



**DANONE**  
ONE PLANET. ONE HEALTH

Investor Seminar  
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## Profitable growth and circularity

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EVP Waters & Africa

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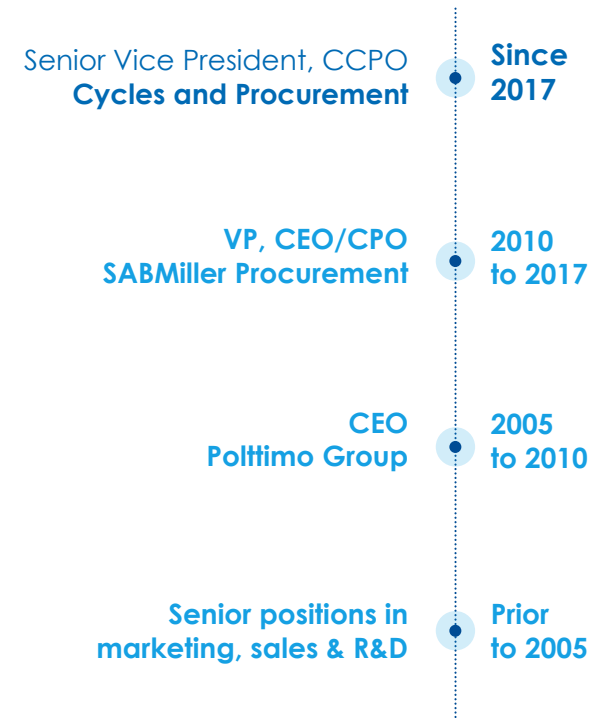
# HENRI BRUXELLES

