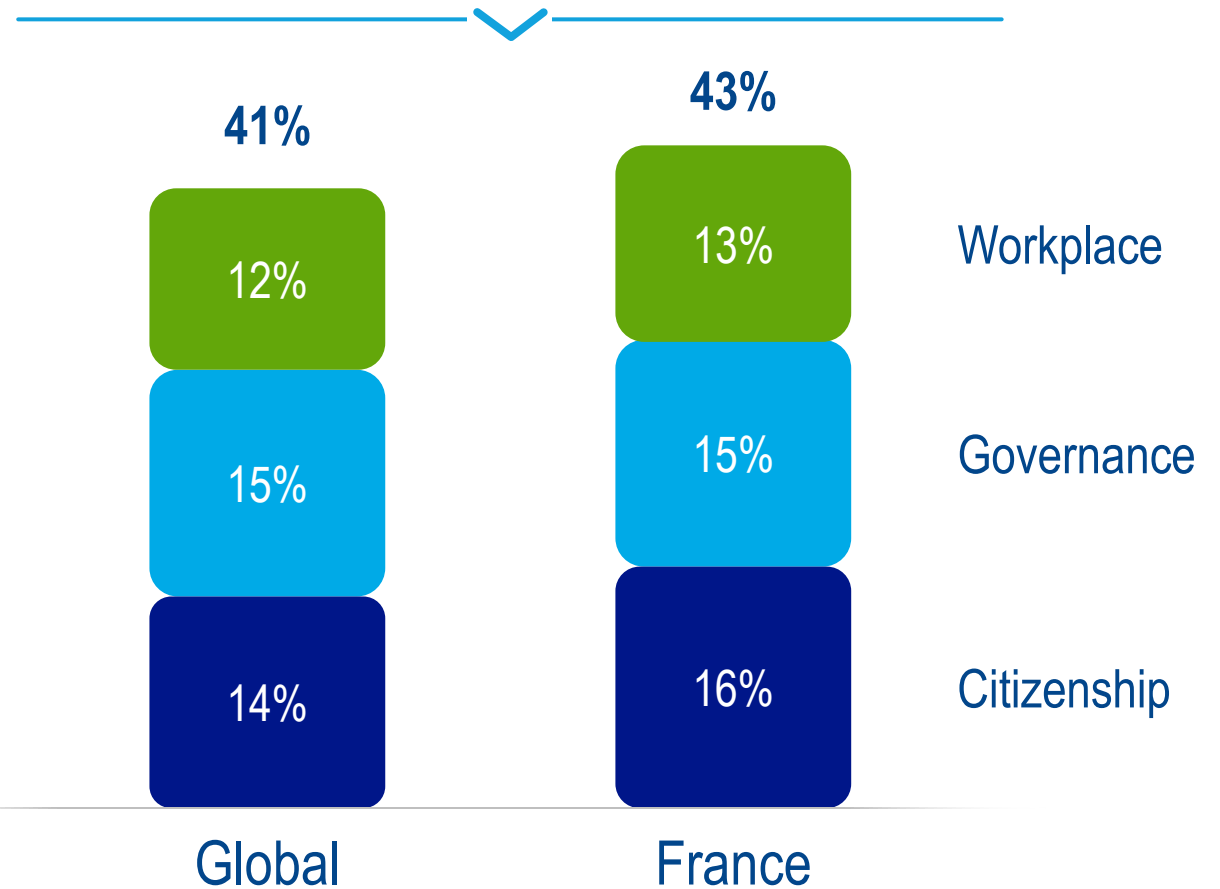




Brand reputation constituencies



Corporate ethics grew to nearly half of brand reputation



Source: 2017 France RepTrak – Reputation Institute



DANONE



Balancing shareholder interests with benefits for people, the planet and society



DanoneWave's specific goals :

- > **Encourage dietary practices in line with Danone's mission** to “bring health through food to as many people as possible”

- > **Promote a model of sustainable growth to:**
 - Create economic and social value in the interest of key stakeholders
 - Improve the impact of its activities on the environment





Danone weaving « corporate activism » into strategic retail partnerships



Doug McMillon, Walmart CEO : “I want to congratulate Danone on announcing your intention to become certified as a B-Corp. We know that customers are increasingly informed. To earn and maintain their trust, companies should continue to make thoughtful and sustainable decisions when it comes to how we do business. I hope your work inspires others.”



