



DANONE
ONE PLANET. ONE HEALTH

**Barclays
Global Consumer Staples
Conference**

September 5, 2018

Cécile Cabanis
Francisco Camacho





DANONE
ONE PLANET. ONE HEALTH

Delivering Superior Sustainable Profitable Growth

Cécile Cabanis
CFO



Our strategic ambition

Leading the way to create and share sustainable value



Healthier
eating and drinking



Responsible
business stewardship



**SUPERIOR
SUSTAINABLE
PROFITABLE
GROWTH**



DANONE
ONE PLANET. ONE HEALTH

An unparalleled health-focused portfolio

Fully aligned with the ongoing Food revolution

29%

Specialized Nutrition



20%

Essential Dairy and Plant-Based



33%

Essential Dairy and Plant-Based



18%

Waters



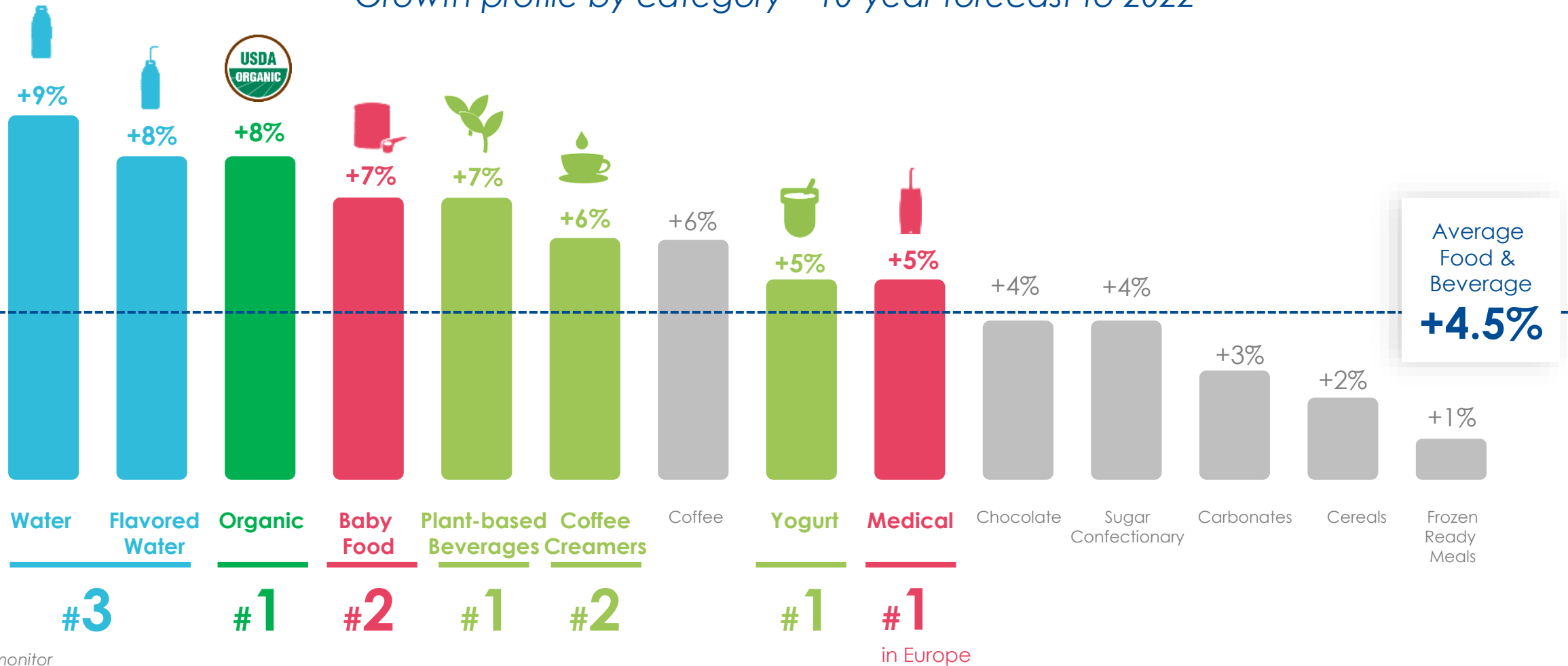
> 88% of volume sold recommended for daily consumption⁽¹⁾

% of sales in H1 2018. (1) Refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health recommendation, these categories are generally suitable for daily consumption.

Consumers continue moving towards healthier food and nutrition

Our categories outperform the industry average

Growth profile by category – 10-year forecast to 2022



Source: Euromonitor

New consumer preferences are transforming our industry

Transition from mass volumes to lifestyle purchase decisions

Our environment

1/3

of new generations willing to pay a **premium** for healthy food⁽¹⁾

58%

of growth driven by **local** brands⁽²⁾

+16%

e-commerce average growth⁽³⁾

55%

buying decisions from brand **advocacy**⁽⁴⁾



Our transformation

Products

- Local, authentic, natural
- From multi-packs to single serve

Brands

- Committed and accountable
- Resonating messaging
- Targeted digital marketing model

Channels

- Convenience and on-the-go
- E-commerce

Organization

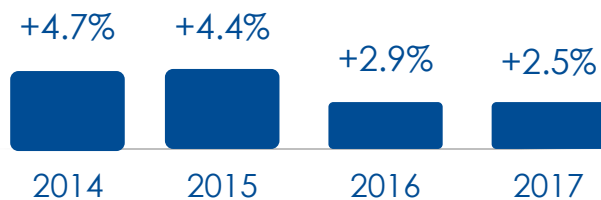
- Innovating locally in small scale
- Cross-regional collaboration
- Partnerships with customers and suppliers

(1) Source: Nielsen (2) Source: Kantar Worldpane (3) CAGR 2012-22; source: Planet Retail 2016; (4) Source: BCG Brand Advocacy Index

