



DANONE
ONE PLANET. ONE HEALTH

Investor Seminar
October 22, 2018

Fit for growth and Innovation

Véronique PENCHIENATI
EVP – Growth and Innovation

Véronique Penchienati

19 years at Danone



- 2017** ● EVP Growth & Innovation (Comex since Feb 2018)
- 2014** ● President Evian Volvic World
- 2009** ● GM Danone Eaux France
- 2002** ● VP Marketing Dairy Worldwide Business Unit
- 1999** ● VP Marketing LU France

Growth and innovation to drive value

Bringing together all growth functions in one seamless team

Growth strategic functions



Marketing



R&I



Digital



Quality



Sales



Alimentation science

Growth accelerator programs



MiA
MANIFESTO INNOVATION
ACCELERATOR



DANONE
ONE PLANET. ONE HEALTH

MANIFESTO
VENTURES

Business chief growth officers



Growth and innovation Fostering a unique mindset

4

Seamless
cooperation

Make it
scalable fast

Global
center of expertise
Local
empowerment

Performance
culture

Contributing to our collective ambition

Embedding digital and innovation to deliver our business goals



our strategic priorities

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



our 2020 objectives

4 to 5%
sales growth ⁽¹⁾

>16%
operating margin ⁽²⁾

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

#FoodRevolution and Digital The Perfect Fit

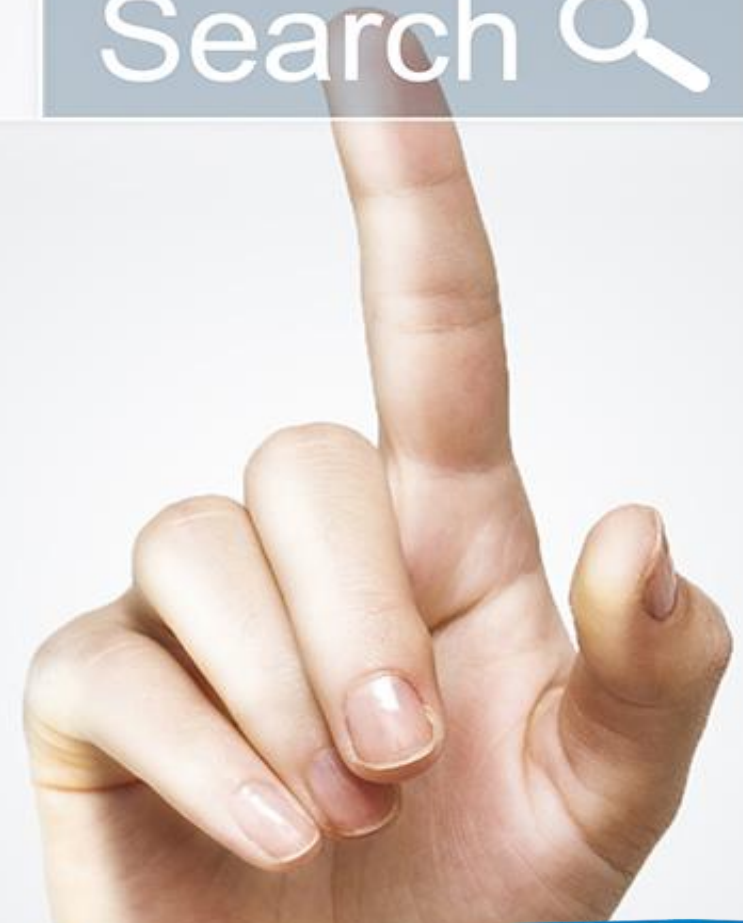
Search 

40%

*of worldwide searches
focus on food
& beverages
(Google and Amazon)*

60%

*of purchases
in our categories
are triggered by
an online touch point*



Source : Google search report- Garner digital index report

Four strategic priorities To succeed in the digital era



1

Reimagine
brands

2

Transforming
consumer reach
& engagement

3

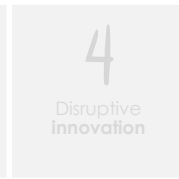
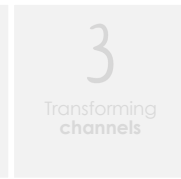
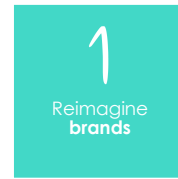
Transforming
channels

4

Disruptive
innovation

Reimagine brands

When they eat & drink, people vote for the world they want to live



As the power is shifting to people...