## 31 years at Danone



# KATHARINA STENHOLM

## 1 year at Danone



# Waters contributing to Danone's objectives

## Embedding collective strategic priorities



### our strategic priorities

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



### our 2020 objectives

>5%



#### Company objectives

4 to 5%

sales growth <sup>(1)</sup>

>16%

operating margin <sup>(2)</sup>

(1) Like-For-Like sales growth  
(2) Recurring operating margin

# Danone Waters at a glance

## A unique portfolio of leading iconic brands

€4.6bn  
net sales

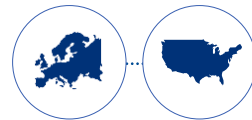


  
plain Waters  
2/3

  
aquadrinks  
1/3



19%  
of Danone  
revenues



EU + US  
~40%



Asia & Middle East  
~40%



Latin America  
~20%

TOP countries



TOP brands



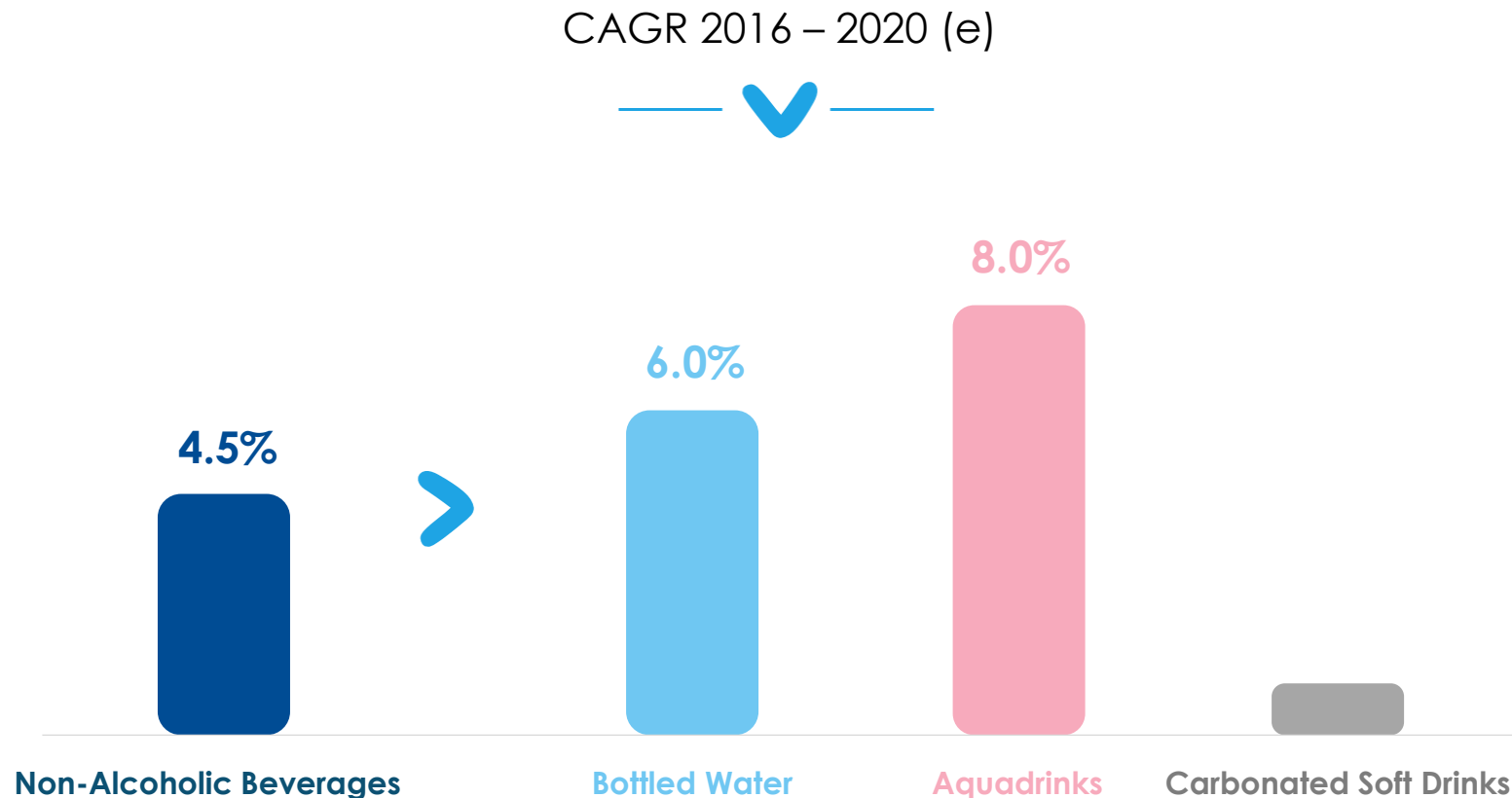
leadership  
positions in key  
countries

75%  
of sales from  
local-rooted brands

2017 full-year figures

# Our market place : well-positioned in fastest-growing segments

## Waters and aquadrinks leading the Non-Alcoholic Beverages category growth



Source: Global Data 2018 Danone Waters 16 Markets

# At the forefront of Non-Alcoholic Beverages category growth

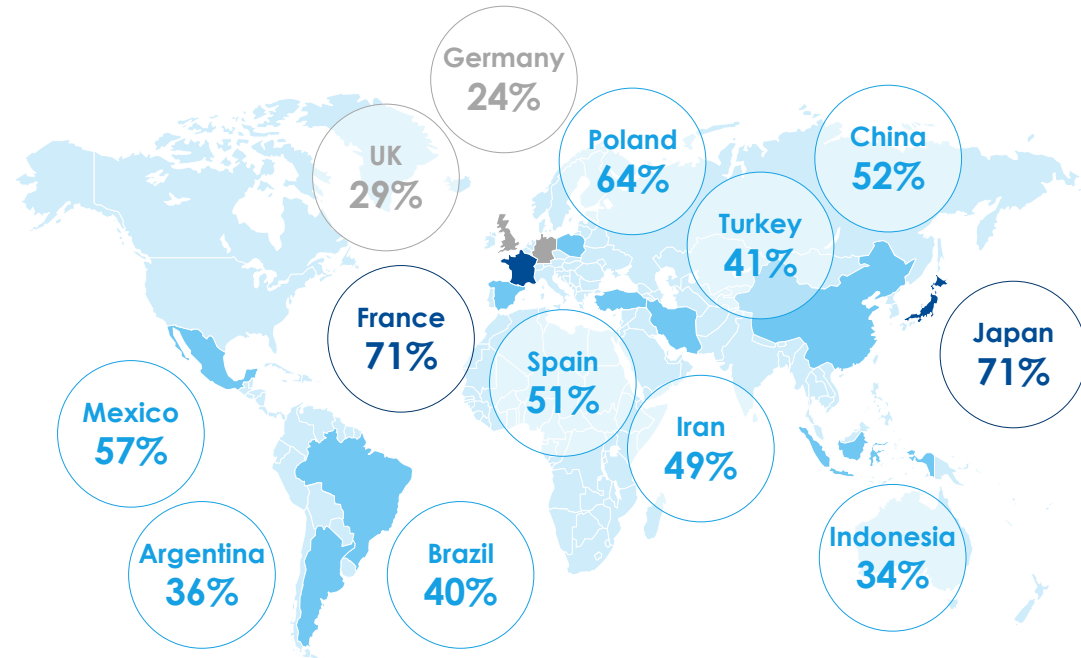
## With a worldwide potential to drink more and better