Michel-Edouard Leclerc

MEL
4 sem

Intéressante interview d'Emmanuel Faber, DG de Danone. Il dit vouloir faire évoluer le modèle d'entreprise vers une **Public Benefit Corporation** un modèle où les dirigeants sont tenus à la fois par des objectifs de création de valeur, mais aussi par des objectifs sociaux et environnementaux inscrits formellement dans les statuts de l'entreprise.."

Danone vient de racheter WhiteWave aux USA, devenant un des leaders du bio et des yaourts d'origine végétale. "Nous touchons aux **limites de la standardisation du modèle alimentaire** qui est porteur de risque, y compris sur la sécurité alimentaire avec la complexité de la chaîne d'approvisionnement".

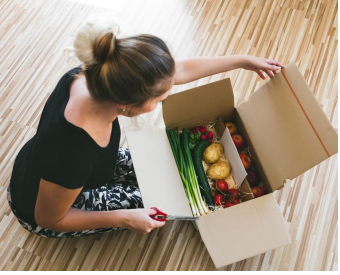
Je me sens en phase avec ces deux objectifs !



«WhiteWave est là pour accélérer la construction du Danone des 20 ans qui viennent»
lefigaro.fr



DANONE



The B-Corp movement

A proxy for the people behind the brands



Certified B Corporations (B-Corps) meet the highest standards of overall **social and environmental performance, transparency, and accountability** and aspire to use the power of business to **solve social and environmental problems** ('Business as a force for good')





The B-Corp movement and Danone

2015-2017



- > 1,250 → 2,140 companies, SMEs
- > 38 → 50 countries
- > 130 industries, mostly B2C
- > 25,000 companies use the assessment tool

- > A unique Danone – B-Lab partnership





Next step : a new corporate signature



Express Danone's role in the Alimentation Revolution



DANONE

20-23 June 2017
Berlin, Germany



DANONE

Revolution accelerators

SHIFTING CONSUMER
TRENDS



POLITICS ARE BACK
IN THE GAME



PEOPLE WANT TO LIVE
AND WORK DIFFERENTLY





Revolution Accelerator : politics are back in the game

2015-2017 facts

- > Global trade down after 2008
- > Tariffs / protectionnism
- > Europe / Brexit
- > Elections
- > Water conflicts
- > Health / obesity / sugar tax



Businesses and brands
to act as
citizens





Think and act as citizens

Danone: most preferred brand in France*

DANONE



#1 Consumer brand

#2 Company brand
(E.Leclerc #1, Google #3)

#1 in Quality Products

#1 in Social Responsibility

"IT'S HEART-WARMING
THAT E.LECLERC AND
DANONE INSPIRE 'STRONG
CONFIDENCE' AMONG 2/3
OF FRENCH PEOPLE.

AND, BY THE WAY, TOP 5
COMPANIES ARE FRENCH."

MICHEL-EDOUARD LECLERC,
E.LECLERC CEO



* Brand reputation survey 2017 via voice





Think and act as citizens Aqua: I am Indonesia

A celebration of expressing pride of why we are Indonesia

“SAYA INDONESIA”

I am Indonesia

#TemukanIndonesiamu



Think and act as citizens Aqua: I am Indonesia



ERIC

WIDJAJA



REGE



INDRASTUDIO

Bringing the Indonesian values into life

2 Indonesian young designers, **4** unique values, **15** designs ...



Silaturahmi

Gotong – royong

A helping hand

Sharing





Think and act as citizens Aqua: I am Indonesia

Isi Bersih
600ml

Air Minum
Dalam Kemasan
Air Mineral

Air Mineral
Pegunungan

Diproduksi oleh:
PT AQUA GOLDEN MISSISSIPPI
Sukabumi 43159-Indonesia
SNI 01-3553-2006
BPOM RI MD 265210001169

Petunjuk Penyimpanan :
Simpan di tempat bersih
dan sejuk, hindarkan dari
sinar matahari langsung
dan benda-benda
berbau tajam.



