



DANONE
ONE PLANET. ONE HEALTH

CAGNY

February 23, 2018

Emmanuel Faber
Chairman and CEO



Disclaimer

- *This press release 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.*
- *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).*
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- *All references in this presentation to like-for-like changes, “like-for-like New Danone” changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, recurring EPS, free cash flow and net financial debt correspond to financial indicators not defined in IFRS used by Danone and which are defined at the end of this presentation.*
- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*

Agenda

1



**A Food
revolution is
cooking**

2



**Danone
uniquely fit
to lead the
revolution**

3



DANONE

ONE PLANET. ONE HEALTH

**Accelerating our
transformation
journey
towards 2020**

Agenda

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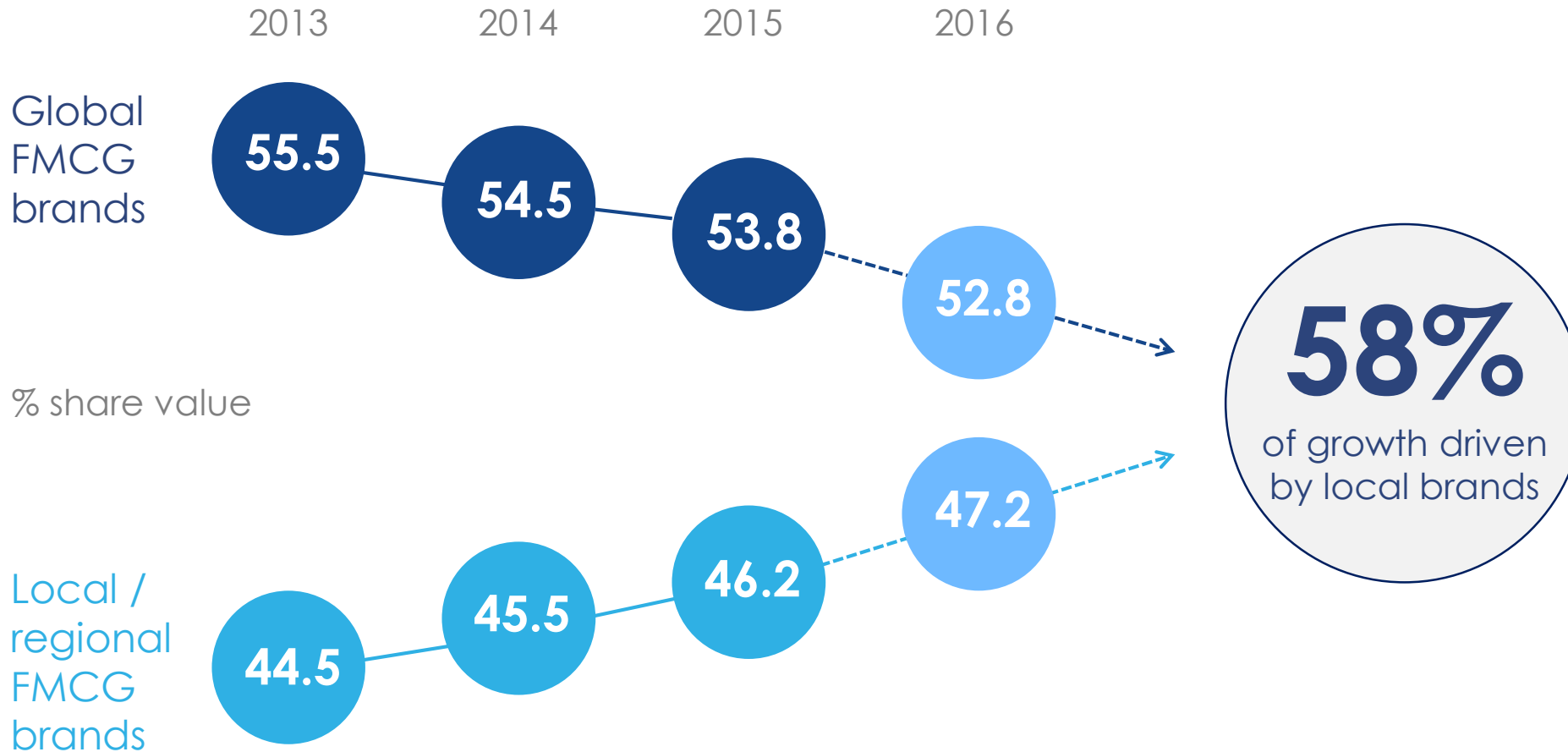
DANONE