... Reinventing our brand model



... who engage and adopt brands according to the **purpose and values they share**



Shifting to **Manifesto brand model**

Manifesto brands: building loyalty through brands with a purpose

Bonafont case study



We fight for

Women Empowerment

We do



Fundraise



Campaign



Race

We impact

- Raise awareness (>100 Mio reach) on Gender Equality issue
- 100% Limited Editions profit donated to women projects
- \$1MX / km run donated

for 25 years

Manifesto brands: building loyalty through brands with a purpose

Bonafont case study



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Impact and results

Manifesto Brands deliver incremental value and growth

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation

the Bonafont case



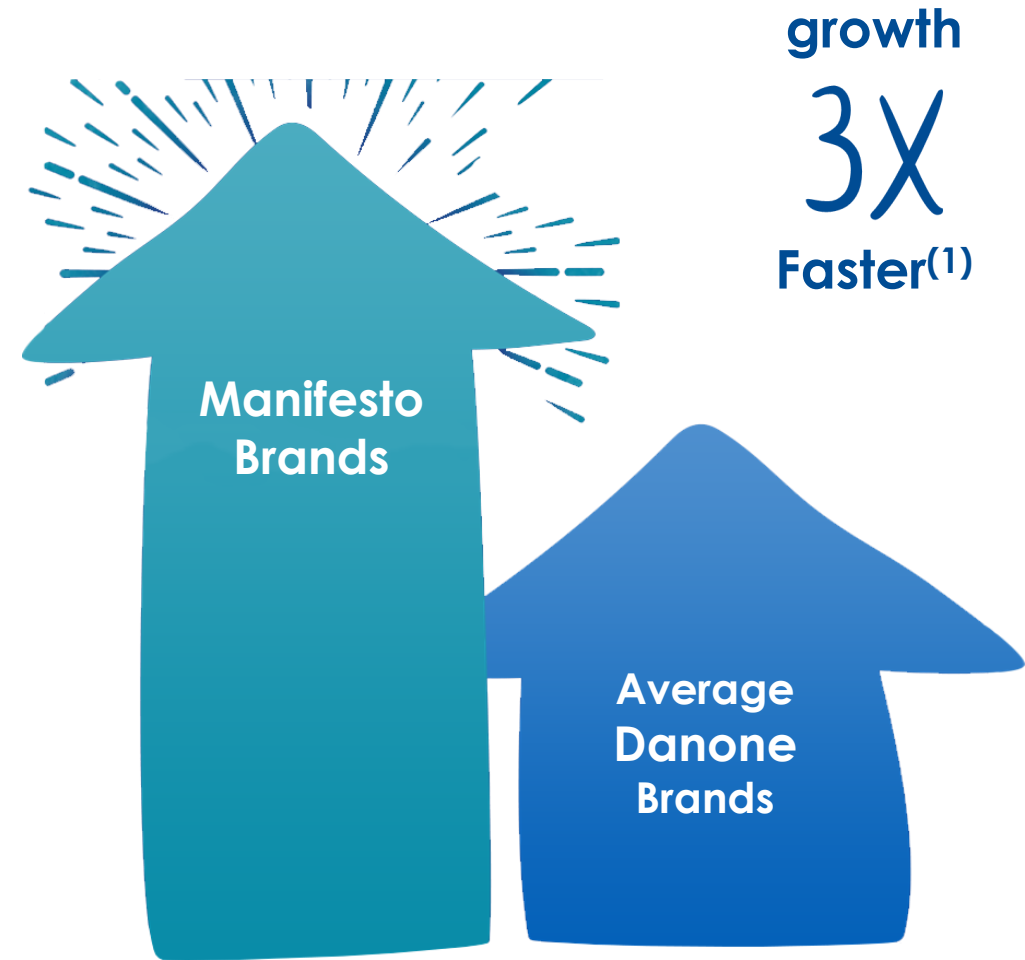
Growth
+5-10% vs. last year

Most Loved
FMCG brand in Mexico

Leadership

1 2 3

BONAFONT. ciel e.pura®



(1) 2017 vs 2016

Some other great examples of our Manifesto brands in action

gender equality



circular economy



transparency



support to farmers



nourishing happiness



+5 to 10%

growth vs PY

+5 to 10%

growth vs PY

>10%

growth vs PY

>15%

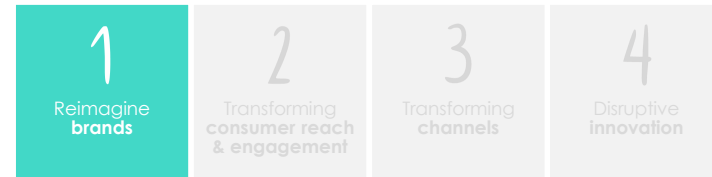
growth vs PY

>10%

growth vs PY

Danone One Planet. One Health

The journey has started in France with 3 important commitments



Transparency



Danone France @DanoneFR · 21 févr.
Premier acte : donner les moyens à chacun.e de mieux choisir son alimentation.
#OnePlanetOneHealth