Significant potential for liquid intake, as well as a large switching opportunity ahead



52% of adults  
57% of kids

don't drink enough



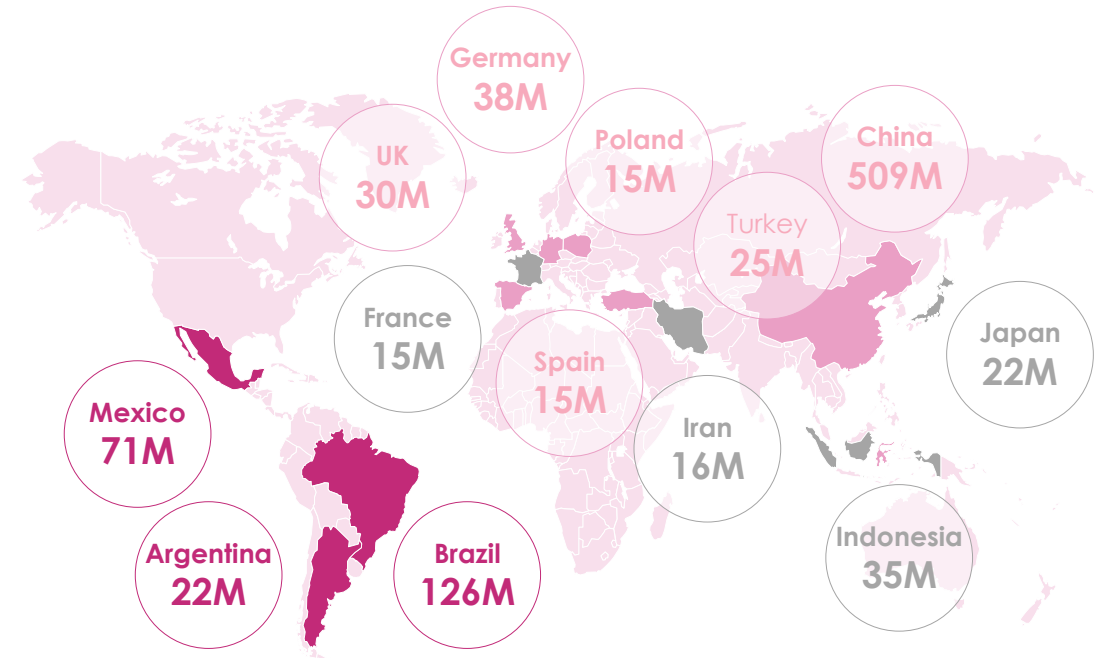
% of population with liquid intake below EFSA recommendation 2L/day