SAYA ANAK NEGERI
YANG PEDULI,
SAYA INDONESIA.
#TEMUKANINDONESIAMU



No. 00120016900801

TENDA DARURAT



DIDESAIN OLEH
VISIOUS STUDIO





Think and act as citizens Build business and brands with :

... local / regional partners



... families



... public sector, NGOs





Danone : unique strategic toolbox designed for citizenship

30



clusters



danone).communities

Certified



Corporation[®]

bcorporation.net



Revolution accelerators

SHIFTING CONSUMER
TRENDS



POLITICS ARE BACK
IN THE GAME



PEOPLE WANT TO LIVE
AND WORK DIFFERENTLY





Revolution Accelerator: people want to live and work differently

Millennials want to work for a purpose

56%

of millennials consider **impossible any collaboration with a company that does not take into account the social dimension** in its project.
49% refuse missions that go against their ethical principles

Source : Deloitte

3rd

Reason for choosing a job :
« the **sense from my work** is the strongest reason for choosing a job »
(#1 : great place to work, #2 : innovative mindset)

Source : BNP PARIBAS- « La grande InvaZion ? »

92%

of the 2016 graduates : « **it's important for me to join a company with a strong CSR** »

Source : Accenture Study





Danone employer branding campaign



DANONE evian NUTRICIA Aptamil



DANONE evian NUTRICIA Aptamil



DANONE evian NUTRICIA Aptamil



DANONE evian NUTRICIA Aptamil



DANONE



Danone People Survey (2015)

What is it ?

3 weeks

Administration

(14 Sept – 4 Oct)

35

languages

37% online and
63% paper

92,275

employees invited
(-5% / 2013)

101

Questions for all
Danoners

49 supplementary items
for Executives

32,690

employee
comments

89%

Response rate
(vs. 88% in 2013)

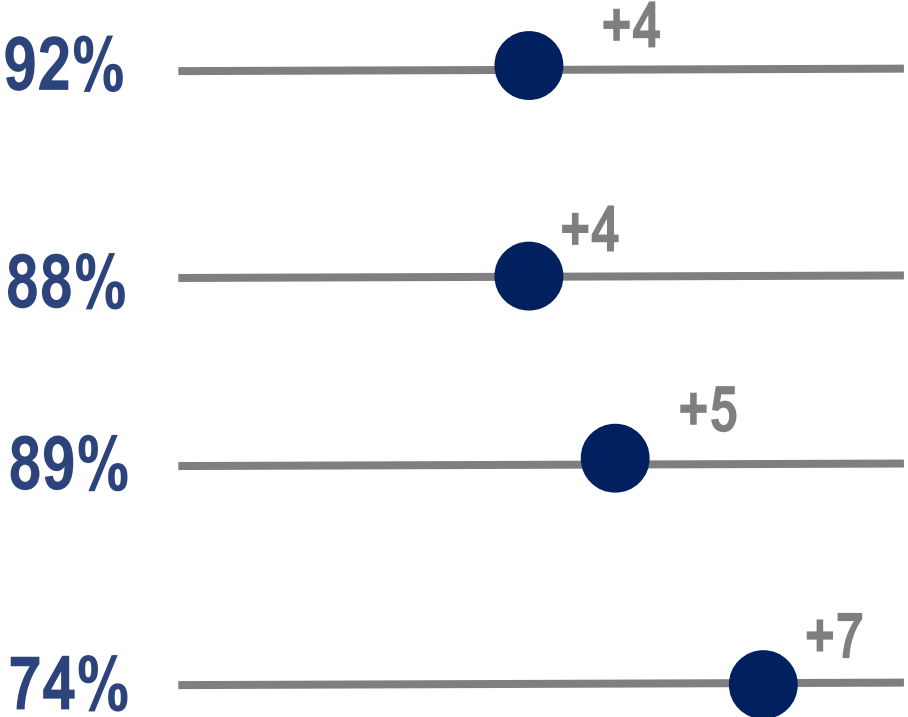




Danone People Survey 2015

- > I fully support the values of the company
- > I recommend Danone as a great place to work
- > My team is able to meet effectively the work challenges that we face
- > Morale in my team is generally high

Delta vs FMCG norm [900,000 employees]





Danone People Survey 2015

Delta vs FMCG norm [900,000 employees]

ENGAGEMENT

88%



EMPOWERMENT

82%



ENERGY

74%



My CBU has established a positive climate where people can challenge our traditional ways of working

77%



| High performing companies





Workplace : a unique collaborative platform to connect 50,000 Danoners to lead the transformation

- > 1st FMCG to launch Workplace by Facebook
- > 50,000 Danoners
- > 7,000 users online at least once a day
- > 600 to 700 active groups/day



facebook

Workplace
by facebook



DANONE



Danone People Survey 2015

Execs: the winds of change

What will be the *negative* consequences of the changes?