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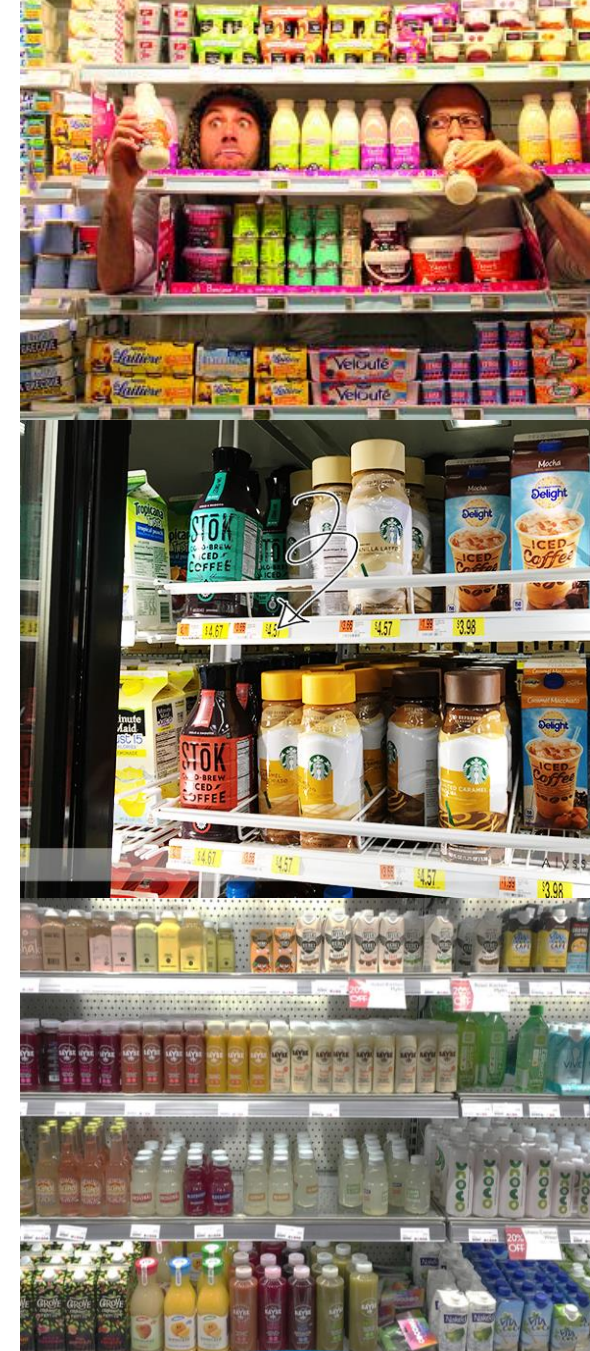
**Accelerating our
transformation
journey
towards 2020**

A time in which...

Global brands are failing to address consumer needs



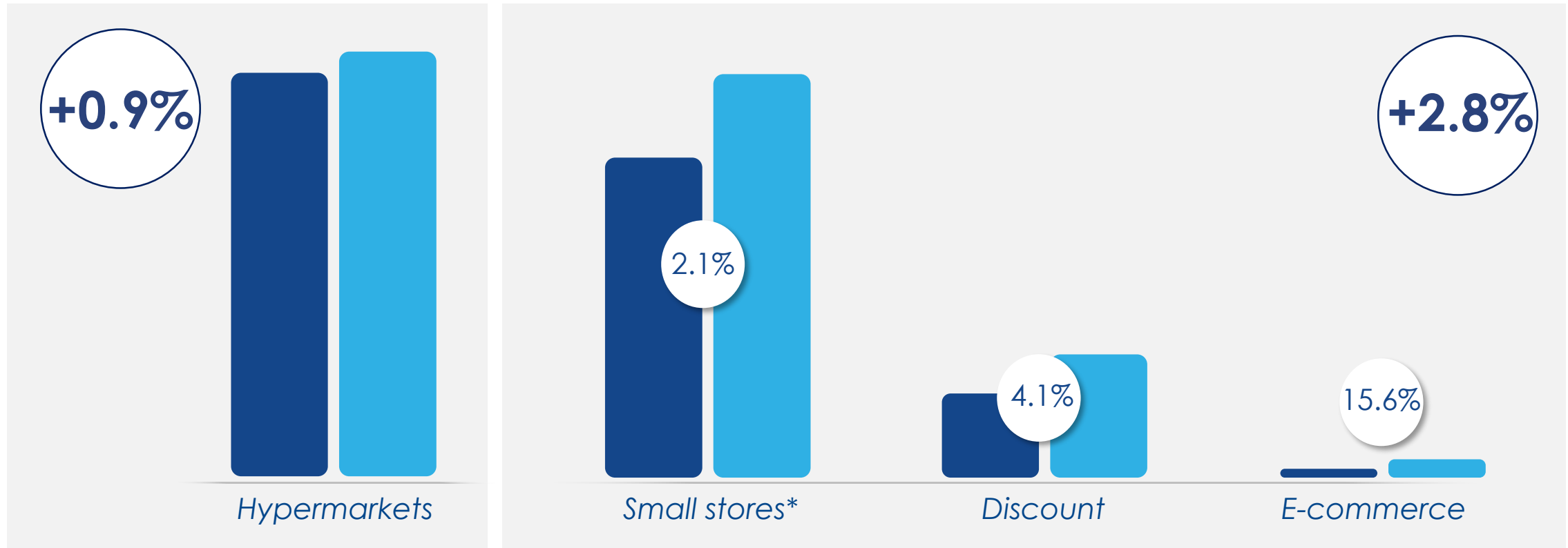
Source: Kantar Worldpanel - Packaged food & drinks evolution 2013-2015 in MS Value & 2016 B- Estimated (without private labels).