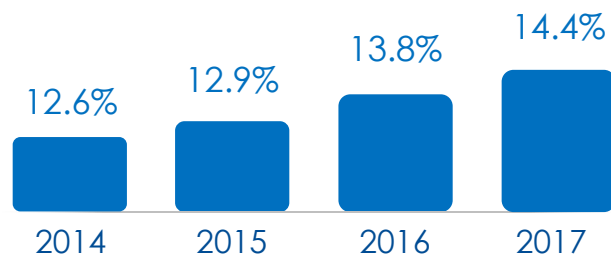
Strong financial track record

Balanced growth model, accelerating efficiencies

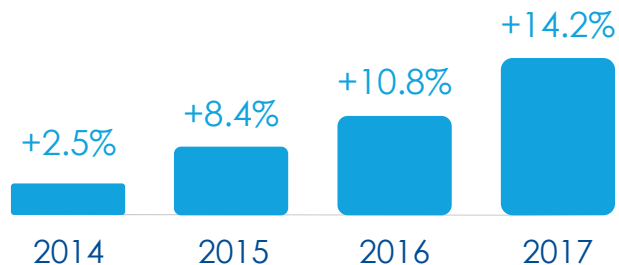
Life-for-Like
**sales
growth**⁽¹⁾



Recurring
**operating
margin**



Recurring
EPS growth
(at constant
exchange rate)



⁽¹⁾ Like-for-like New Danone

Delivering strong set of results in first half 2018

NET SALES

+4.0%⁽¹⁾
€ 12.5 bn

RECURRING OPERATING MARGIN

+51 bps⁽¹⁾
14.27%

RECURRING EPS GROWTH

+13.4%
€ 1.76

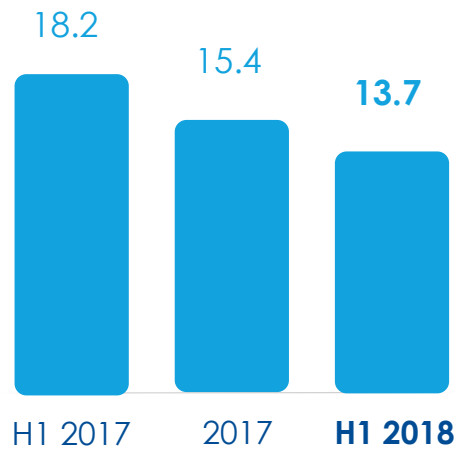
*excl. Yakult Transaction
Impact, at constant
exchange rate*

Allocating capital with discipline

Delivering long-term shareholder value

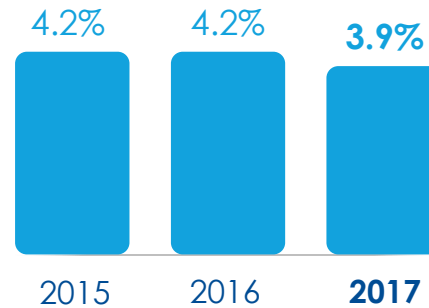
Deleverage

Net debt reduction (€bn)



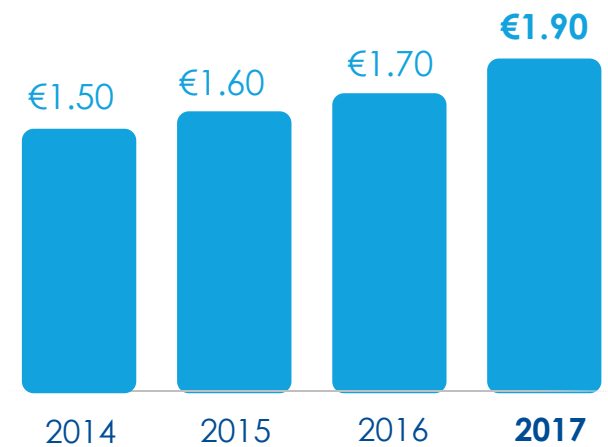
Invest for growth & efficiency

Sustained level of capex/net sales



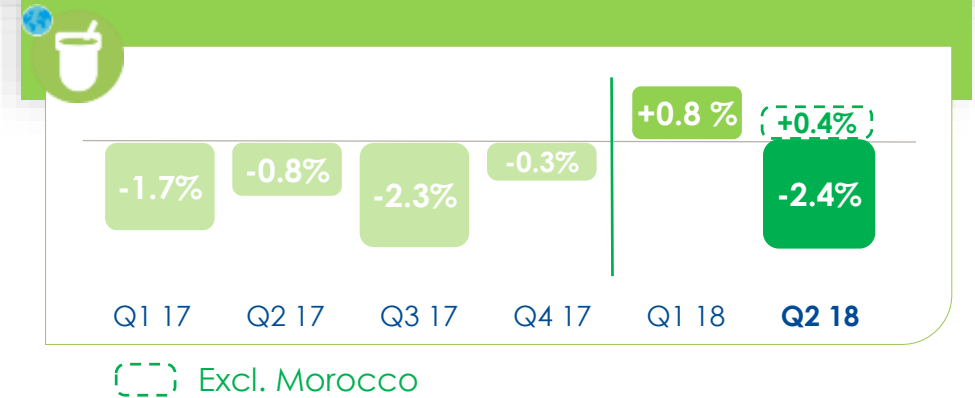
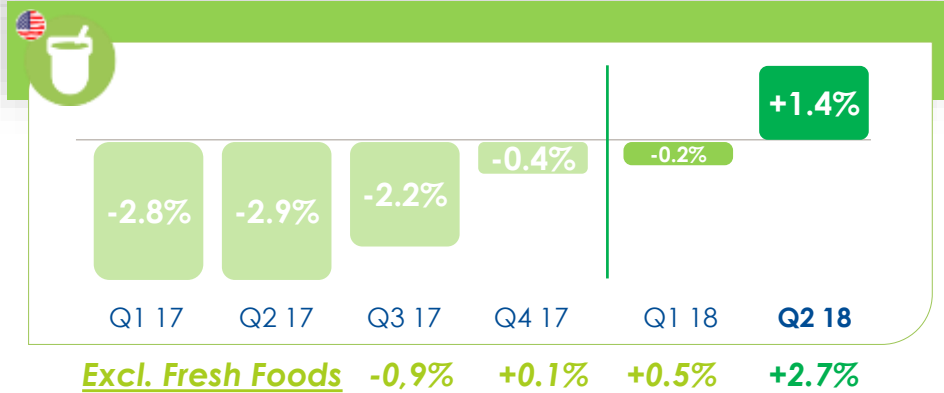
Shareholder returns and dividends