What will be the *positive* consequences of the changes?

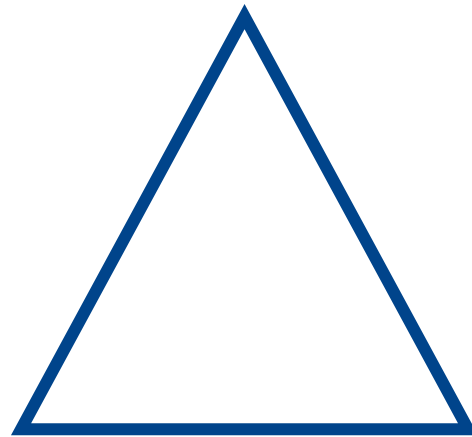
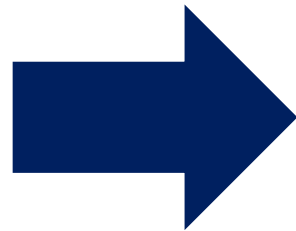
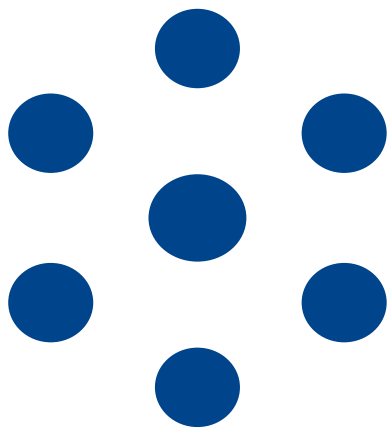
operating efficiency management proximity
structural organization transformation corporate culture
loss workload change
complexity organization speed
focus difficult decision process
structure level clear
high new costs
teams stress and pressure risk
talent management empowerment international aspects
atmosphere strategy leadership

operating efficiency decision process evaluation
voice leadership alignment
focus long term respect and ethics
clear opportunities new
organization external future
higher level change
team relations between departments management
risk strategy compliance
international aspects skills talent management
career and mobility



2015-2020: shaping the unique Danone organization

An adolescent organization as a
tribe for purpose-driven and
business-focused entrepreneurs

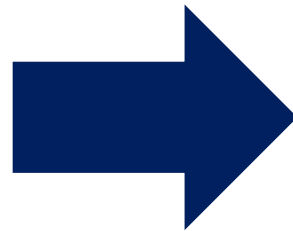
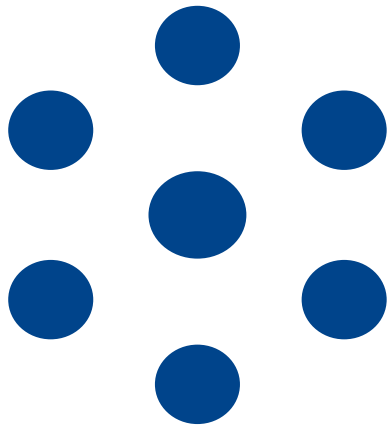


2015

2015-2020: shaping the unique Danone organization

An adolescent organization as a tribe for purpose-driven and business-focused entrepreneurs

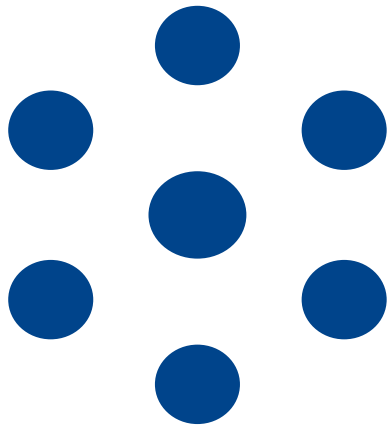
Centralized, overweighted pyramids are shaping their own obsolescence



