

A photograph of two young children, a boy and a girl, playing at a water fountain. The boy, in the foreground, is wearing a bright blue t-shirt and is reaching out with both hands to catch water from a stream falling from a spout. The girl, slightly behind him, is wearing a yellow shirt and is also smiling and looking towards the water. The background is a soft-focus green, suggesting an outdoor setting with foliage. The overall mood is joyful and carefree.

# 2016 RESULTS

February 15, 2017

Emmanuel Faber, CEO

Cécile Cabanis, CFO





## DISCLAIMER

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*This document contains certain forward-looking statements concerning Danone.*

*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 section “Risk Factors” in Danone’s Registration Document (the current version of which is available on [www.danone.com](http://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 shares.*

*All references in this presentation to like-for-like changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, recurring EPS, free cash-flow, free cash-flow excluding exceptional items, and net financial debt correspond to financial indicators not defined by IFRS used by Danone, 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.*





Cécile Cabanis

2016 FINANCIAL RESULTS

Emmanuel Faber

DANONE PROGRESS REPORT





A photograph of two young children, a boy and a girl, playing under a waterfall. The boy, in the foreground, is wearing a bright blue t-shirt and is reaching out with his hands towards the falling water. The girl, slightly behind him, is wearing a yellow shirt and is also smiling and looking towards the water. The background is a lush green forest, and the water is splashing around the children's hands.

# Cécile Cabanis

## 2016 FINANCIAL RESULTS



# 2016: year of robust performance leading to very strong EPS growth

Profitable growth

net sales

+2.9%<sup>(1)</sup>

recurring  
operating  
margin

+70 bps<sup>(1)</sup>

Discipline on financial metrics

recurring  
EPS

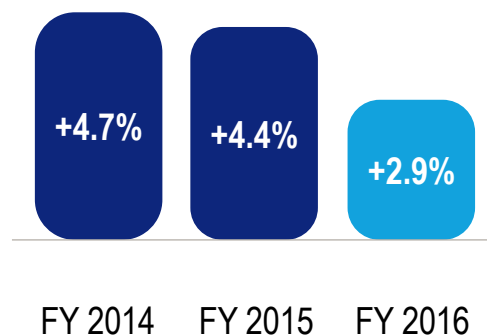
+9.3%<sup>(1)</sup>

free cash  
flow

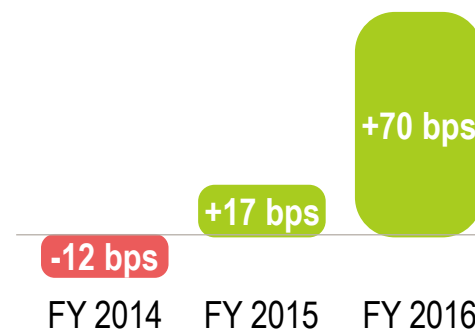
+16.8%<sup>(2)</sup>

# 2016: year of major progress in building profitable model of growth...

LFL sales growth



Recurring operating margin<sup>(1)</sup>



GROWTH

AGILITY

PROFIT

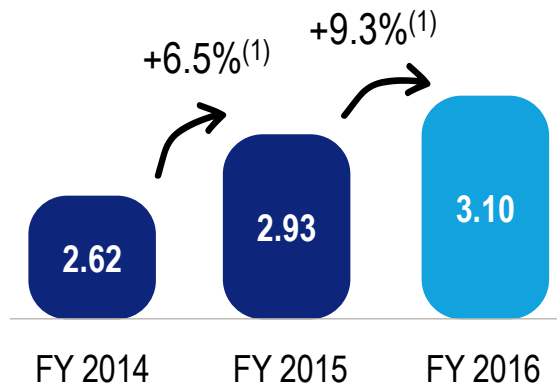
CONSISTENCY

Priority to profitable growth

Discipline on financial metrics

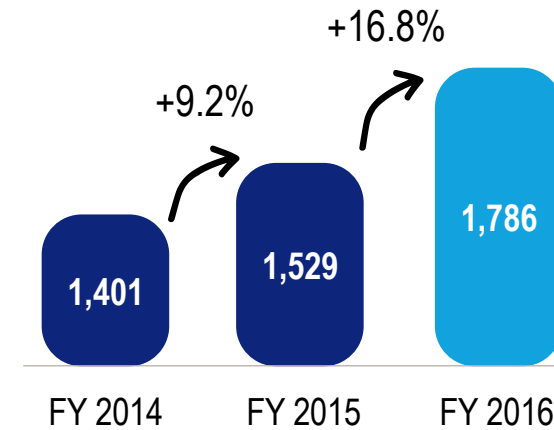
... leading to very strong delivering on EPS and cash