Organic



Danone France @DanoneFR [Suivre](#)

Deuxième acte : renforcer notre offre bio. #OnePlanetOneHealth



Regenerative agriculture



Danone France @DanoneFR · 21 févr.
Troisième acte : accompagner nos agriculteurs partenaires pour développer l'agriculture régénératrice. #OnePlanetOneHealth



Danone One Planet.One Health

With a full engagement plan with consumers in Sept



Le vendredi 21 septembre,
Danone et ses marques reverseront l'intégralité des ventes de la journée*
à des projets d'agriculture plus respectueuse de la planète et de la santé.
Nos autres engagements sur Danone.fr



evian Danonino L'ylélie alpro ACTIVIA Bédina

Danone. Une seule planète. Une seule santé. Danone s'engage pour la planète et la santé. Voir Danone.fr
*Chiffre d'affaires reconstitué des ventes en grandes surfaces de OPFF, SAEME, Les Prés Rien! Bio & Bédina réalisées en France Métropolitaine.



Social media conversations

1.9M reach

(86% neutral, 13% positive, 1% negative)

Turnover 5.4M (+8% vs average Friday)

1 500 Danoners in stores

Reimagine brands

Our ambition for 2020

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation

from 10

Manifesto brands

accounting for **20%** of Danone sales in 2018



to 100%

of our brands participating in the manifesto brand journey by 2020

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Disruptive
innovation

Transforming consumer engagement

Optimizing marketing spend and reaching new audiences

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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from Traditional advertising

Buy reserved ad space at negotiated price, and same creative to all



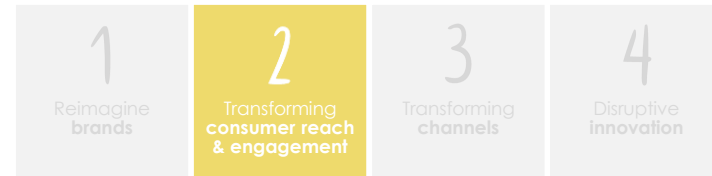
to Precision marketing

Bid on real-time for audiences, based on data and tech with differentiated creatives per consumer segment



The digital shift is underway

Proven impact on growth and efficiency



**average on first party data campaign measured*

Precision marketing

Successful tribes activation in partnership with customer

- 1 Reimagine brands
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- 3 Transforming channels
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8 tribes identified...



...targeted content...

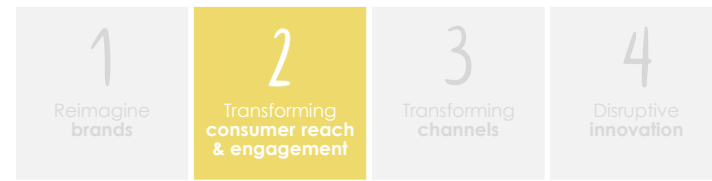


... positive impact on results

sales lift
index **137**
cost per contact
-86%

Transforming consumer reach and engagement

The digital shift is underway



Media spent on digital

>30%

(Highest in China and UK)

Audience-driven activation

100%

of our digital activations will be data-driven by end 2018

55%

of our media investment generate proprietary data

Search optimization

+14%

rise of search performance (incl. ebusiness search with Amazon)