2015

2015-2020: shaping the unique Danone organization

An adolescent organization as a tribe for purpose-driven and business-focused entrepreneurs

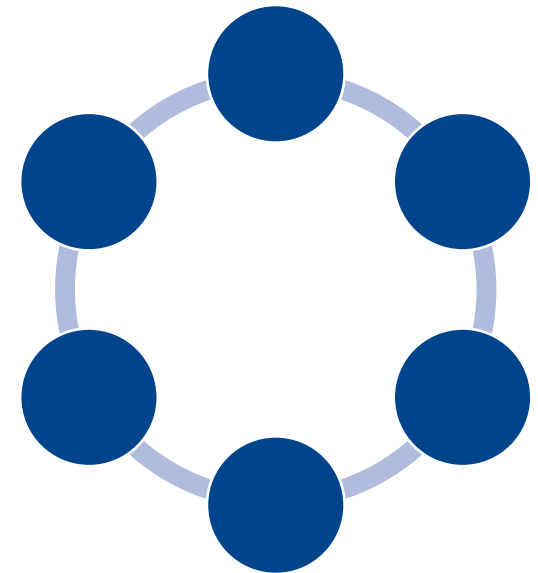


2015

Centralized, overweighted pyramids are shaping their own obsolescence



Design a collaborative, lean organization, fit for the future of food revolution



2020

2017 – 2020 FIT TODAY AND TOMORROW

2014-2016

The start of the Danone
2020 transformation



2015 – 2017

Revolution Accelerators
for Danone



2017 - 2020

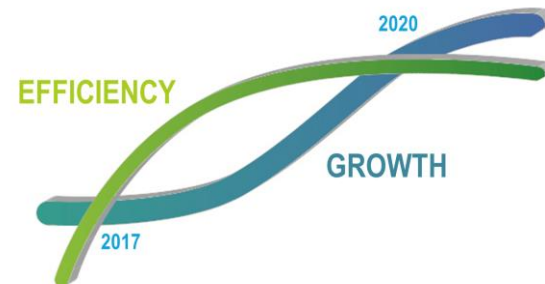
Delivering on a recrafted
preparation agenda



2017-2020 : an agenda fit for today and tomorrow

2017

2020



**Consistent
EPS growth**



2017 guidance: double-digit recurring EPS growth



- > Moderate Sales Growth*
- > Sustained Recurring Operating Margin Improvement*

* "LfL New Danone" basis

Double-digit recurring EPS growth at constant exchange rate

2017-2020: key enablers are in place



BEYOND BUDGET

**PROGRAM
PROTEIN
1 bn €**

2017-2020 : Stronger local empowerment to enable speed, relevance and consistency