### Recurring EPS



Ensure consistent EPS growth

### FCF<sup>(2)</sup>



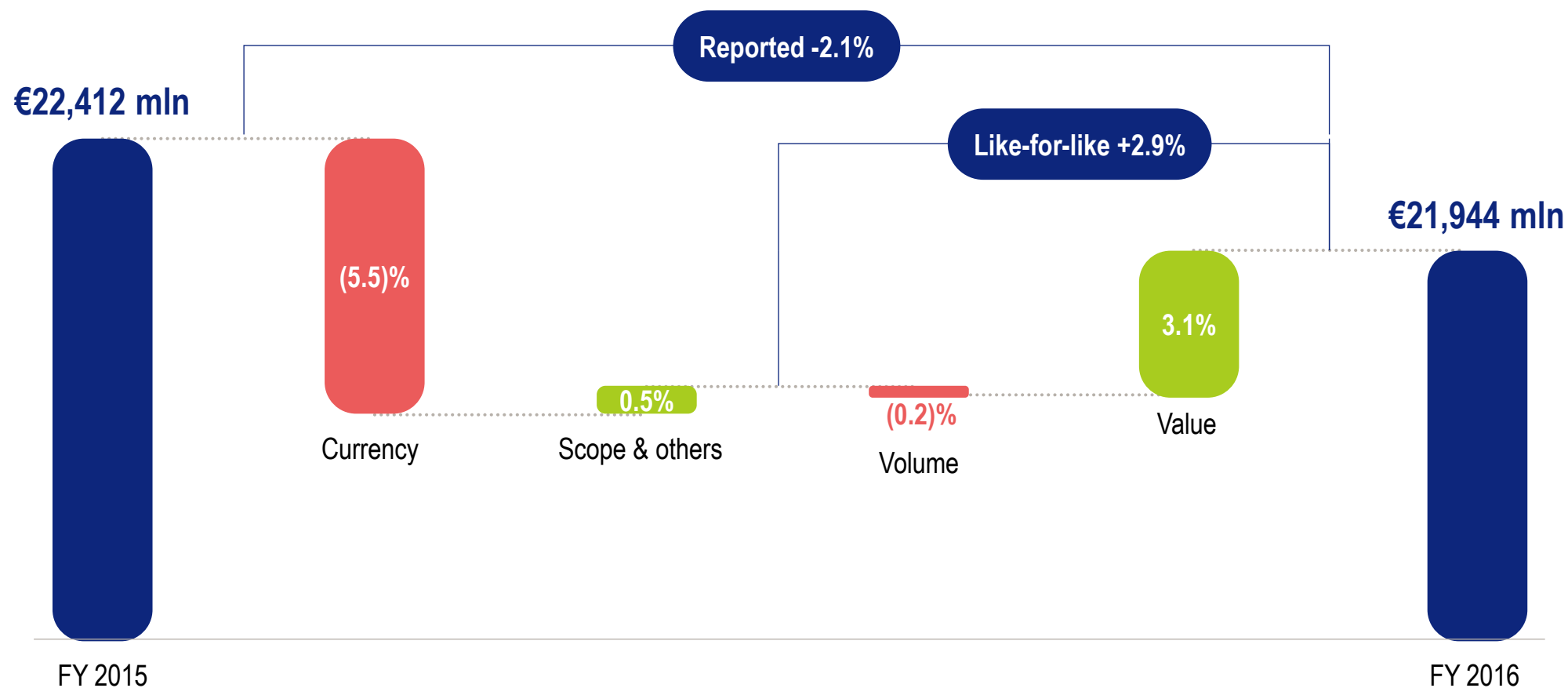
Convert profitable growth into cash

## 2016 key highlights

|               | sales<br>growth | recurring<br>operating<br>margin | recurring<br>EPS |
|---------------|-----------------|----------------------------------|------------------|
| Reported      | -2.1%           | 13.77%<br>+ 87 bps               | €3.10<br>+5.6%   |
| Like-for-like | +2.9%           | +70 bps                          | +9.3%            |