Increasing dividend



Making strategic progress in every business unit

Essential Dairy and Plant-based returning to growth



Record market share in yogurt



~75% of former WhiteWave growing >5% in H1 2018



Gradual **stabilization** with **solid growth** in some countries

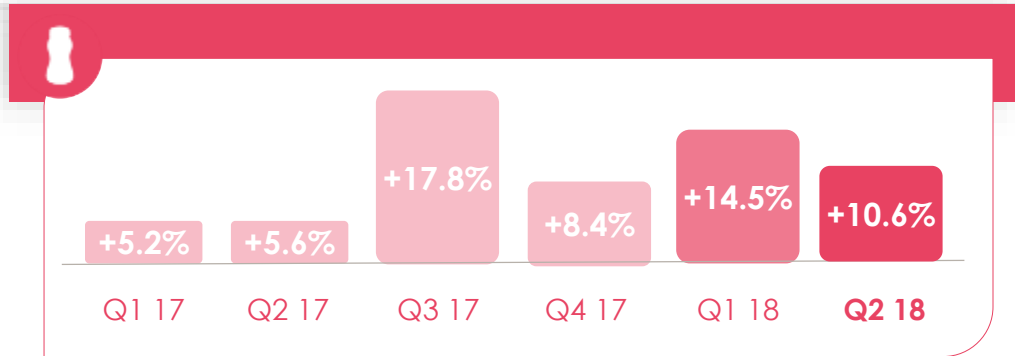


Increased contribution from **innovations**

Sales growth figures in Like-for-like New Danone

Making strategic progress in every business unit

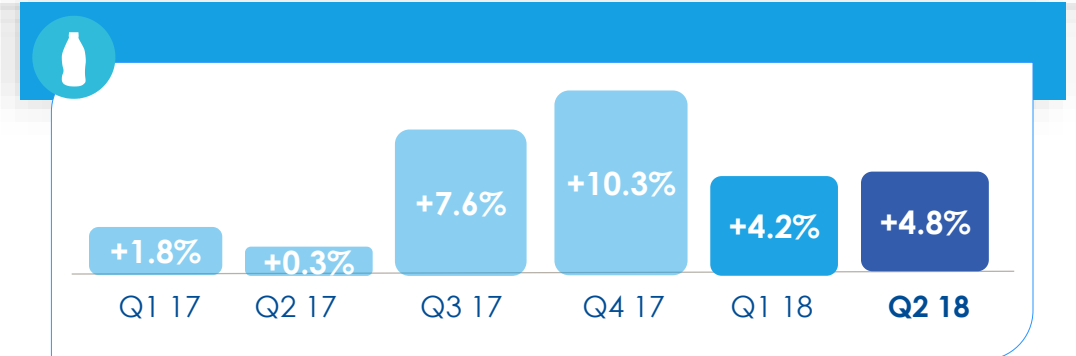
Highly profitable growth in Specialized Nutrition, strong growth in Waters



Direct and Ultra-premium



Tailored nutrition



Premium Aquadrinks platform



Transition to Circular Plastics

Sales growth figures in Like-for-like New Danone

Growth model driven by value

Premium innovations supporting valorization



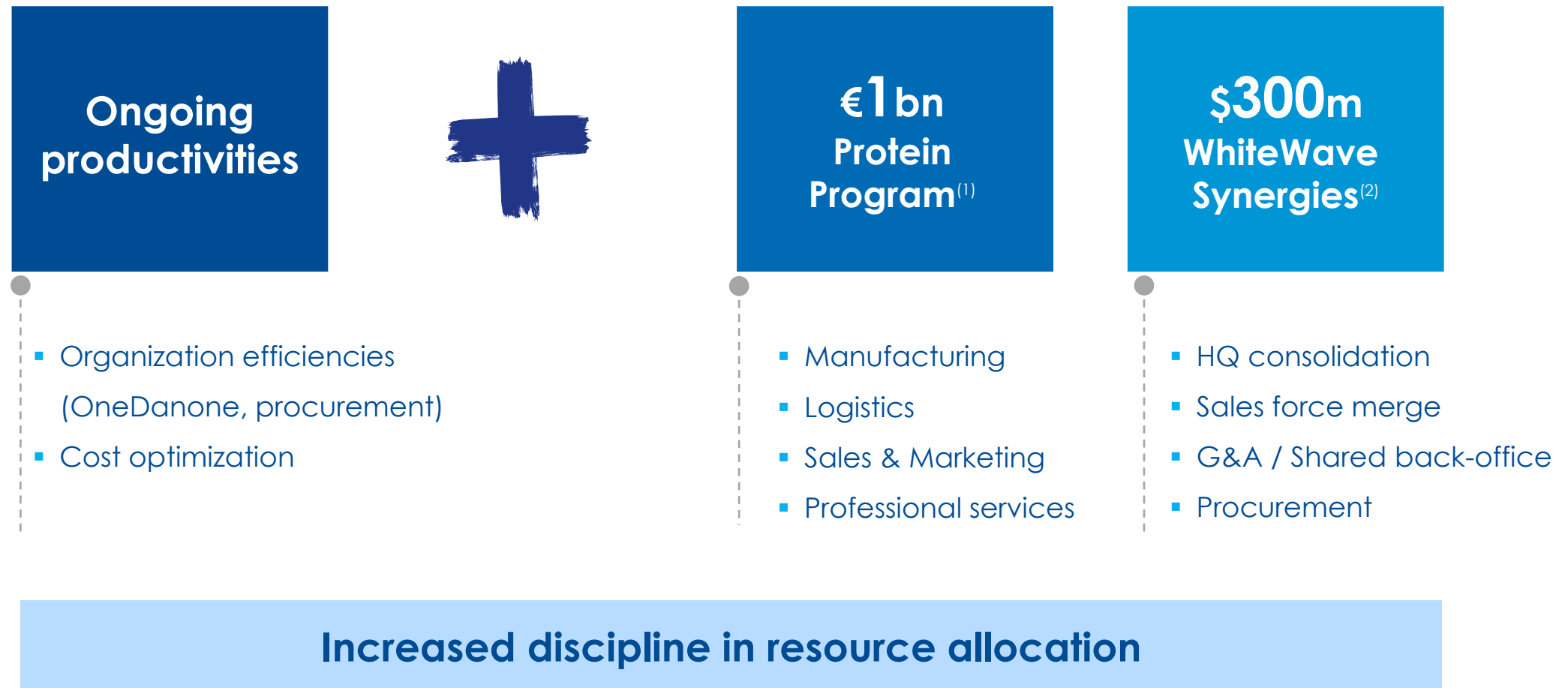
Major step-up in innovation – more, faster, better