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Disruptive
innovation

E-business

Alibaba Group amazon

C-Store

ELEVEN OXXO

Discounters

SCHWARZ GRUPPE ALDI SUPERMERCADOS Kaufland

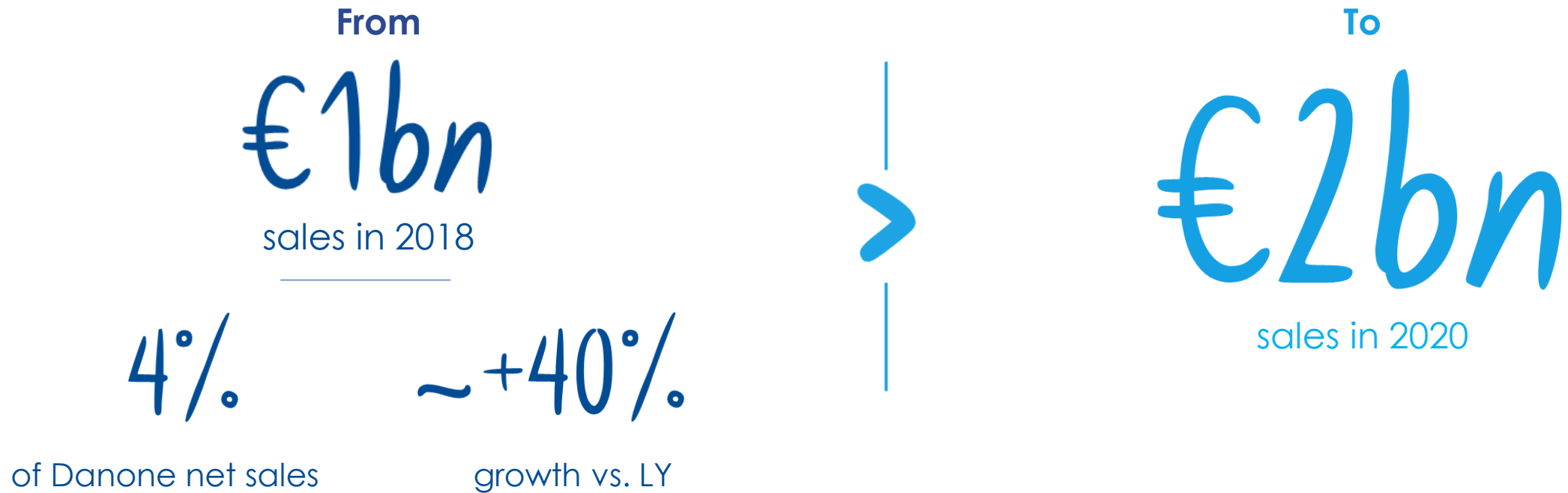
CASH & CARRY

CVS pharmacy COSTCO WHOLESALE

A growth engine for Danone today... and tomorrow

Objective to double e-commerce size by 2020

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation



Delivering €2bn e-commerce target

Key levers already deployed in countries

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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right organization

ELN China cross functional e-commerce acceleration team



right execution

waters France on line store



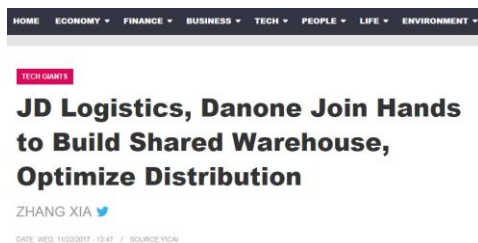
data sharing

EDP Precision marketing with Ocado



right supply chain

strategic partnership



dedicated assortment

DWC exclusive pack for JD.com



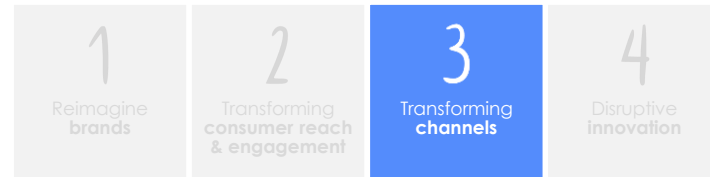
JBP with pure players

ASPAME Lazada strategic partnership



Happy Family success story

Rapid sales growth demonstrates benefits of omnichannel strategy



E-commerce net sales

e-business sales is now
>10% of HF total net sales

Growing **X2** faster than
total net sales growth

Launching a very innovative
Happy Bundle
DTC subscription program



Key success factors

- Prioritizing eCommerce within the company**, both with resource and investment
- Forming a dedicated and fully-integrated eCommerce cross-functional team**
- Marketing team** with digital-first/e-commerce-experienced talent
- A consumer-first standpoint approach** when deciding on assortment, offering and communication

Enhancing team capabilities across categories

Embedding digital skills in all sales functions

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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Create value through disruptive innovation

Anticipating and monetizing consumer trends

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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Accelerate...