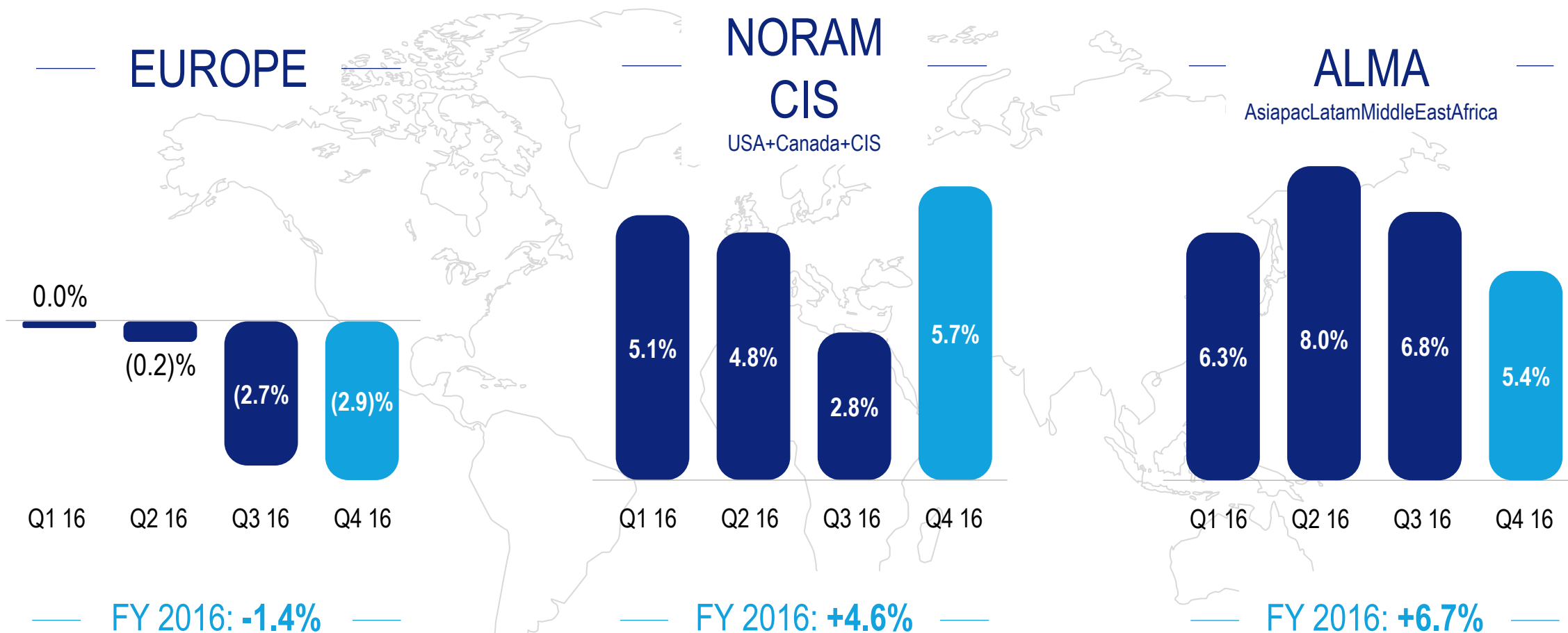


## 2016 Like-for-like sales growth of +2.9%



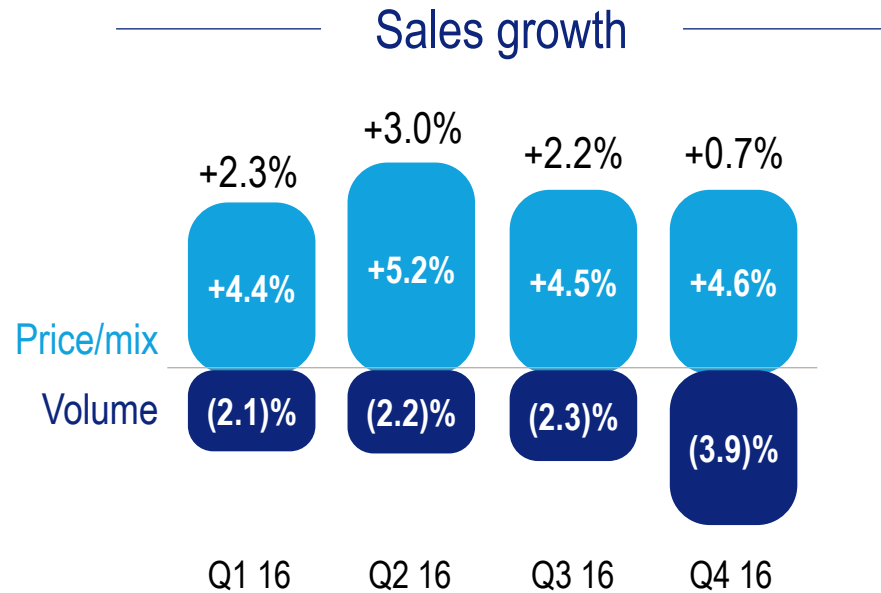
Q4 2016 like-for-like sales growth: +2.1% / reported growth: -0.5%

# Regional dynamics<sup>(1)</sup>



(1) Like-for-like sales growth

# Fresh dairy products: continuous progress in anchoring profitable growth

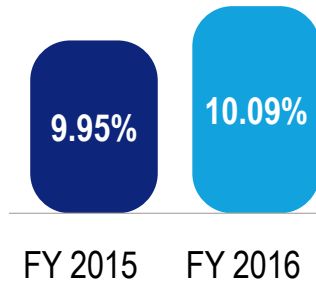


**FY 2016: + 2.0% LFL**

**Recurring operating margin**

**+ 82 bps since 2014**

(at constant exchange rate)