Weight of innovation in net sales: ~ +40% vs 2017

Driving portfolio valorization

Strengthening the operating model across the company

Consistently accelerating efficiencies towards 2020

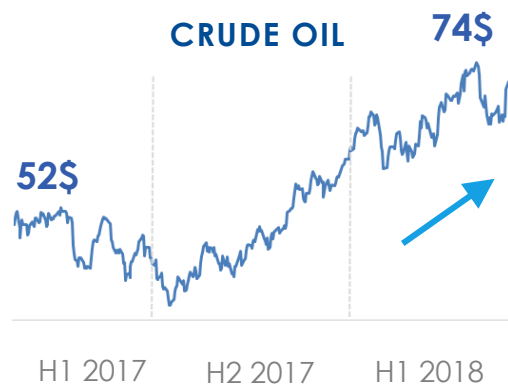


(1) Gross savings objective by 2020 (2) Estimated impact on recurring operating income by 2020

Navigating increasing volatility

Challenging external context

Input cost increase



Source: US Energy Information Administration

Currencies



Boycott



Accelerate towards 2020

2018: a year of execution and delivery

2020 Strategic priorities

- 1 Accelerate growth
- 2 Maximize efficiencies
- 3 Allocate capital with discipline

2018

2018 objective

**DOUBLE-DIGIT
RECURRING EPS
GROWTH**

at constant exchange rate
excluding Yakult transaction impact

2020



**SUPERIOR
SUSTAINABLE
PROFITABLE
GROWTH**

4-5%

Like-For-Like
Sales
growth

>16%

Recurring operating
margin

EPS

Consistent recurring
EPS growth

<3x

Net debt/Ebitda⁽¹⁾

~12%

ROIC⁽¹⁾

(1) See definition on page 64 of 2017 Registration document



DANONE
ONE PLANET. ONE HEALTH

Driving EDP growth from the Food Revolution

Francisco Camacho
EVP Essential Dairy and Plant-Based



Francisco Camacho

18 years at Danone



Since
Oct-2017

Executive Vice President
Essential Dairy and Plant-Based

2011

Executive Vice President **Waters**
Member of Executive Committee
Growth and Innovation Officer (Mar-2017)

2009

Regional Vice President **Fresh Dairy Latam**

2004

General Manager **Fresh Dairy Argentina**

Prior 2000

Senior positions at Revlon and P&G

Essential Dairy and Plant-Based at a glance

A unique product and brand portfolio with €13bn global sales

53%
of Danone
revenues



~1/4 of revenues
from former
WhiteWave

#1

in the world⁽¹⁾

Top-5 countries



Strong

portfolio of global and
local brands



56% of sales
from **local**
brands

(1) Source : Euromonitor. In relevant Danone scope (only in sub-categories and countries we play in)

What we will discuss today

1

A consumer-driven
transformation



2

Accelerating
plant-based expansion



What we will discuss today

1

**A consumer-driven
transformation**



2

Accelerating
plant-based expansion



New generation of consumers driving the Food Revolution

Trend setters with new set of values



Eating healthier



47%

of young generation eating healthier⁽¹⁾

30%

willing to pay a premium for healthier food⁽¹⁾

Seeking immediacy



Convenience



Discounters



E-commerce

growing 3x faster
than supermarkets⁽²⁾

Trend setters



77%

of Food family spending influenced by Generation Z⁽³⁾

(1) Source : Nielsen Global health and wellness survey 2015 and Nielsen's online pool 30,000 in 60 countries

(2) Source: Data relates to retailers within the planet retail 2016 database only: e – estimate / f – forecast. Small stores includes: Neighborhoods stores, Drugstores & Pharmacies, Convenience stores

(3) IBM Institute for business value (January 2017)

Growing healthier consumer preferences in Food industry

Creating new category fundamentals



Probiotics



Probiotic
beverages and
yogurts growing
> 6%

Protein



High protein
yogurt growing
> 10%

Plant-based



Plant-based
beverages and
yogurts growing
> 8%

Fat is back



Google Search
Trends for « keto »
diet in U.S. since
last year
x4

Source: Euromonitor value CAGR 2015-2017 total world. Plant-based excluding China

Traditional lines between categories are blurring

Creating new market opportunities for Danone



From linear...