- 0-33%
- 33-66%
- >66%



46% of adults  
39% of kids

high sugar drinkers



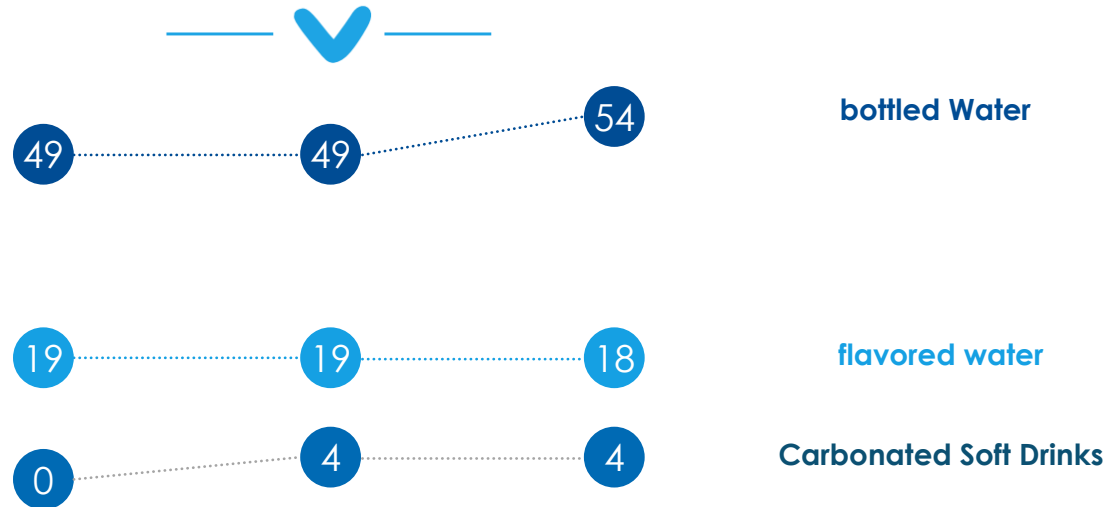
number of adults population drinking ≥ 1 serving SSB/d (1 serving = 250mL)

- 0-33%
- 33-66%
- >66%

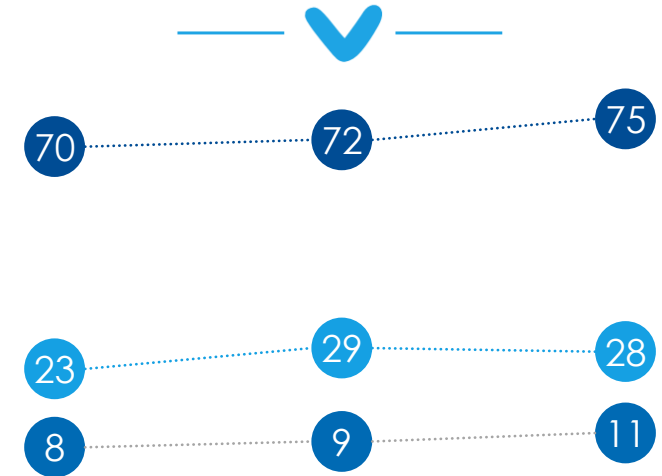


# Meeting consumers' demand towards health and natural Consistently across generations

*"I consider this beverage good for my health"*



*"I consider this a natural beverage"*



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)

Source: Quant/qual survey 2018, Perceptual mind mapping & Meaning of health, ARG/FR/INDO