• Plant-based



• Organic and beyond



• Probiotics

... And lead the way



• Clean Label



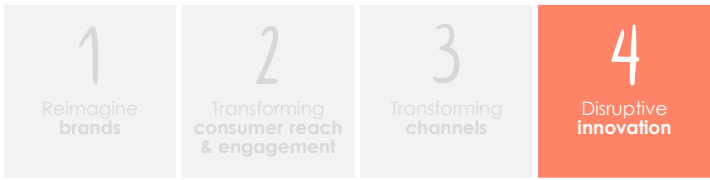
• Beyond Plastic



• Sugar and Sweetness

Innovations: more, better, faster

Now around 20% of our net sales⁽¹⁾



Activia in the US
+4% YTD sales growth



Net sales/ liter vs. core range
50% higher



Organic baby food market
10% market share



Recyclable
packaging for AMN

(1) Innovations and renovations

Innovations: more, better, faster

More agile and open innovation process

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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100

Fast Prototypes
in the pipeline



20

Design Thinking Concepts
in the pipeline



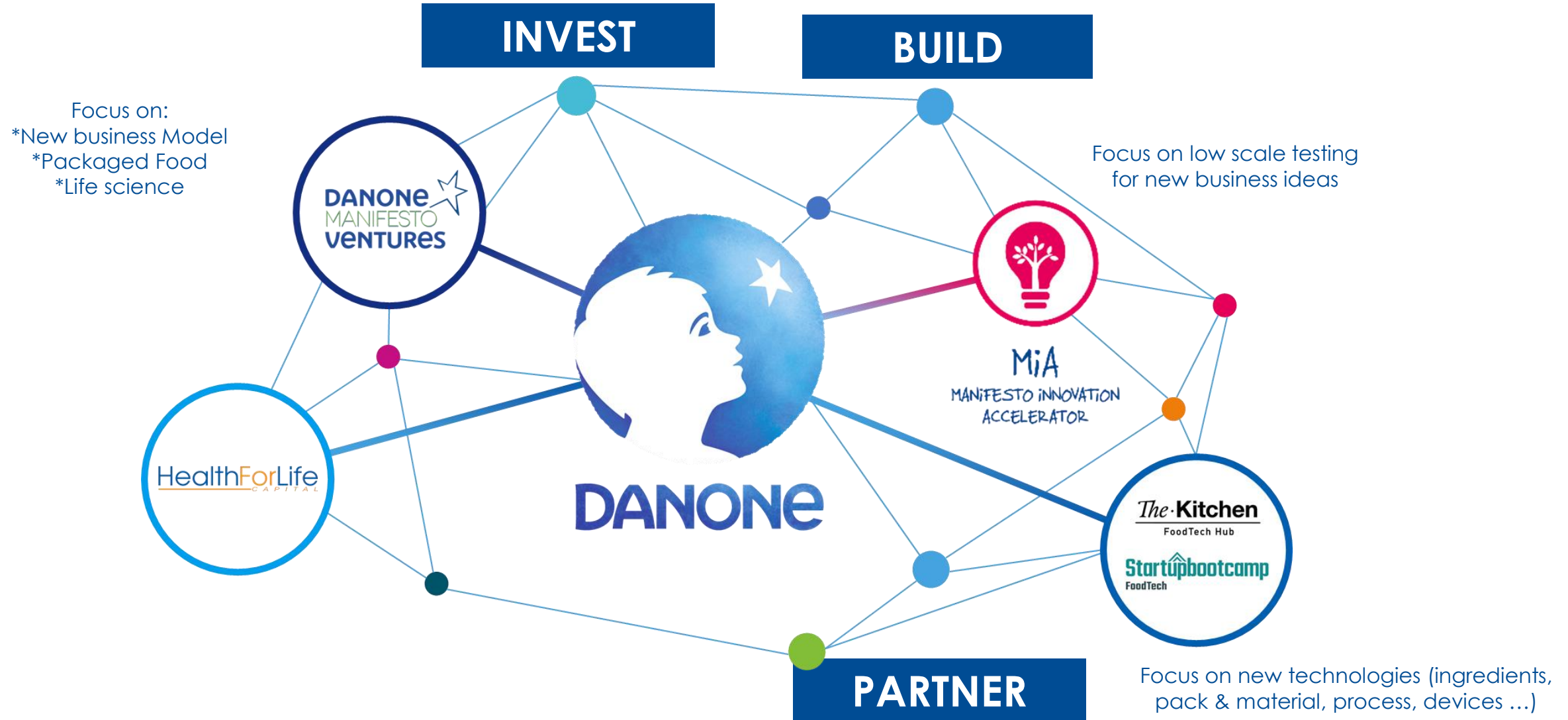
40%

faster to market
on latest innovations

Innovations: more, better, faster

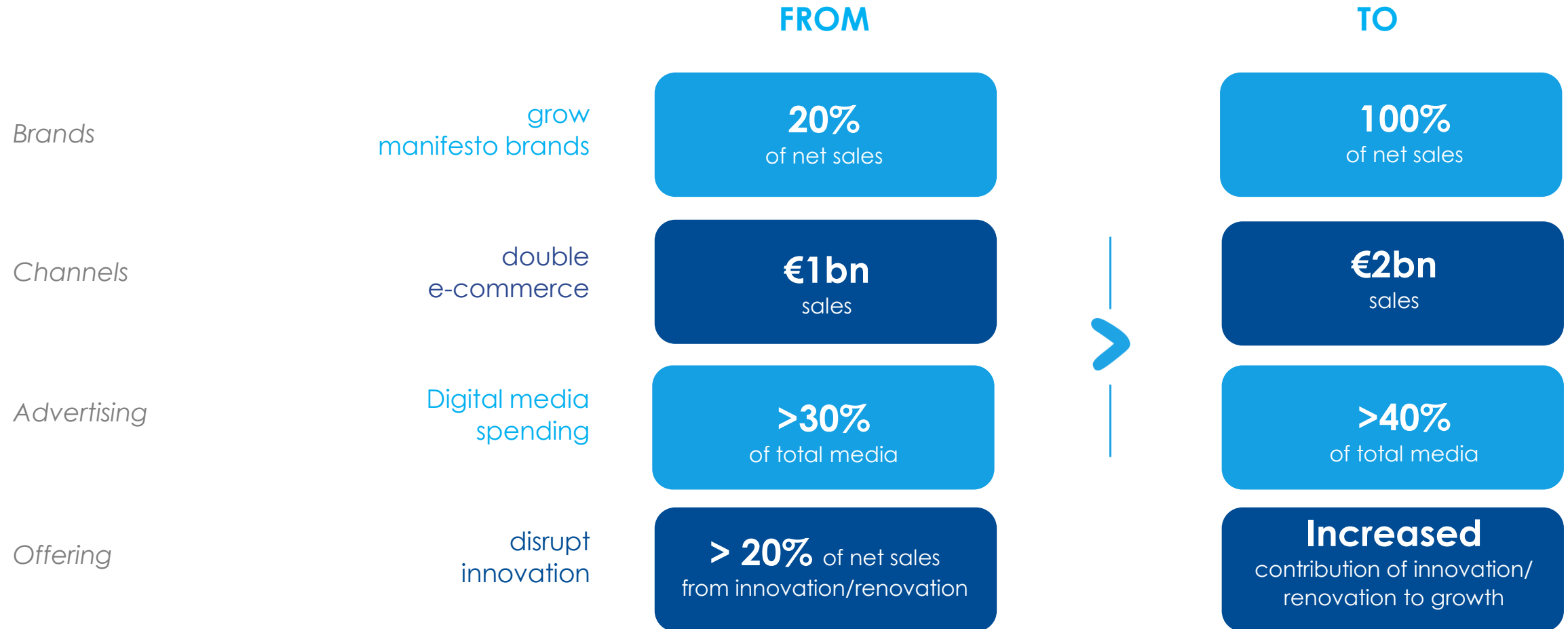
Identifying partners and technologies to drive future value

1 Reimagine brands	2 Transforming consumer reach & engagement	3 Transforming channels	4 Disruptive innovation
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Conclusion: Fit for growth and innovation

Our 2020 ambition



Conclusion

Well-positioned to deliver strong value creation

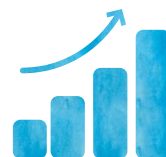


Danone strategic priorities

1 accelerate growth

2 maximize efficiencies

3 allocate capital with discipline



Growth & Innovation at the heart of value creation

Enhancing brand relevance to engage with next generation consumers

—

Driving incremental sales through digital channels

—

Data-driven activation to optimize media spending

—

Innovating for the next frontiers

—

Using digitization to deliver savings and efficiency

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,” “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 (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, their reconciliation with financial statements and IAS29 accounting treatment for Argentina are included in the Q3 sales press release issued on October 17th, 2018. Q1, Q2 and H1 2017 reported figures have been restated for IFRS 15. Indicators ROIC and Net Debt / EBITDA are defined on page 64 of Danone’s 2017 registration document*
- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*