Essential fermented milks



Desserts



Plant-based



... to fluid categories

Essential fermented milks



Organic

Probiotics

White indulgence

Plant-based probiotic yogurt



Desserts

Indulgence
Coffee
beverages

Plant-based indulgence



Plant-based

Traditional lines between categories are blurring and we are well equipped to address this growth



From linear...

Essential fermented milks



Desserts

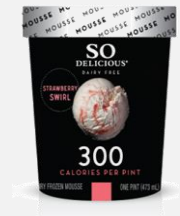


Plant-based



... to fluid categories

Essential fermented milks



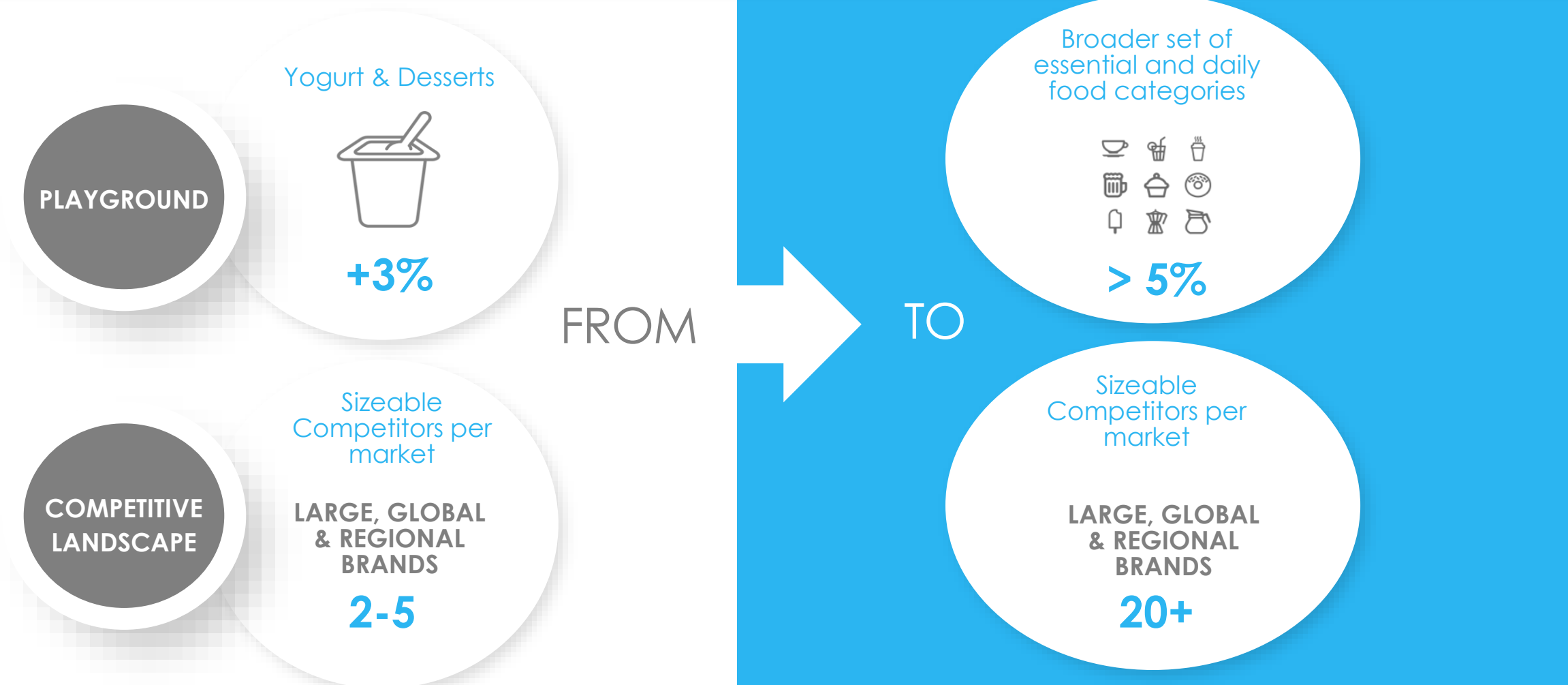
Desserts

Plant-based



New playground for EDP

Offering broader and faster growth opportunities



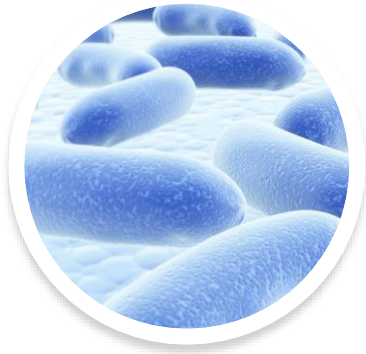
Source: Euromonitor retail value 2017 – Total world without China

Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



Own probiotics,
protein and soft
functionals



Accelerate
Plant-based



Drive
Indulgence



Relentless
Innovation



Impulse
On-the-go

Redefining strategic priorities

Danone is well positioned to embrace consumer trends



**Win
millennials**



Own probiotics,
protein and soft
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Drive
Indulgence



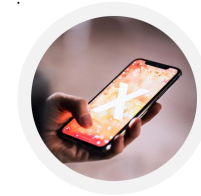
Relentless
Innovation



Impulse
On-the-go

Win with millennials

Rejuvenating brands, expanding into new adjacencies and kids



Rejuvenating and launching new brands



Expand into new adjacencies



Kids as an entry point



Win with millennials

Multiple touchpoints and resonating stories



Precision marketing and new partners

DANONE **Light & Free** × Spotify

0% Fat, 0% Added Sugar

COOL VIP GIG
with a
SECRET ARTIST
revealed soon

FIND OUT MORE

Object of desire and storytelling

2% MILKFAT

LEFT Field FARMs

NON GMO

HIGH VITAMIN D

REDUCED FAT MILK

58% Less Fat Than Whole Milk
Vitamin A • Ultra-Pasteurized
From cows not treated with rBST*