# Unique waters portfolio with compelling attributes

## Connecting strongly to some emerging consumer desires

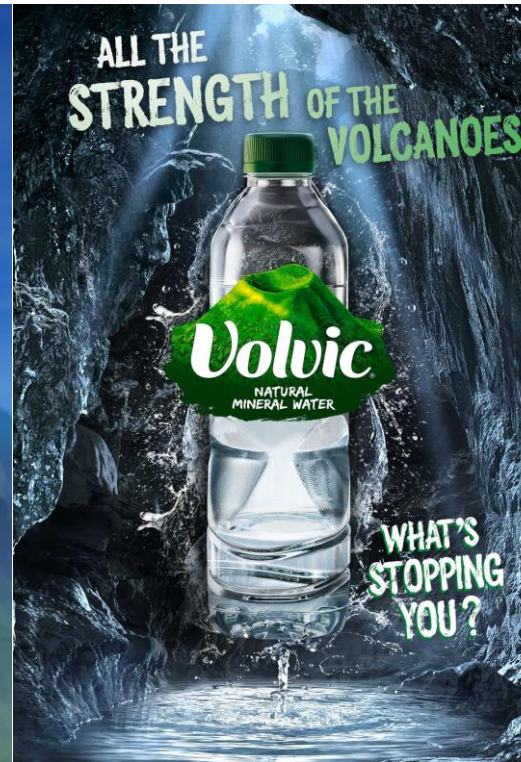
Unique attributes vs other beverages



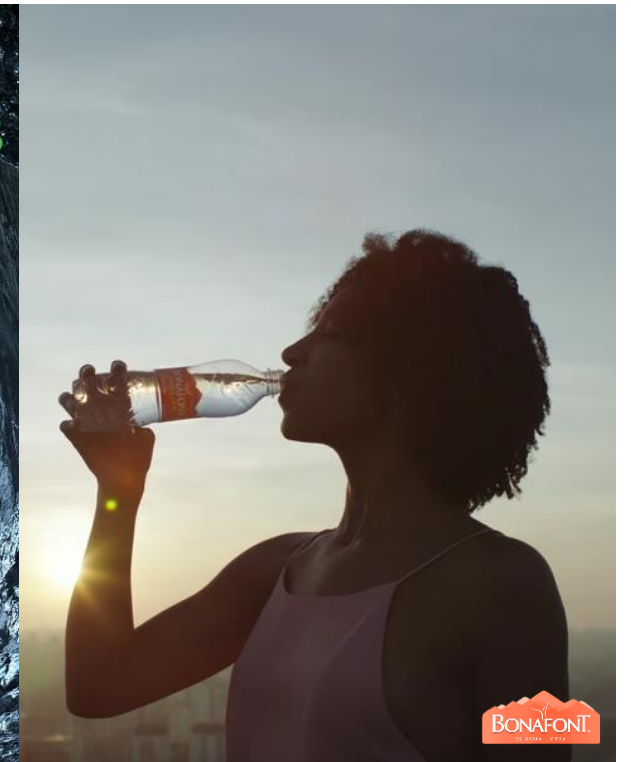
unique content of minerals



protected origin



natural and untouched



unique drinking experience



# A clear mission and roadmap

## Objective for 2020 to deliver > 5% profitable growth

### our mission

Inspire people  
towards healthier  
drinking habits

### our ambition for 2020

>5%  
profitable growth

### our growth pillars



LEAD ESSENTIAL  
SHADES OF PLAIN  
WATER



ACCELERATE  
INNOVATION



NEXT LEVEL  
AQUADRINKS



MANIFESTO  
BRANDS



MASTER IMPULSE &  
IMMEDIACY MOMENTS

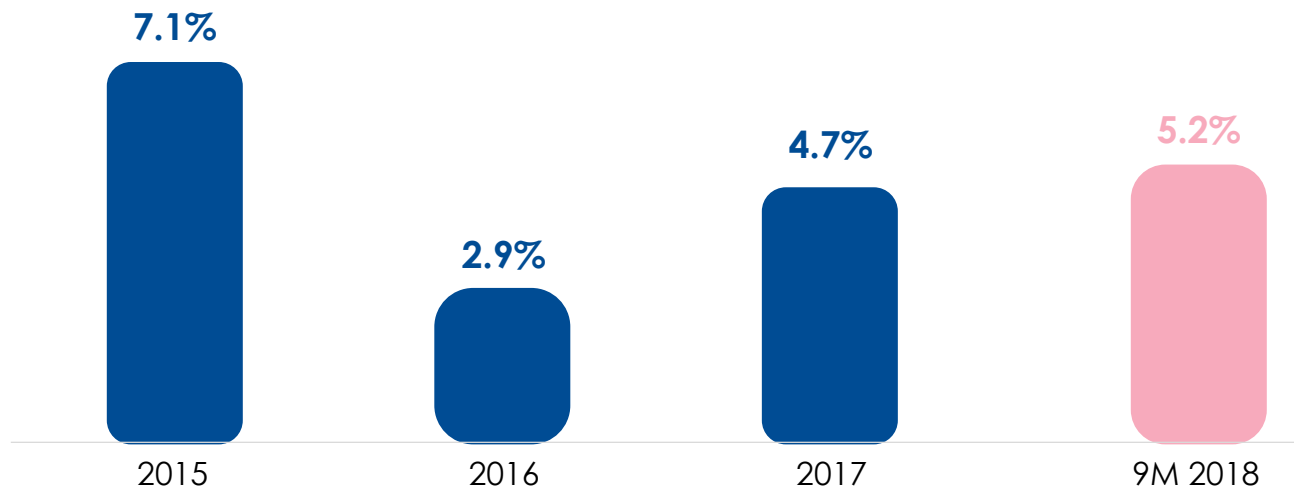


ONE (↑ CIRCULAR ↓)  
PLANET

# Accelerating towards our 2020 ambition

## Through strengthening and leveraging our growth levers

Danone Waters  
Like-For-Like sales growth evolution vs prior year



Europe: strong momentum



Noram: steep double-digit growth



Asia: strong growth



Latam: positive growth

# Leading Growth in Plain Waters

## Building Manifesto brands, with purpose and consumer connection



live young



gender equality



national pride



 TOP 2

campaign awareness  
in the US during air time

 65,000

women joining the run in 2018  
supported by UN women

 >50M

consumers  
impacted

Source: Internal data 2018; USA tracking comprises metropolitan areas of NY, LA and Miami.