A TIGHTER EXCOM

12 > 8

- > Increased focus and speed
- > Team work and integration
- > Delegation

**A NEW TEAM
MADE OF OUR 15 REGIONAL LEADERS**

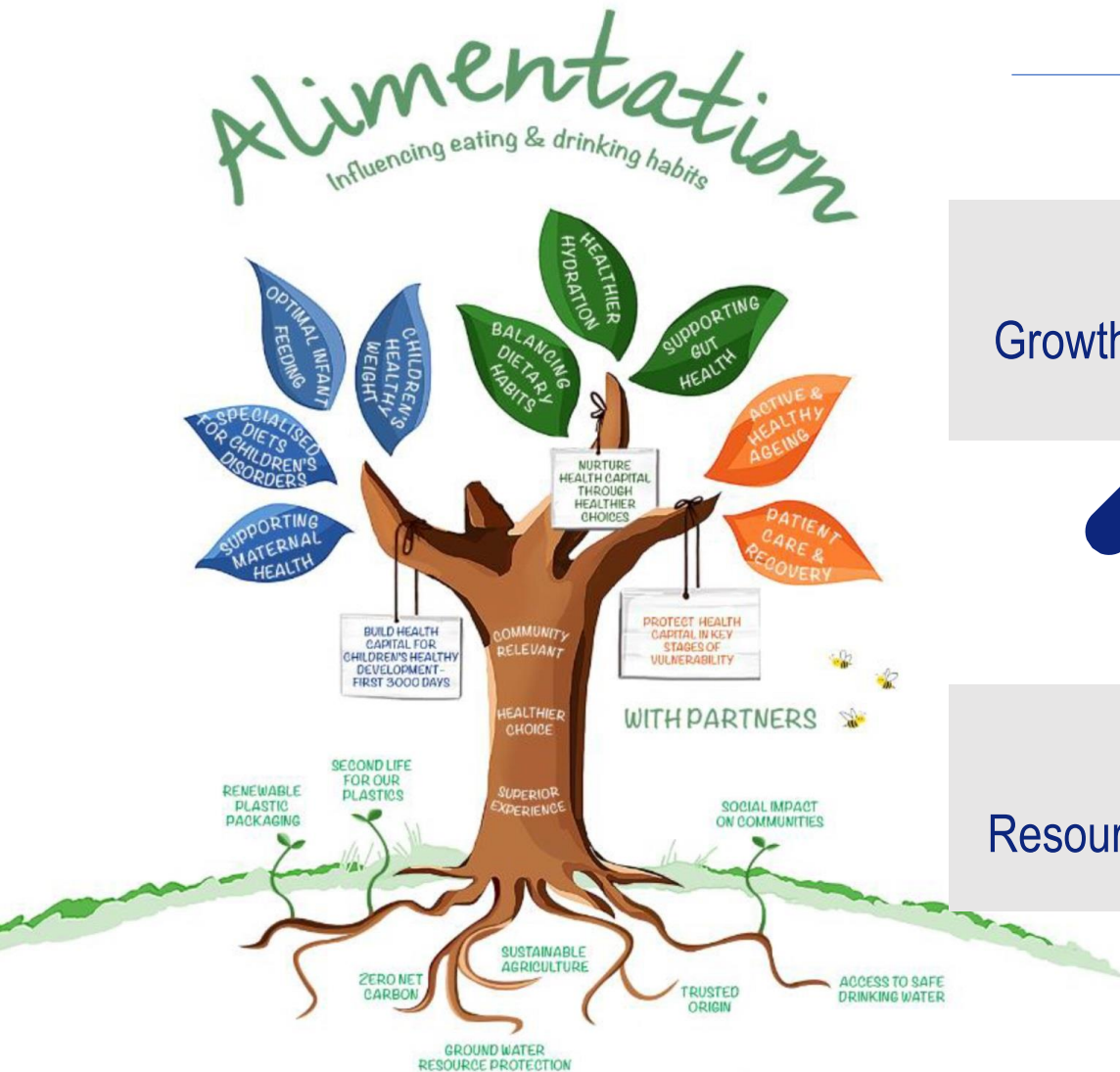
- > Closer to markets, faster decisions
- > Empowered on global decisions
- > Regional alignment and collaboration

ONE DANONE / 30 clusters live

- > Backbone for key functions
- > Localised relevance
- > Mutualization of expertise

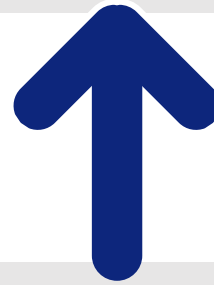


2017-2020 : Step up our ability to seize consumer shifting opportunities and work more efficiently