HALF GALLON (1.89 L)

SUPPORT Farmers

WITHOUT GETTING YOUR HANDS (TOO) DIRTY TODAY'S FARMERS - ESPECIALLY THE NEW GENERATION - ARE UNDER PRESSURE TO KEEP LAND IN THEIR FAMILY AND GROW FRESH FOOD FOR US ALL. HERE ARE A FEW SIMPLE WAYS TO SUPPORT THE NEXT (ROP OF) FARMERS:

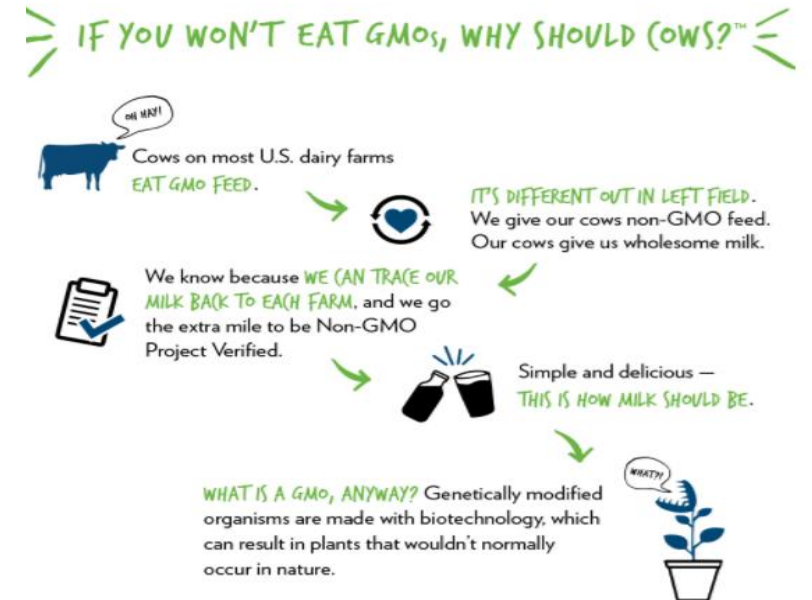
EAT AT FARM RESTAURANTS

CHOOSE LOCAL PRODUCE FROM YOUR GROCERY STORE

VISIT A WORKING FARM

STAY INFORMED: FARM & FOOD POLICY AFFECTS WHAT YOU EAT

DIG IN: JOIN A COMMUNITY GARDEN TO GET IN TOUCH WITH THE EARTH AND MEET NEW FRIENDS

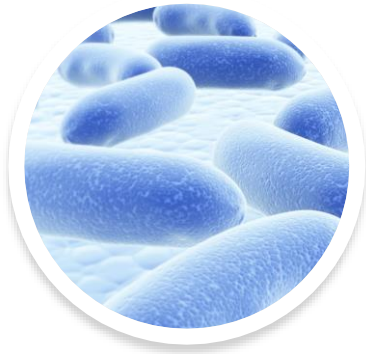


Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



**Own probiotics,
protein and soft
functionals**



Accelerate
Plant-based



Drive
Indulgence



Relentless
Innovation



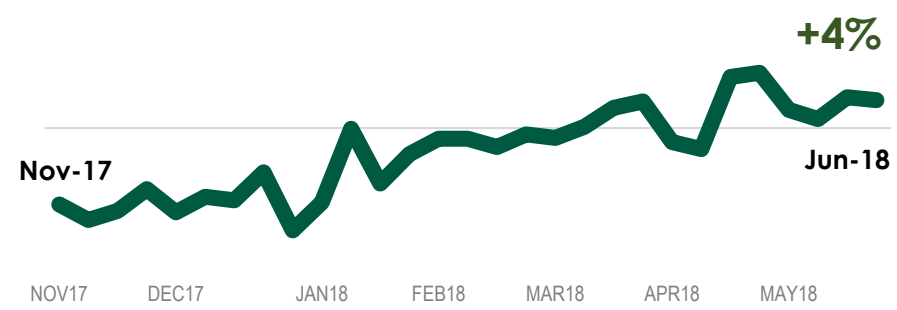
Impulse
On-the-go

Fostering and owning probiotics with Activia Shots: Billions of live and active probiotics



BILLIONS OF PROBIOTICS MADE EASY?

US net sales total Activia brand evolution vs LY.



Extending high protein trend across our portfolio to better capture growth in dairy and plant-based yogurts



Plant-based (Yogurts, beverages & bars)



Q1-18



Q4-18



Q1-18



Dairy yogurt extensions (Drinkable & spoonable)



Q4-18



Q2-18



Q1-18



New brands



Q2-18

Q4-18



Q4-18



Leveraging new ingredient-based benefits in both core and new brands



New Actimel
Soft functional ingredients
Mate Tea - Baobab - Guarana - Ginger

Q4 18 – EU Q1 19



New Activia
Touch
Lime - Green tea & Mint

Q3-18



New brand WA – botanicals
Houjicha (roasted green tea)
Kari (persimmon)