# Leading Growth in Plain Waters

## Product activation to connect our brands everyday



### Hyper-personalization



 >3M  
unique designs

### Full blast collaborations



 +2.5%  
net pricing

### Content versioning



 +3.5%  
net pricing

Source: Internal data

# Leading growth in plain waters

## Innovating to unlock highly valorized growth opportunities



Innovating to unlock more targets, more uses, more benefits, more moments

Formats < 1L  
net sales growth  
H1 2018

# +7.5%



### Small impulse



avg price index vs core **+60%**



### On premise experience



avg price index vs core **+80%**



### Kids hydrated to the max



avg price index vs core **+150%**



### Enhanced water



avg price index vs core **+175%**



# Accelerating Aquadrinks

## Capitalizing on high-value segments



incubation: pioneering emerging needs



Natural energy



Soft functionals



innovation: extending to valorized spaces



Sparkling



Plant-based



Organic Teas



Local ingredients



renovation: evolving fundamentals



Less sugar



Trendy flavors



Organics

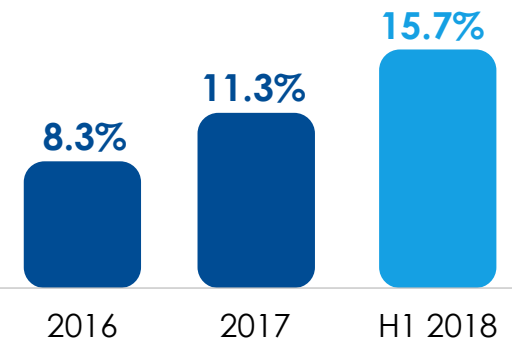
valorized innovation  
as a key growth driver



innos  
vs core  
Net sales/L **+50%**

innovation/net sales

**2X**  
contribution  
in 3 years



Source: Internal data

# Accelerating Aquadrinks

## Reducing added sugar content while preserving flavor experience



portfolio

<5g/100ml

2010

65%



2018

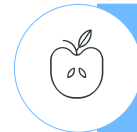
98%



2020

100%

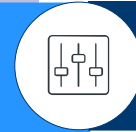
maintaining **right sweetness perception**  
without added sugar



fruit  
juice



stevia  
blends



flavor  
modulation



other  
ingredients

cover gap in sweetness

bring dynamic  
profile

new products  
**zero added  
sugar**



Bonafont kids



Volvic essence



Aqua d'or tea



Bonafont touch



Source: Internal data



# Accelerating in fastest growing channels

## Broader distribution and better execution



**+120,000**  
new stores reached

**+30,000**  
new fridges in place



distribution and cold availability in **general trade**



coverage and execution in **convenience stores**

**+72,000**  
new controlled stores  
in key cities

**+34%**

eBusiness net sales  
9M 2018



tailormade portfolio and activation in **eBusiness**



tailormade portfolio and activation in **discounters**

**+18%**

Discounters net sales  
9M 2018

Source: Internal data

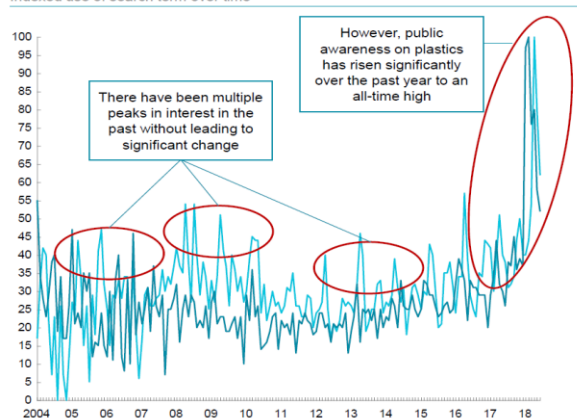
# Driving sustainable growth by embracing plastic circularity