A time in which ...

Future growth is shifting towards small grocery and online

CAGR 2012-2022 % estimate growth in value per channel

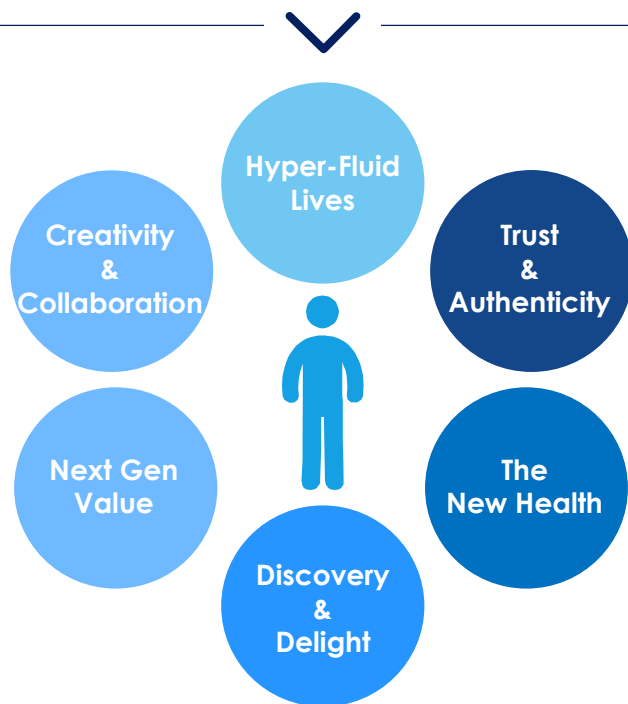


Notes: 1. Date relates to retailers within the planet retail database only: e – estimate / f – forecast. 2.* Small stores include: Neighborhood stores, Drugstores and Pharmacies, Convenience stores.
Source: Planet retail 2016

A time in which...