**FY 2016: +38 bps LFL**

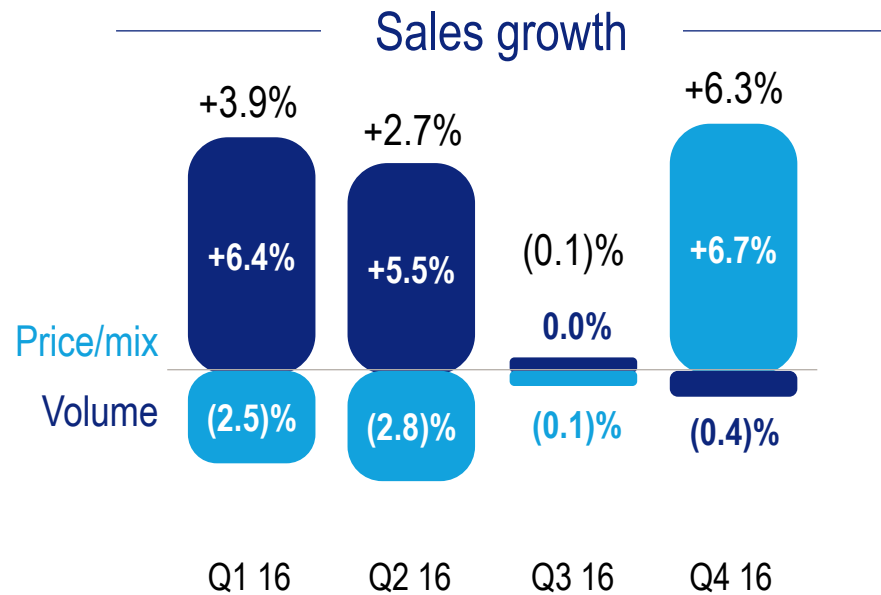
- > Acceleration in NORAM, successful transformation in CIS, slower turnaround of Europe
- > Structural improvement of profitability across markets



DANONE

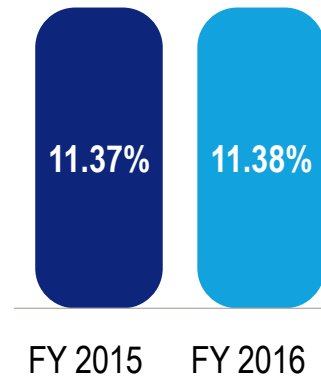


# Waters: sustained strong profitable growth, transition in China in progress



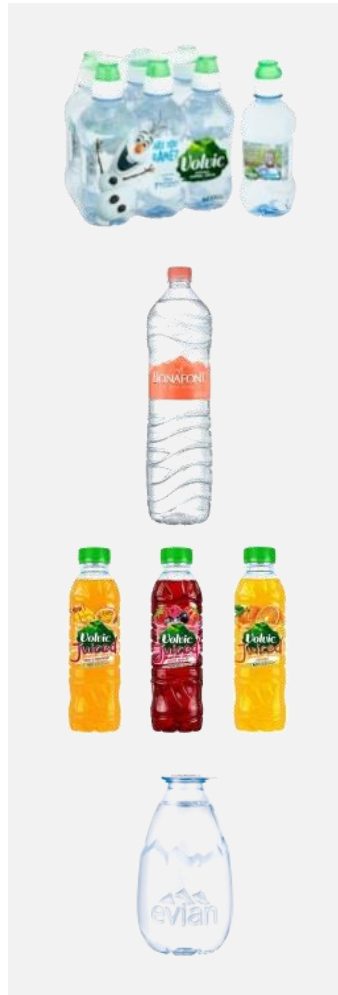
**FY 2016: + 2.9% LFL**  
w/o China: Mid to High SD

## Recurring operating margin



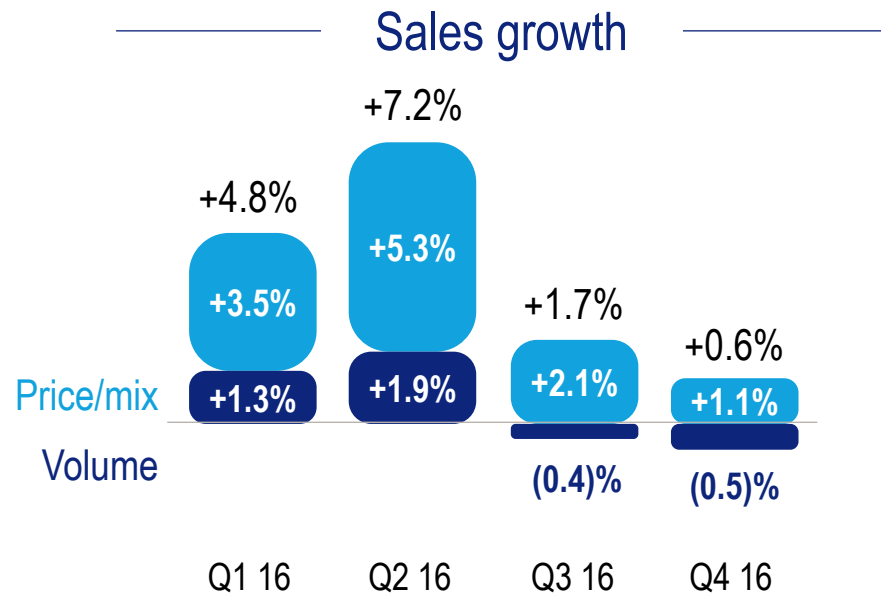
**+15 bps LFL**

- > Strong performance across markets, market share protection in China
- > Operating margin increase despite mix effect of China