Q4-18



Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



Own probiotics,
protein and soft
functionals



**Accelerate
Plant-based**



Drive
Indulgence



Relentless
Innovation



Impulse
On-the-go

Accelerating plant-based business

Expand core brands, drive indulgence and new brands



Accelerate core brands



Plant-based Indulgence



Exploit Plant-based for other relevant brands



Liv Oat shot

Q4 18



Accelerating plant-based business

Using the full ingredients spectrum and differentiation



Full plant-based ingredient spectrum



Soy



Oat



Almond



Cashew



Coconut



Rice

Differentiation through premiumization



Renewable sugarcane, made from at least 80% plants

Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



Own probiotics,
protein and soft
functionals



Accelerate
Plant-based



**Drive
Indulgence**



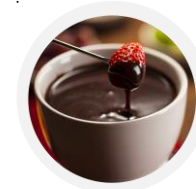
Relentless
Innovation



Impulse
On-the-go

Drive indulgence

White indulgence, portfolio sophistication and impulse



White Indulgence



Portfolio sophistication



Q3-18



Strengthen impulse



Q2-18



Q2-18



Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



Own probiotics,
protein and soft
functionals



Accelerate
Plant-based



Drive
Indulgence



**Relentless
Innovation**



Impulse
On-the-go

Relentless innovation

Own expansion of new trends and foster new spaces



Align with existing trends

High protein



Organic



Own the expansion of new trends

Probiotics



Foster new growth spaces

Coffee inspired



Indulgence



Simply plain (personalization)



Plant-based



Savory



Relentless innovation

Ingredients based benefits and on-trend packs



Soft functional ingredients



Language, storytelling and new materials



Redefining strategic priorities

Danone is well positioned to embrace consumer trends



Win millennials



Own probiotics,
protein and soft
functionals



Accelerate
Plant-based



Drive
Indulgence



Relentless
Innovation



**Impulse
On-the-go**

Winning in impulse and on-the-go channels

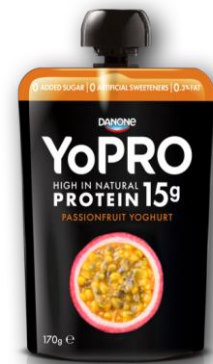
Right portfolio, dedicated route-to-market and native impulse team



Right portfolio and offering



Single serve



Pouches

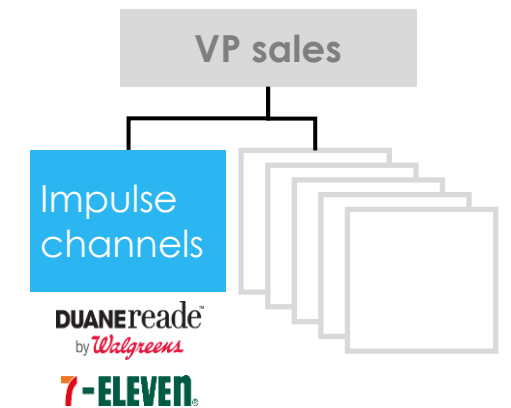


Drinkables

Dedicated route-to-market



Native impulse team



50%
of total growth from
Impulse
Channels

CONVENIENCE
& PROXI

NEW ON-THE-GO
FOOD STORES

What we will discuss today

1

A consumer-driven
transformation



2

**Accelerating
plant-based expansion**



Plant-based

Strong growth opportunities in every segment



Beverages



Performance nutrition



Yogurt



Ice cream



Desserts



Creamers



Cream



Cheese



Expected category growth 2017-2020

+7-10%

+15%

+20-40%

+20-40%

+20-40%

+20-30%

+10-20%

+70%

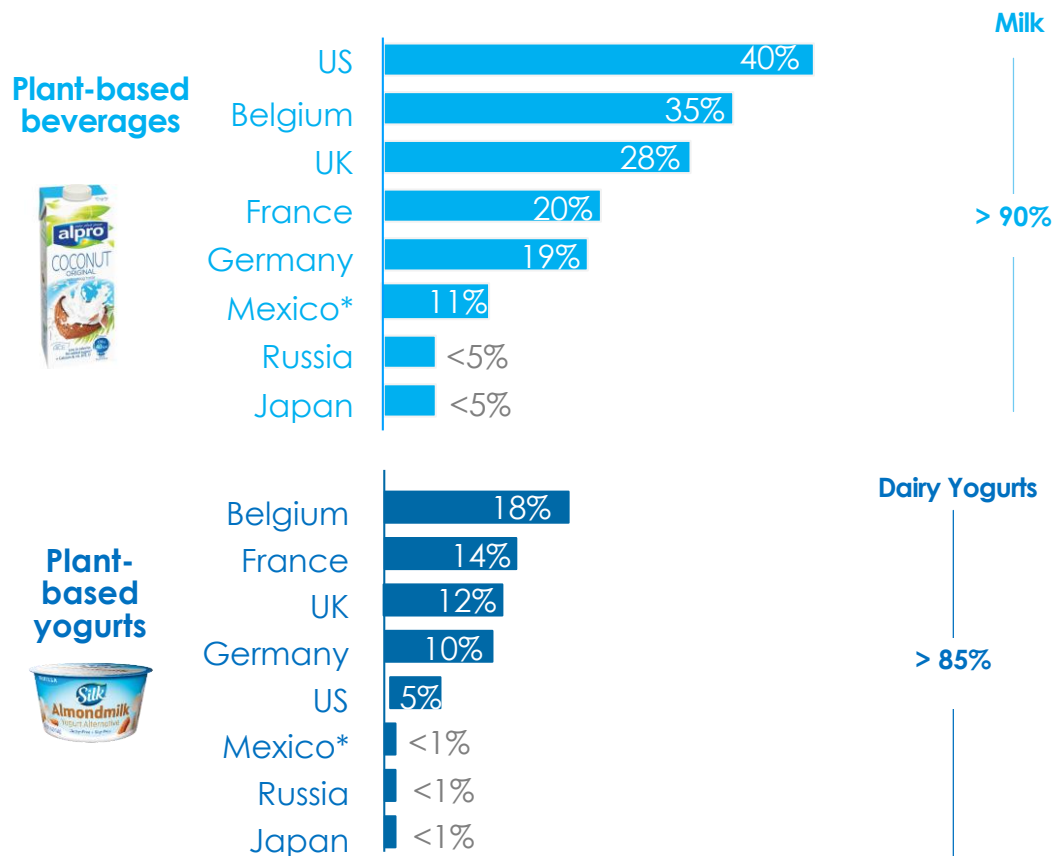
Source: Danone estimation based on trends and regional performance in existing markets (Nielsen, IRI & Euromonitor)