Millennials account for 1/3 of value consumption

A new set of values
and supporting products



**GLOBAL TRENDS
FRAMEWORK** VISION
FOR GROWTH

Source: Nielsen 2016

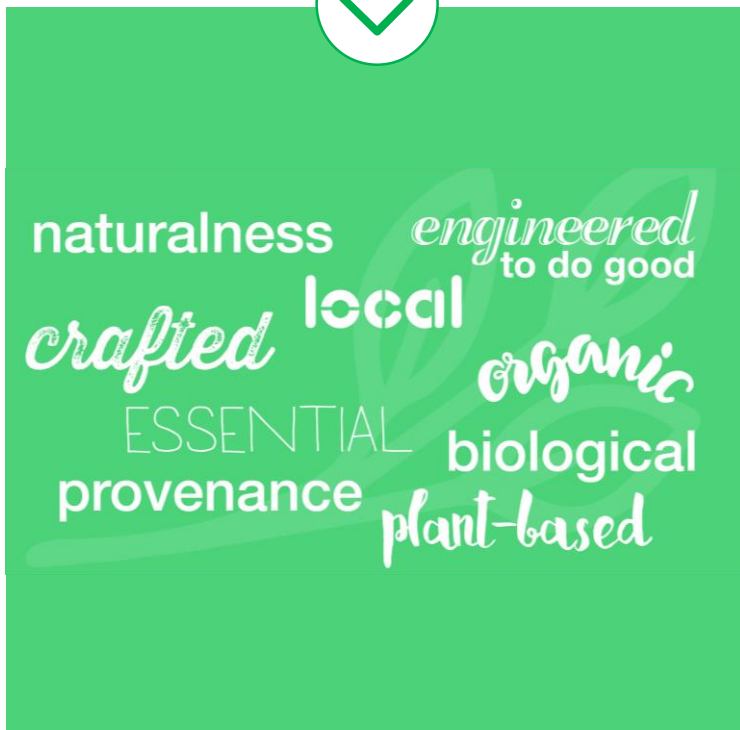


- 1** Seeking **committed brands** and **authentic products**
- 2** Engaging with brands if and when they become **part of their tribes**
- 3** Seeking on and offline **immediacy as shoppers**

New consumer preferences emerging in Food and Beverage

Aspiring for better, more sustainable and authentic products

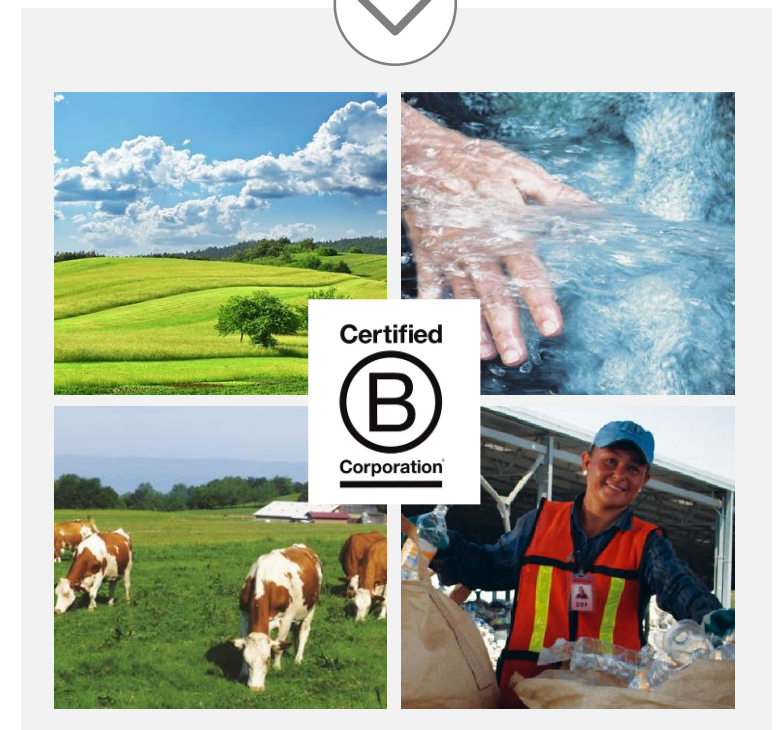
Natural and simple

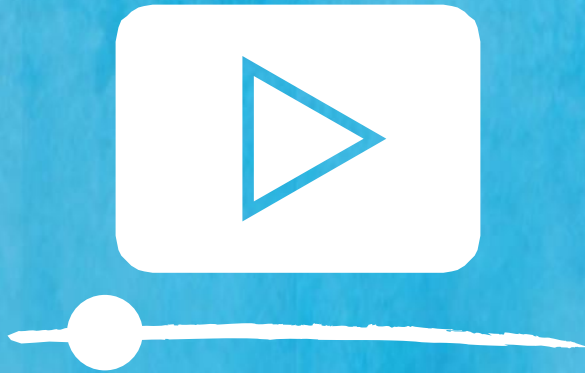


Local



Accountable





Our ambition:
to embrace and lead the Food revolution

ONE PLANET. ONE HEALTH



DANONE

— **Healthier** —

eating and drinking



— **Responsible** —

business stewardship



— **Sustainable** —

value



**STRONG
PROFITABLE
SUSTAINABLE**

GROWTH

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DANONE

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Accelerating our
transformation
journey
towards 2020

A 25bn€ sales, unique 100% health-focused portfolio... ... fully aligned with the Food revolution paradigm



~ 1/4 of EDP revenues
from former WhiteWave

54%

Essential Dairy and Plant-Based

28%

Specialized Nutrition

18%

Waters

Based on 2017 sales figures including 12 months of WhiteWave

... embedding powerful growth drivers

Early life nutrition #2

Affluent middle-class	1,000 days awareness	Tailored nutrition needs	Journey management
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Advanced medical nutrition - #1 * In Europe