## Growing consumer awareness supports “One Circular Planet” vision



### Increasing awareness on plastic waste <sup>1</sup>

Google trends on “plastic waste”  
Indexed use of search term over time



### social network mentions<sup>2</sup>



plastic bottles   cups   bags   straws

78% of consumers ask for **more sustainable plastic packaging** rather than plan to abandon plastic completely<sup>3</sup>

33% are willing to pay a **premium price** for environment-friendly products<sup>4</sup>



1 LEVERAGING THE ACTIVIST ROLE OF OUR BRANDS

2 PURSUING 100% CIRCULAR BRANDS

3 OFFERING ALTERNATIVES BEYOND PLASTIC & SINGLE USE

4 CO-DESIGNING COLLECTION SYSTEMS

Sources: (1) Google Trends; (2) Image recognition & machine learning 2018. Worldwide Instagram & twitter; (3) Quant survey 2018, UK, CHI, INDO, FR, GER, SP, MEX (4) Quant survey 2018, UK, FR, GER, SP



# Differentiation through plastic circularity is delivering good results

## evian's pioneering commitment from 2018



### live young



### sport & lifestyle

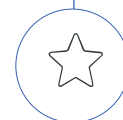


### brand growth

**evian.** **+6%**  
growth on net sales



**+8.7%**  
growth on premium formats



### planet & plastic proactiveness campaign

### planet



**+35%** uplift on differentiation

**+15%** uplift on purchase intention

**+10%** uplift on recommendation

Source: Google Trends; Internal data; Brand campaign tracking;



# We continue to embed plastic circularity into our water brands

## Making concrete commitments to tackle plastic impact



### 1 Leveraging the activist role of our brands



**100% circular**  
by 2025

Redesigning packaging to be  
100% rPET by 2025

Accelerating recycling initiatives  
at global and local level

Seeking zero plastic bottle waste  
in nature



**Collecting more  
than it uses**  
by 2025

Increasing plastic waste collection

Supporting plastic waste education

Accelerating plastic bottle innovation

**commitments to  
come in 2019**



# We continue to embed plastic circularity into our water brands

## Actively educating and encouraging consumers to take part

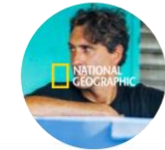
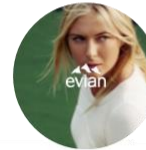