Strong market penetration opportunities ahead

From niche vegetarian to mass market flexitarian

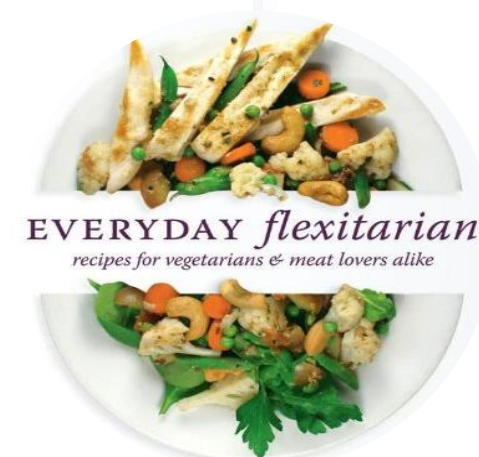


Huge market penetration opportunity



More and more flexitarians

1/3
of people
identify themselves
as **Flexitarian**



> 80%
of households that purchase
Plant-based milk **also buy**
conventional dairy milk

Source: HH Panel Kantar / Nielsen / GFK & IRI 2017
Note PBB HHP in Mexico includes PB Fruit juices

Source: Mattson survey – US Market. Flexitarians = consumers cutting down on meat + vegetarian diet followers eating meat occasionally

Expand and strengthen Plant-based business



Full ingredient spectrum in the core



Adjacencies



Geographical roll-out



New brands

Plant-based growth plan

Key pillars



1

Core acceleration driven by full ingredient spectrum



Soy



Oat



Almond



Coconut



Rice



Cashew



2

Expansion to adjacencies



Ice Cream
Probiotics
Shots
Ready-to-drink Coffee
Creamers
Desserts
Cheese
Cooking ingredients

Q1 18



Q4 18



Q1 18



Q1 18



Q4 18



Q3 18



Plant-based growth plan

Key pillars



3 Geographical roll out



4 New brands



Plant-based growth plan

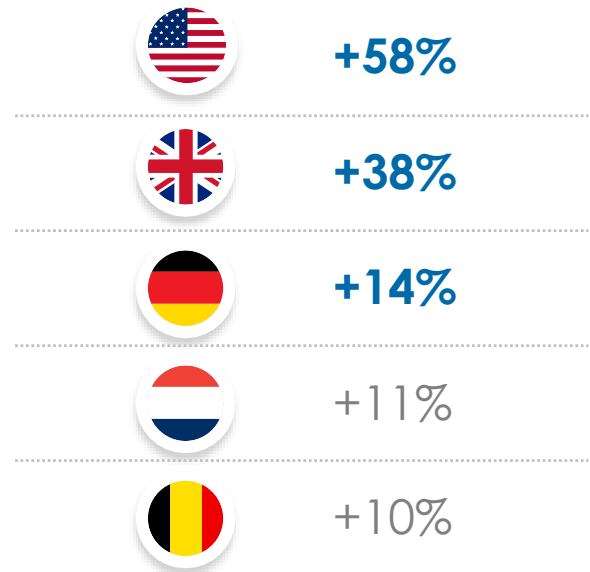
Successful expansion of Plant-based yogurts worldwide



Source: Nielsen / IRI value growth 2017

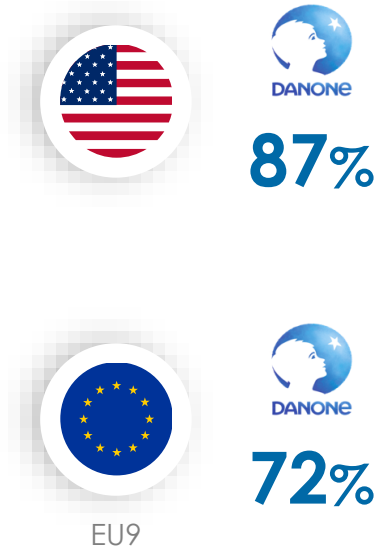
Experiencing very strong growth in key markets

Plant-based yogurts category value growth in 2017



Danone ahead of big Dairy competitors

Plant-based yogurts market share in H1 2018



So Delicious Indulgence and Ingredients expansion

Innovate in indulgence and dominate Plant-based ingredients



Ice-cream and mousses



Q1-18



Q2-18



Organic almond and coconut



So Delicious brand growth in H1 2018

STEEP
DOUBLE
DIGIT

Q2-18



Silk New Brand proposition

“Progress is perfection”



New Silk positioning returns the brand back to growth



Michael Phelps [@MichaelPhelps](#) [Follow](#)

Check out the [@lovemysilk](#) commercial I did with this guy Greg! Guess you don't need a gold medal to be perfect. [#ProgressIsPerfection](#)

8:13 AM - 20 Jan 2018

52 Retweets 629 Likes

10 52 629



Silk brand growth in H1 2018

HIGH SINGLE DIGIT









Disclaimer

- This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “objective” “believe,” “forecast,” “foresee,” “likely,” “may,” “should,” “goal,” “target,” “might,” “will,” “could,” “predict,” “continue,” “convinced,” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, statements regarding Danone’s operation of its business, and the future operation, direction and success of Danone’s business.
- Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Registration Document (the current version of which is available on www.danone.com).
- Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone securities.
- All references in this presentation to “Like-for-like (LFL) New Danone” changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, Recurring EPS, Yakult Transaction Impact, free cash flow and net financial debt correspond to financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are defined in the H1 results press release issued on July 27th, 2018. Q1, Q2 and H1 2017 reported figures have been restated for IFRS 15.
- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.