Aging population	Prevalence of chronic diseases	Healthcare infrastructure & budgets	Importance of outpatient care
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Waters #3 * Number 2 in volume

Healthier hydration	Public health recommendation	Sustainability stewardship	Social and demographics
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Fresh dairy products #1

Gut / probiotics awareness	Naturality & fermentation	Breakfast moment	Fresh snacking
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Plant-based food & beverages #1

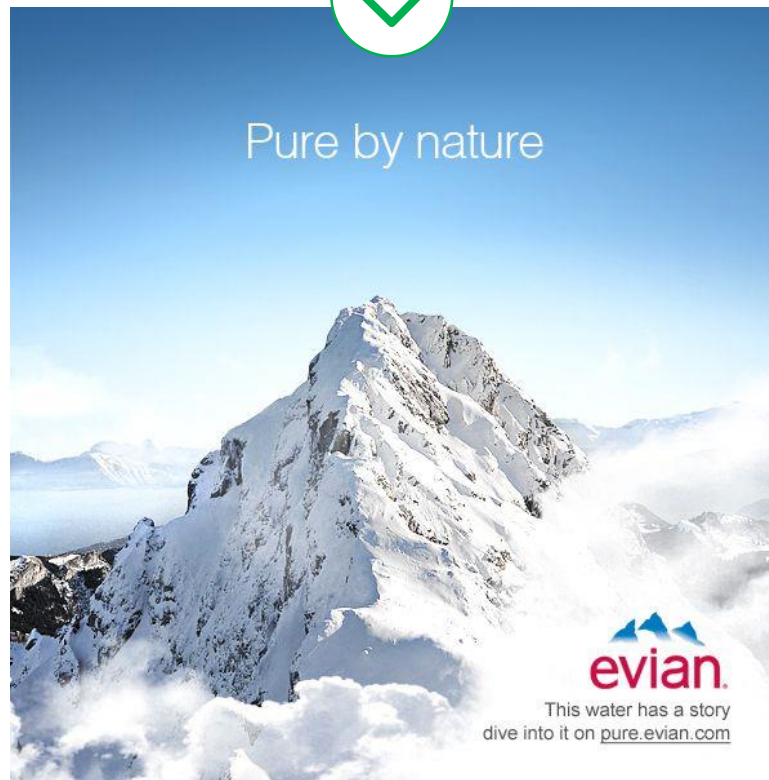
Household penetration	New territories	Flexitarian population	Innovation white space
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Coffee creamers & beverages #2

Coffee popularity	Better-for-you products	Seasonals	At home / away-from-home
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An unparalleled portfolio of brands... ... resonating with today's consumers aspirations

Naturality



Local



Responsibility



A unique social culture to load brands with purpose ... as activists of critical consumer issues and social causes

GENDER EQUALITY

In support of
HeForShe
UN Women Solidarity Movement
for Gender Equality

evian.
commits to be a
100%
circular brand by 2025

**CIRCULAR
ECONOMY**

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MOMFIDENCE
MAY CAUSE

TRANSPARENCY

**NON GMO Project
VERIFIED**
nongmoproject.org

Paving the way to Societal accountability as a Food revolution leader

Significant progress on B-Corp roadmap



5 entities certified to date

DanoneWave on track to get certified in 2018

€2bn syndicated credit loan with now environmental and social criteria impacting payable margin

A strengthened model at every level of the organization

100,000 Danoners

86%

of employee engagement ⁽¹⁾

+ 4pts vs. 2015

+ 8pts vs. FMCG norm.⁽²⁾

+ 1pt vs. High Perf. norm.⁽²⁾



Streamlined ExCom

Focus

Diversity

Speed



Board refreshment

64%

 independent

Adding **3** new members



Michel LANDEL
Lead independent
director



Guido BARILLA



Cécile CABANIS

(1)% of people saying : « I will work beyond what is required in my job to help Danone to succeed »

(2) Source: Towers Watson

As a result

our ambition is to lead the way in creating and sharing sustainable value



**STRONG
PROFITABLE
SUSTAINABLE**

GROWTH

2017: another year of progress against strong, sustainable, profitable growth... A solid execution

NET SALES

+2.5%⁽¹⁾

€ 24.7 bn

RECURRING
OPERATING MARGIN

+70bps⁽¹⁾

14.36%

FREE CASH FLOW

+18.4%⁽²⁾

€ 2.1 bn

(1) Like-for-like New Danone (2) On a reported basis

... in a responsible way
Creating value for all stakeholders

+14.2%

2017 RECURRING EPS ⁽¹⁾

88%

OF VOLUME SOLD ARE
SUITABLE FOR DAILY
CONSUMPTION ⁽²⁾

-10.5%

REDUCTION OF CARBON
INTENSITY FULL SCOPE ⁽³⁾

5

B CORP ENTITIES



A-

Climate change

20% of LTI as of 2018

(1) At constant exchange rate

(2) This percentage 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.