### 1 Leveraging the activist role of our brands



Flip It For Good  
apr/2019

Launched with key brand ambassadors & partners



UNION SQUARE PARTNERSHIP



us open



Aqua – Goodness is circular



nov/2018



S2/2019

# Concrete actions to increase use of recycled material

## Offering consumer sustainable plastic choices that will drive sales



### 2 Pursuing 100% circular brands



 100% rPET  
aug/2018



 100% rPET  
oct/2018



MADE FROM  
**100%  
RECYCLED  
PLASTIC**



 50% rPET  
nov/2018



 100% rPET  
apr/2019



 100% rPET  
oct/2019



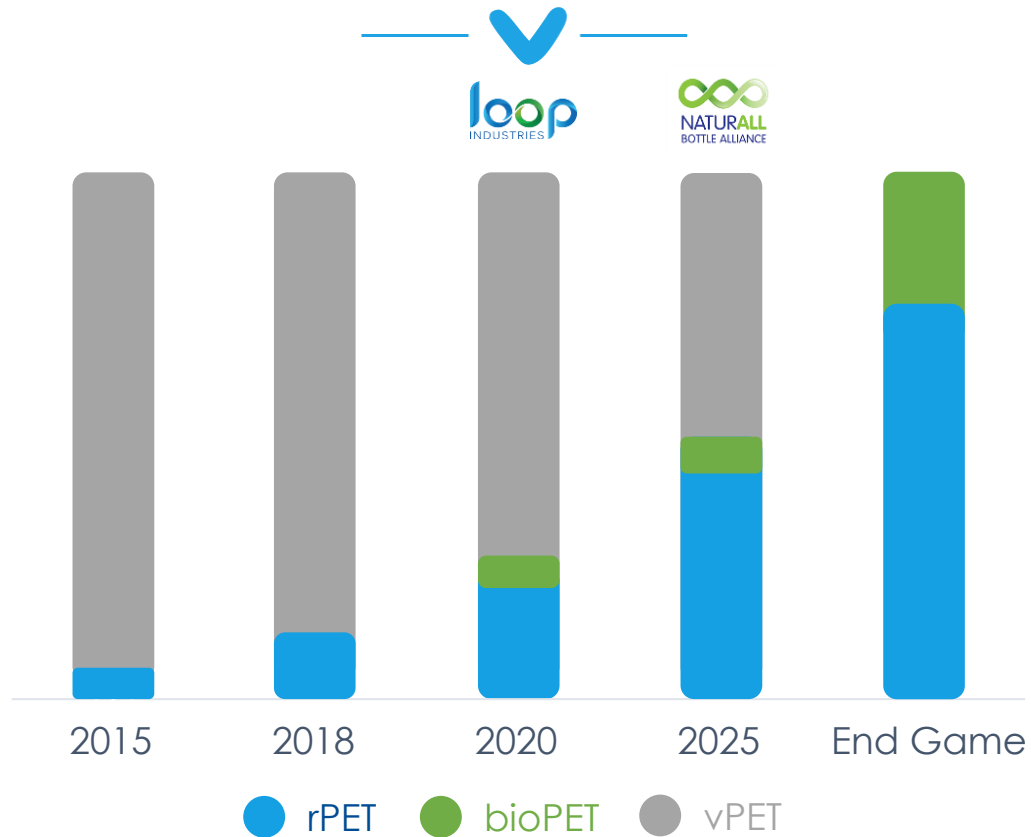
# Increasing use of recycled materials

## Sourcing strategies to secure supply at competitive rates



### 2 Pursuing 100% circular brands

Danone's Waters total plastic usage



rPET demand increases faster than availability

sourcing strategy to secure supply while mitigating cost:

- 1 Increase feedstock availability: inclusive collection programs and collaboration with waste management companies
- 2 Commit to long term contracts to build recycling capacities
- 3 Develop new technologies to use different feedstocks and reduce costs

# Innovating beyond plastic and single-use

## New solutions for home & impulse consumption



### 3 Offering alternatives beyond plastic & single use

#### beyond plastic

Can, carton  
and glass



Q2/Q3 2018

Modernization of jugs  
business



50% of total  
volumes



since 2016

#### beyond single use

Reinvent home  
consumption & refillable



Q2/2019

Breakthrough  
water sourcing



Mitte joint  
venture



sep/2018



# Supporting plastic collection

## Ensuring Danone is part of the solution across the whole circularity value chain



### 4 Co-designing collection systems

#### Informal waste management



**Step up our responsibility**  
by co-building inclusive locally relevant systems



**Leveraging our knowledge**  
of informal waste pickers communities



**Innovating to address**  
leakage in nature

#### Mature countries with legal producer responsibility



**Support EU to reach 90%**  
beverage plastic bottles collected for recycling by 2025

**Learning from best-in-class**  
countries and systems



**Fostering collective systems**  
design thinking, leveraging new behavior and technology

# Forming partnerships for greater speed, impact and scale

## Using networks to achieve economies of scale and competitive advantage



Alliance with food industry,  
retailers and  
disruptive innovators



**Innovation for our consumers**  
in both product and channel

Investments with the existing  
and next generation industry  
of sustainable recycling



**Infrastructure for society**  
to scale and sustain the  
circularity of plastic

Partnership with NGOs  
at global  
and in country levels



ELLEN  
MACARTHUR  
FOUNDATION  
Rethink the future



**Standard-setting as part  
of a common purpose**  
to make the change for a healthier planet

## Conclusion

Well-positioned to deliver strong value creation

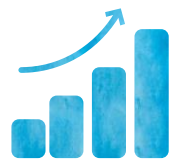


### Danone strategic priorities

1 **accelerate growth**

2 **maximize efficiencies**

3 **allocate capital with discipline**



### Waters – Profitable Growth & Circularity

#### Delivering profitable growth, consistently above 5%

Winning in fastest-growing segments of plain waters and aquadrinks

— Building Manifesto Brands with true consumer connection

— Driving value growth through activation, renovation and innovation

— Expanding presence in impulse and high growth channels

#### Driving sustainable growth by embracing plastic circularity

Leveraging circular brands to deliver differentiation and enhanced value

— Innovating in circular plastic, beyond plastic and beyond single use

— Supporting effective collection systems

— Fostering partnerships for better scale and impact

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- *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,” “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, the expected benefits of the transaction, and the future operation, direction and success of Danone’s business.*
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