2 NEW ROLES

EVP
Growth & Innovation

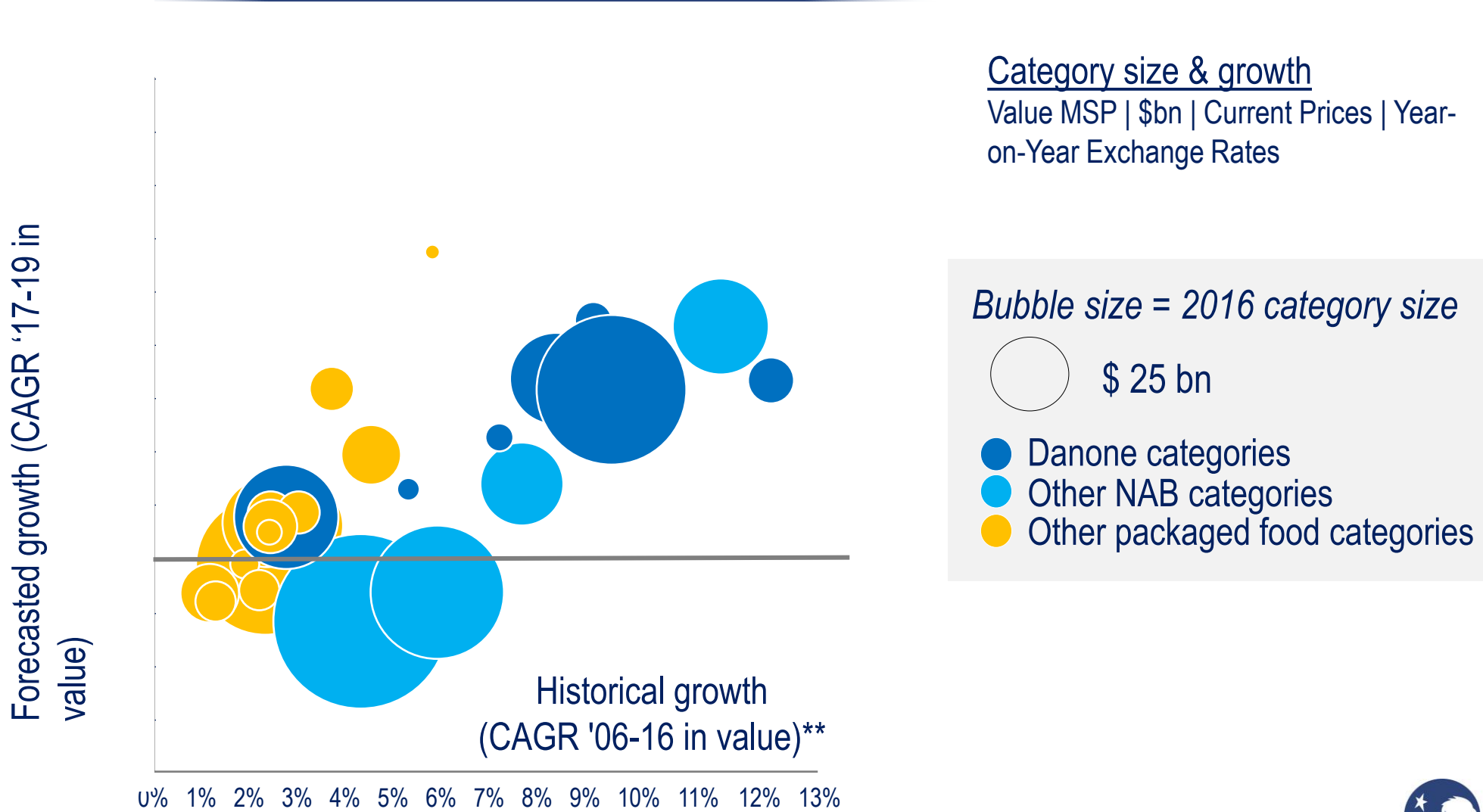


EVP
Resources Efficiency

- > Drive seamless cooperation process among all topline and innovation functions
- > Provide framework and platforms for category growth and innovation
- > Identify and drive transversal / cross category opportunities

- > Drive transversal spend efficiency
- > Balance short/mid/long-term efficiency/sustainability
- > Integrate operations into « Strategic Resources Cycles »
- > Provide resources and sourcing for « Manifesto Brands »

Danone: a unique category portfolio fit for growth



Source: Source: Euromonitor (packaged food), Canadean (NABs), except for AMN: internal data (AMN category size only in Danone relevant scope). (*) Excl. China; (**) AMN: historical growth CAGR '14-16
Evian 2017 - Investor Seminar



7 reasons why Danone is uniquely placed to embrace the Food Revolution opportunity

1. **Passion for Alimentation, concrete business impact and growth**
2. **Leading brands in 100% healthy diet categories, broad, well-balanced geographical footprint**
3. **Self-disrupted and reinvented DNA, agile and adaptive organization**
4. **Commitment for collective efficiency**
5. **Pioneer, innovative sustainability platform & expertise**
6. **People-centric culture, fitting new ways to work, live and engage with brands & companies**
7. **Managing time horizons : execute & deliver today, prepare and build tomorrow**