(3) Compared to 2015 baseline, based on constant scope of consolidation and constant methodology; In line with our commitment of reduction of 50% in carbon intensity full scope (scopes 1, 2 and 3) by 2030, which is validated by the Science Based Targets Initiative

Notes (2) and (3) do not take into account WhiteWave

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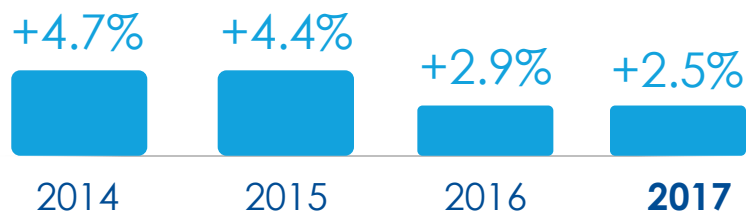
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Accelerating our
transformation
journey
towards 2020

Managing the transformation with a strong track record in delivering solid results consistently

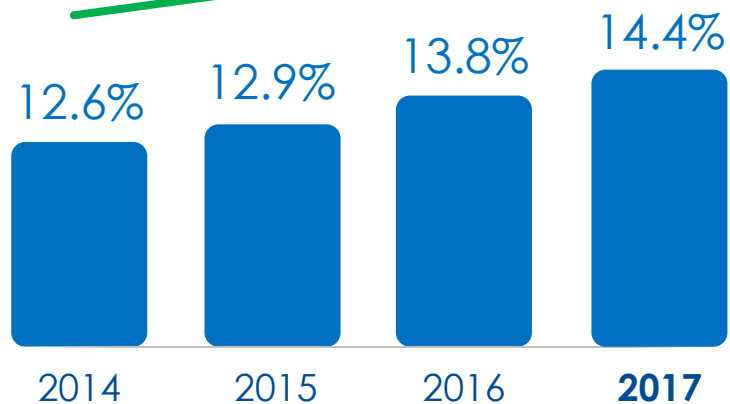
Like-for-like
sales growth

2014-17
Average
+3.6%



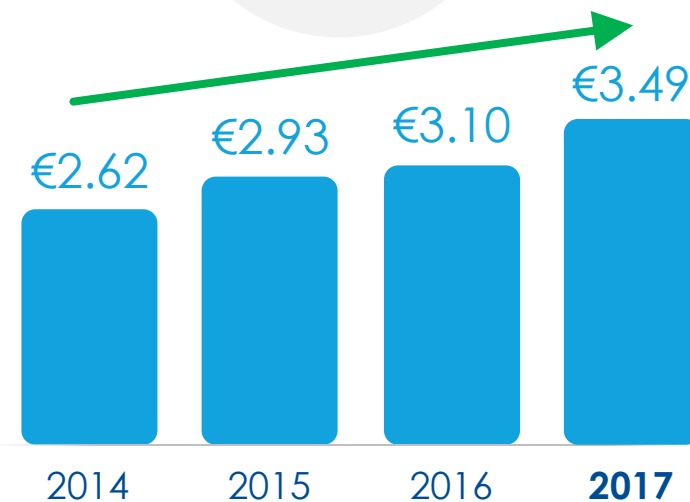
Sustained improvement
in recurring operating margin

2014-17
Cumulative
+180bps



Consistent recurring
EPS growth

2014-17
CAGR
+10%



Preparing for the Food revolution with step changes

Our Revolution journey since 2014

Organization and Efficiency



BEYOND BUDGET

More agility, more resilience

Portfolio



Vision and Ambition



One Planet. One Health.