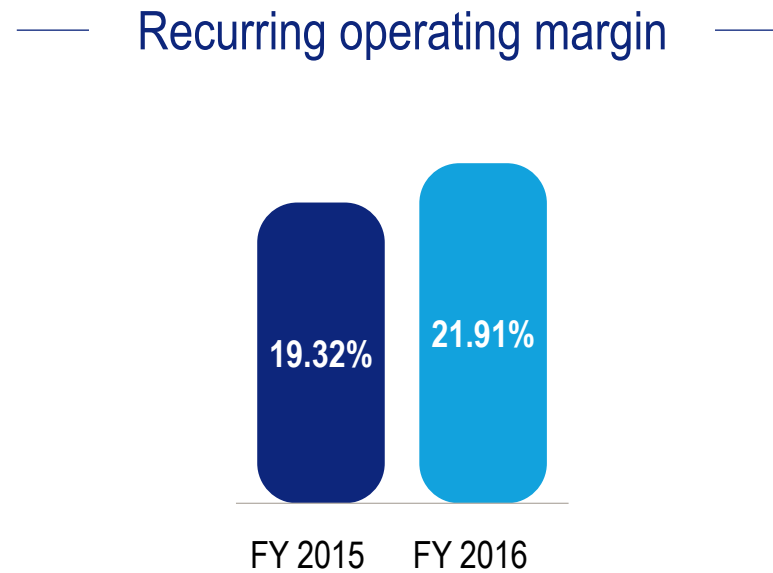


DANONE

# Early Life Nutrition: solid fundamentals of profitable growth, continued transition in China towards sustainable model of growth

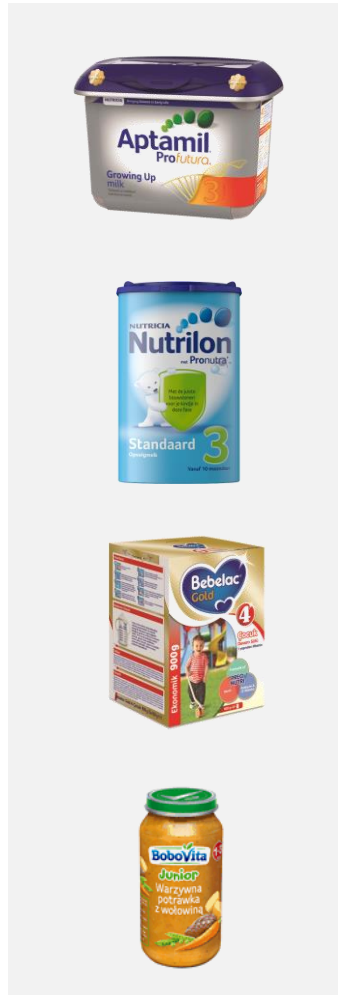


**FY 2016: + 3.5% LFL**  
**FY w/o indirect China: MSD**



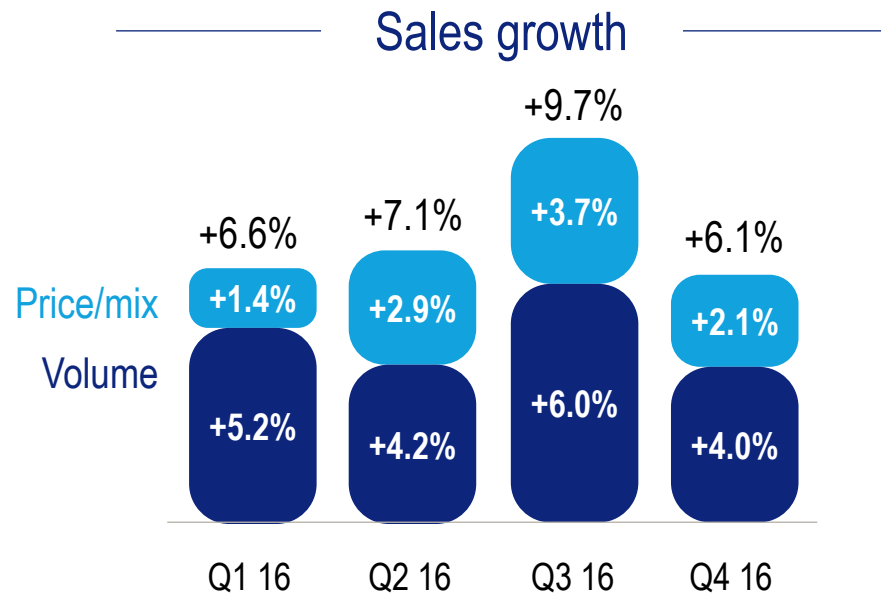
**+167 bps LFL**

- > Solid growth outside China, volatility in China driven by e-commerce conversion
- > Operating margin increase driven by growth and mix, positive reverse of 2015 one off costs