7 challenges by 2020 to unlock addressable growth

1. **Execute current competitive plans to regain growth leadership**
2. **Accelerated play on small / local brands & competitive game**
3. **Accelerated shift towards new channels / impulse / moments of consumption**
4. **Engage with consumers in a totally new way for brands (Manifesto)**
5. **Be ready for emerging countries recovery to new normal**
6. **Execute efficiencies to fuel growth**
7. **Self-disrupt the organization to fit the full addressable growth opportunity**



More details and evidence on our agenda for the 2 days

Wednesday, May 17th

Arrival

Introduction - Emmanuel Faber
2.00pm - 3.00pm

Fit for Growth today & tomorrow - Paco Camacho
3.15pm - 4.15pm

Protein - Gustavo Valle & Susanne Luick-Nijboer
4.45pm - 5.30pm

Q&A
5.30pm - 6.15pm

Dinner & Drinks from 8.00pm

Thursday, May 18th

DanoneWave :

- Introduction - Lorna Davis : 8.30am - 8.50am
- Operations – Blaine McPeak : 8.50am - 9.30am
- Zoom on synergies & Conclusion – Lorna Davis : 9.30am - 9.50am

Q&A

9.50am - 10.15am

Tasting WW Stands
10.30am - 11.45am

Workshops
(US pledge + Bcorp + Healthier nutrition)
11.45am - 1.00pm

Finger Lunch
1.00pm - 2.30pm

Dairy growth agenda - Gustavo Valle
2.30pm - 3.15pm

Q&A Dairy growth agenda
3.15pm - 3.45pm

Specialized Nutrition - Bridgette Heller
4.00pm - 4.45pm

Q&A Specialized Nutrition
4.45pm - 5.15pm

Strengthening the Economic Model - Cécile Cabanis
5.30pm - 6.15pm

Q&A
6.15pm - 7.00pm

Conclusion - Emmanuel Faber
7.00pm - 7.30pm

Dinner from 8.00pm





DANONE
2017 - 2020

Fit today and tomorrow

Emmanuel FABER

Chief Executive Officer

Evian 2017 - Investor Seminar

Financial indicators not defined in IFRS

Financial indicators not defined in IFRS, used by Danone and presented in this document

These indicators are calculated as follows:

Like-for-like changes in sales, recurring operating income and recurring operating margin reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope, with indicators related to a given fiscal year calculated on the basis of previous-year scope;
- changes in applicable accounting principles;
- changes in exchange rates, (i) with both previous-year and current-year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by Danone for the current year and applied to both previous and current year), and (ii) correcting differences caused by the exceptional volatility of inflation in countries that are structurally subject to hyperinflation, which would otherwise distort any interpretation of Danone's organic performance.

“Like-for-like New Danone” changes (or “Like-for-like including WhiteWave starting April 2017” changes) in sales, recurring operating income and recurring operating margin reflect the organic performance of Danone and WhiteWave combined. This indicator corresponds to like-for-like changes for Danone and WhiteWave combined, considering the activity of WhiteWave as a whole by integrating its companies during the fiscal years prior and following their acquisition in April 2017:

- from April 1 to December 31 for periods compared until 2017 included;
- from January 1 to December 31 for periods compared in 2018.

Financial data related to periods prior to the closing date and used to calculate “like-for-like New Danone” changes are extracted from the historical income statements of, respectively, Danone (prepared in euros under IFRS) and WhiteWave (prepared in US dollars under US-GAAP). However, to ensure that these can be compared with the income statement of Danone and WhiteWave combined, they are adjusted as follows:

- WhiteWave's income statements for periods prior to the closing date have been restated to reconcile them with Danone's accounting principles;
- the effect on the income statement of the purchase price allocation of WhiteWave is also reflected in periods prior to the acquisition.

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses is defined under Recommendation 2013-03 of the French CNC (format of consolidated financial statements for companies reporting under international reporting standards), and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to its recurring activities. These mainly include capital gains and losses on disposals of fully consolidated companies, impairment charges on goodwill, significant costs related to strategic restructuring and major external growth transactions, and costs related to major crisis and major litigations. Furthermore, in connection with IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, the Company also classifies in Other operating income and expenses (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Recurring operating margin is defined as the Recurring operating income over Net sales ratio.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the Recurring net income over Diluted number of shares ratio.