Embedding the revolution into our products

Accelerated new paradigm innovation pipeline



Accelerating strategic partnerships and investments in e-commerce

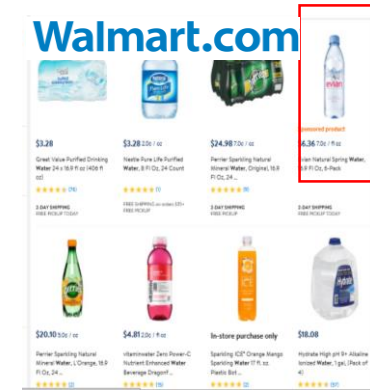
Superior online shopping

LAZADA
GROUP

Alibaba.com™



Growing e-commerce presence



Efficient precision marketing



Apprenez à votre enfant à ne pas grignoter entre les repas. www.mangerbouger.fr



Bouger, jouer est indispensable au développement de votre enfant. www.mangerbouger.fr

Optimized supply chain



TECH GIANTS

JD Logistics, Danone Join Hands to Build Shared Warehouse, Optimize Distribution

ZHANG XIA

DATE: WED, 11/22/2017 - 13:47 / SOURCE:YICAI



Incubating the next business models

7 Danone Manifesto Ventures investments to date



Leading French F&B revolution with unconventional premium indulgence
(Paris)



Increasing fresh food accessibility via vending / connected fridge innovation
(Chicago)



Drive growth and pioneer sustainability in new deep ocean water category
(LA, Hawaii)



Leading 'Harmless', Fair for Life business model development offering plant-based beverages
(SF, Thailand)



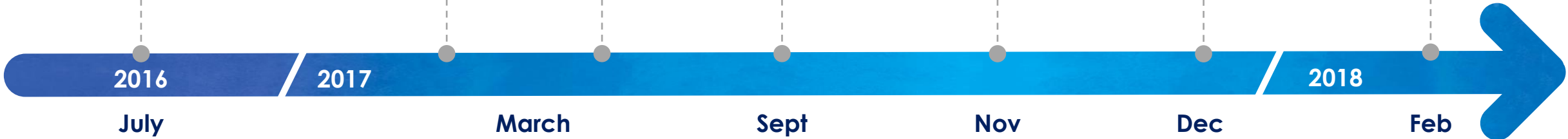
Partner to expand network and expertise in early stage, US packaged F&B ecosystem
(NY)



Redefining model for healthy, organic frozen baby food prep in France
(Bordeaux)