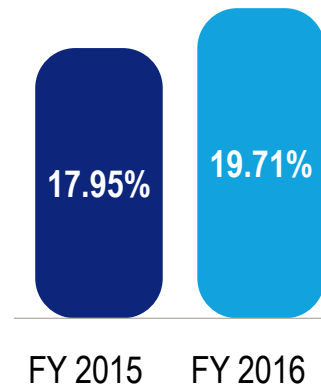
DANONE

# Medical Nutrition: sustaining very strong profitable growth



FY 2016: +7.4% LFL

## Recurring operating margin



+93 bps LFL

- > Very strong growth accross markets and segments
- > Operating margin increase driven by growth and mix



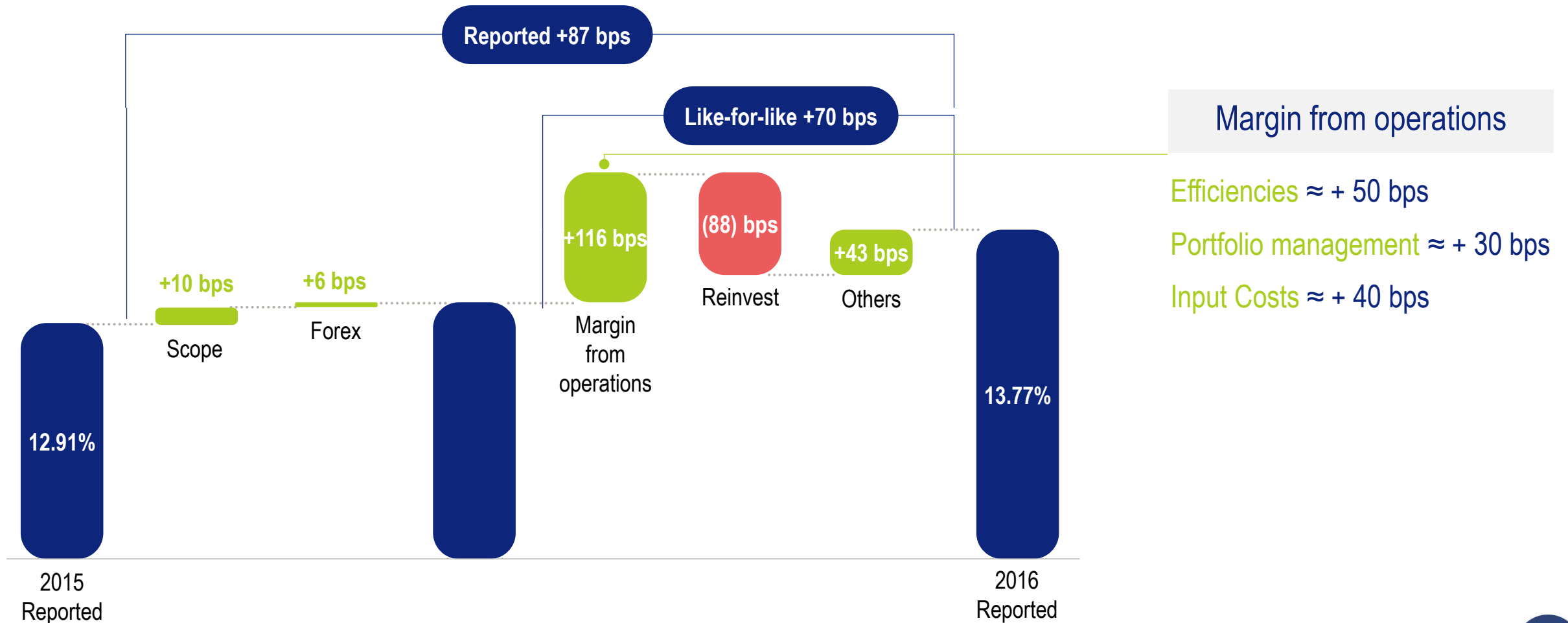
DANONE



## 2016 key highlights

|               | sales<br>growth | recurring<br>operating<br>margin | recurring<br>EPS |
|---------------|-----------------|----------------------------------|------------------|
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| Like-for-like | +2.9%           | +70 bps                          | +9.3%            |

# Very strong improvement in recurring operating margin

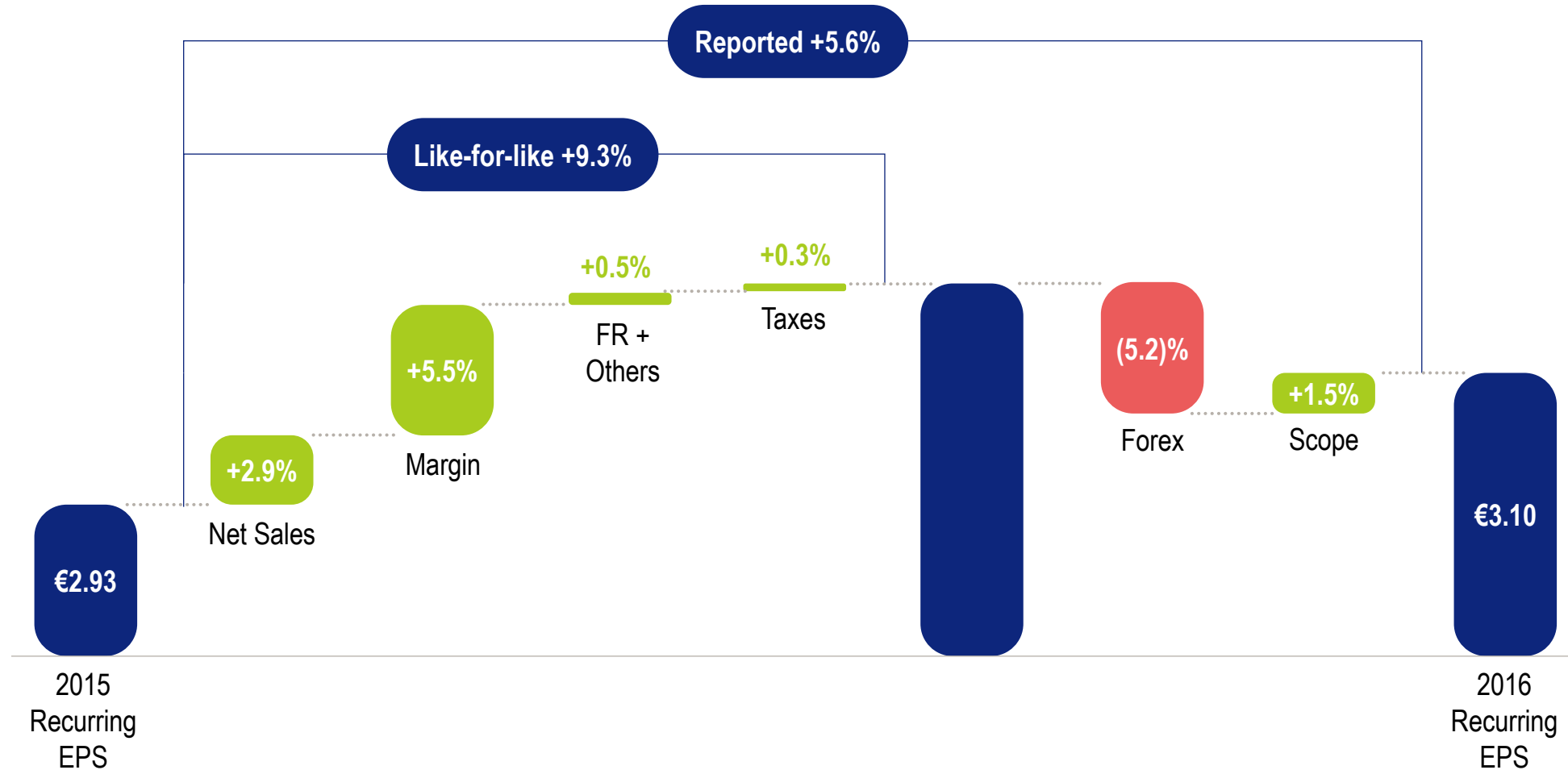


## 2016 key highlights

|               | sales<br>growth | recurring<br>operating<br>margin | recurring<br>EPS |
|---------------|-----------------|----------------------------------|------------------|
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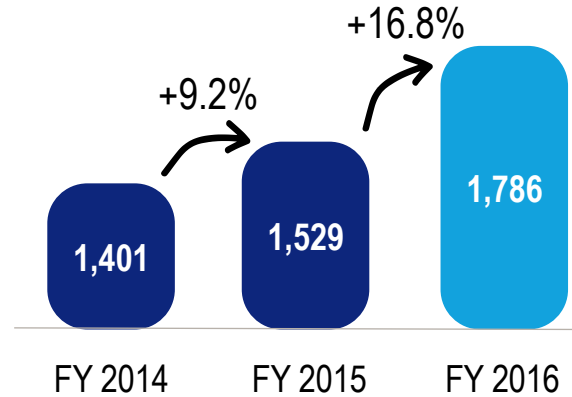
# Very strong Like for Like recurring EPS growth illustrating major progress in strengthening the model



# FCF: very strong cash delivery

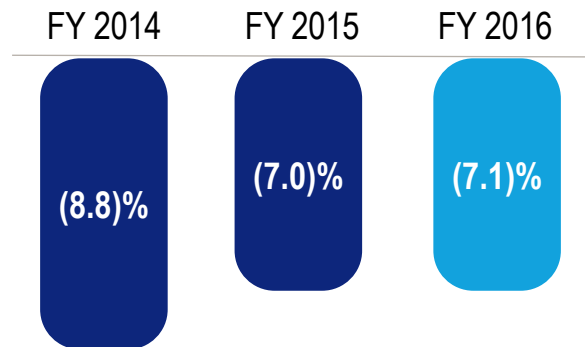
## Cash delivery

Free cash-flow excluding exceptional items (€ mln)