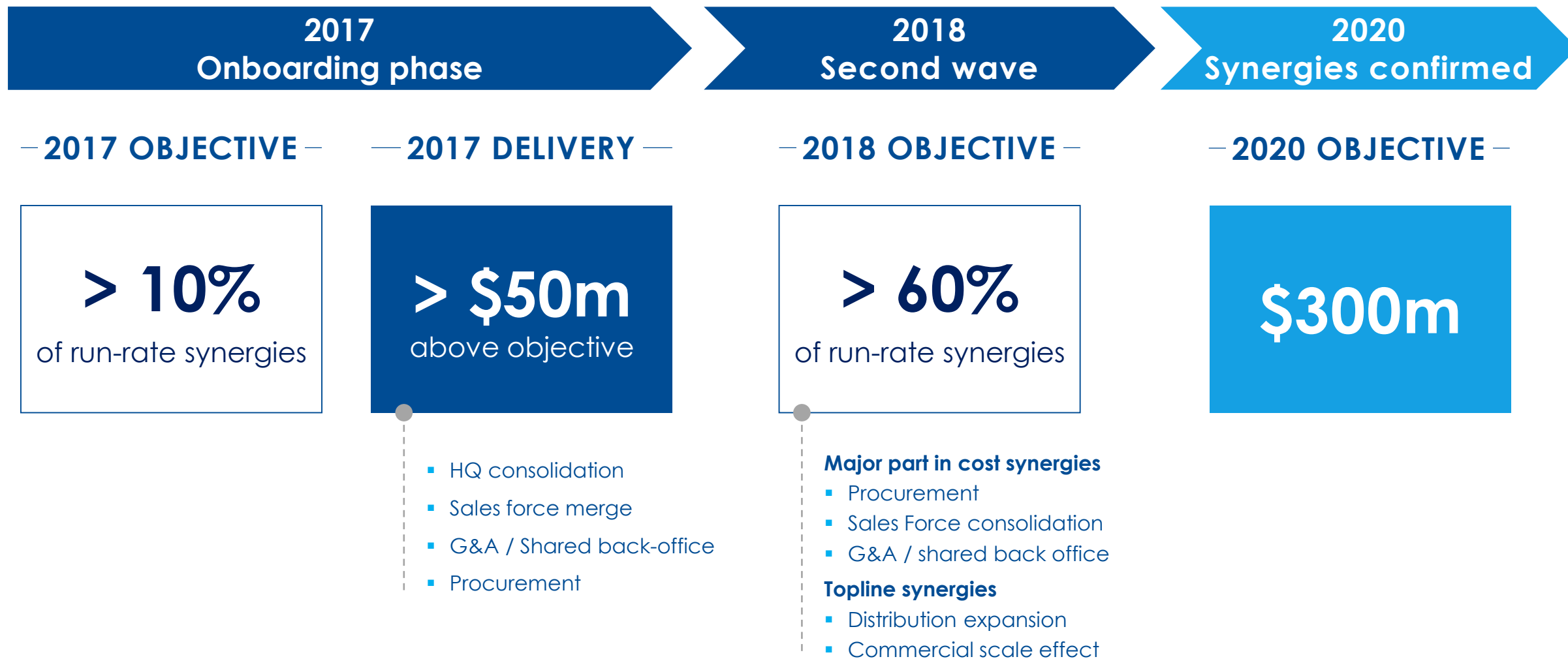


Access tech / digital expertise and identify next gen partners for F&B brands
(Atlanta)



WhiteWave synergies, chapter one

Delivery on track, ahead of plan



Preparing for Protein delivery

€1bn sustainable savings through efficiencies

2017
Foundations in place

2018
1st year of delivery

2020
Objective confirmed

- **10** clusters activated out of **30** clusters
- Process in place: 15 playbooks created
- Onboarding preparation of the next 20 clusters
- Incentives in place for successful delivery
- Top-20 cross-program identified (marketing, logistics...)

Priority to efficiency in 2018

Objective confirmed
€100m
in margin

Mostly from travel costs,
consultancy, IT/IS, real estate
and marketing efficiency

Objective confirmed
€300m
in margin
From €1bn gross savings



Active portfolio management

Continued discipline in capital allocation

Starting a new partnership phase with Yakult in probiotics

— ENHANCED —

strategic collaboration
to promote probiotics



— OPTIMIZED —

stake in line with capital
allocation discipline

Strategic partnership



Financial discipline

Acceleration towards 2020

2017

2020



Sales Growth⁽¹⁾

+2.5%

➤ Acceleration towards 2020

4-5%

Recurring op. margin

14.4%

➤ Sustained margin improvement⁽¹⁾

>16%

FCF

€2.1bn

➤ Consistent pace of deleverage

<3x

Net debt/Ebitda⁽³⁾

Recurring EPS growth⁽²⁾

+14.2%

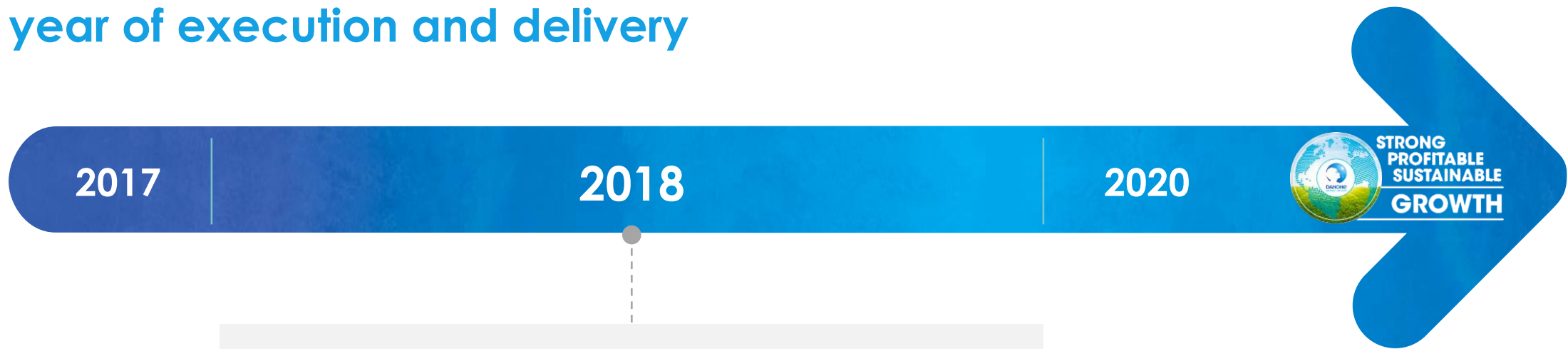
➤ Consistent recurring EPS growth

EPS

Consistent recurring EPS growth

(1) Like-for-like New Danone sales growth – (2) At constant exchange rate – (3) See definition in 2017 Interim Financial report

2018: a year of execution and delivery



2018 objective

**DOUBLE-DIGIT
RECURRING EPS GROWTH**

at constant exchange rate

excluding Yakult transaction impact⁽¹⁾

(1) See definition on page 13 of 2017 Full Year Results Press release