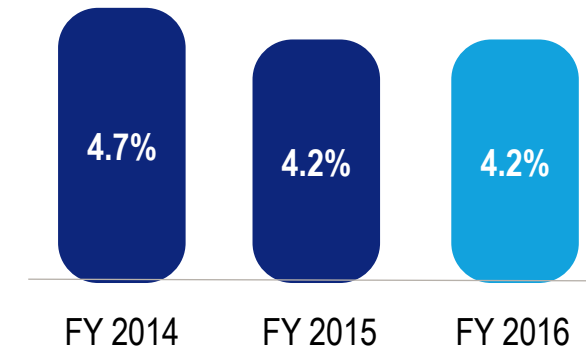
## Strong level of Working Capital/Sales

Working Capital/Sales (%)

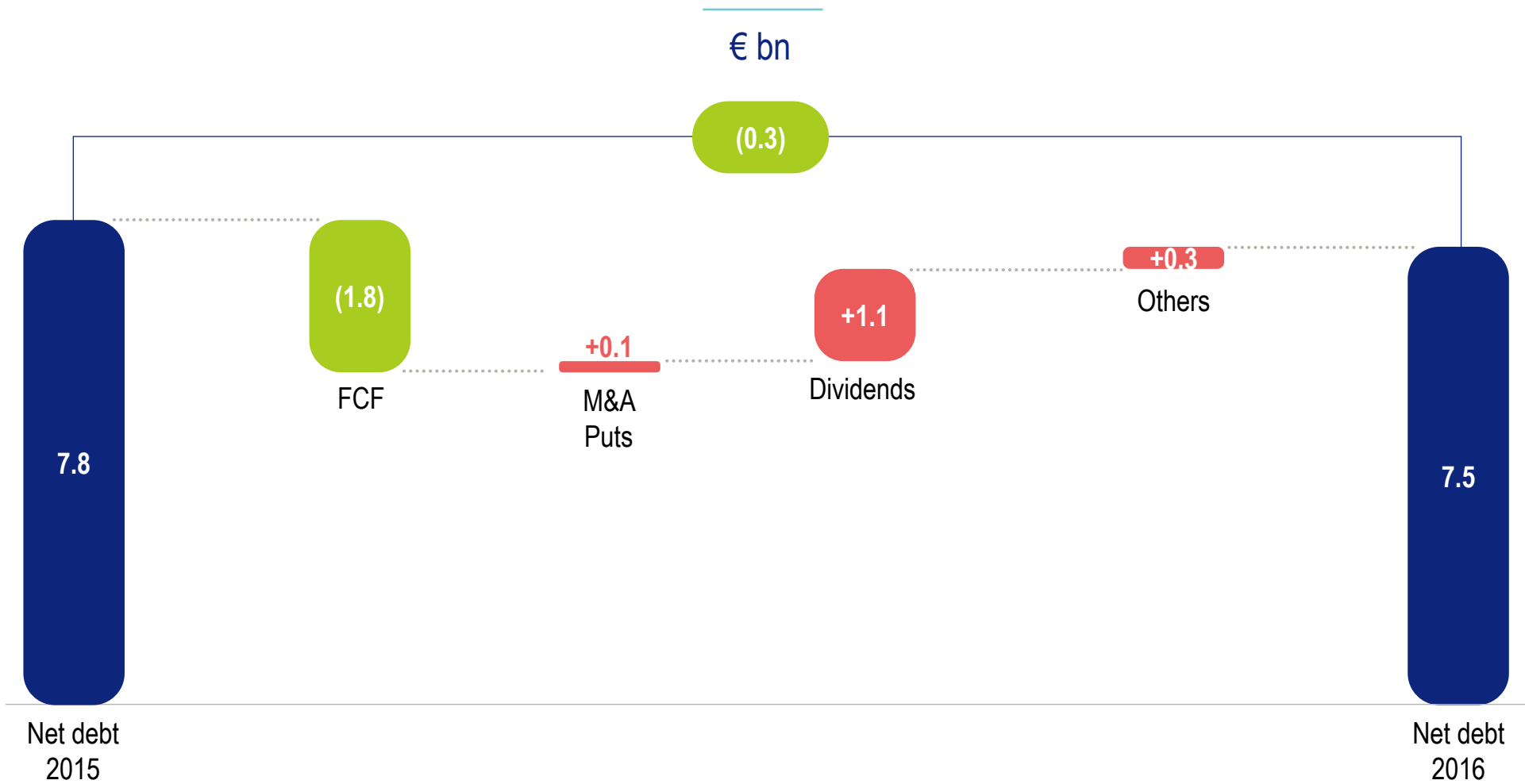


## Continued rhythm of investment

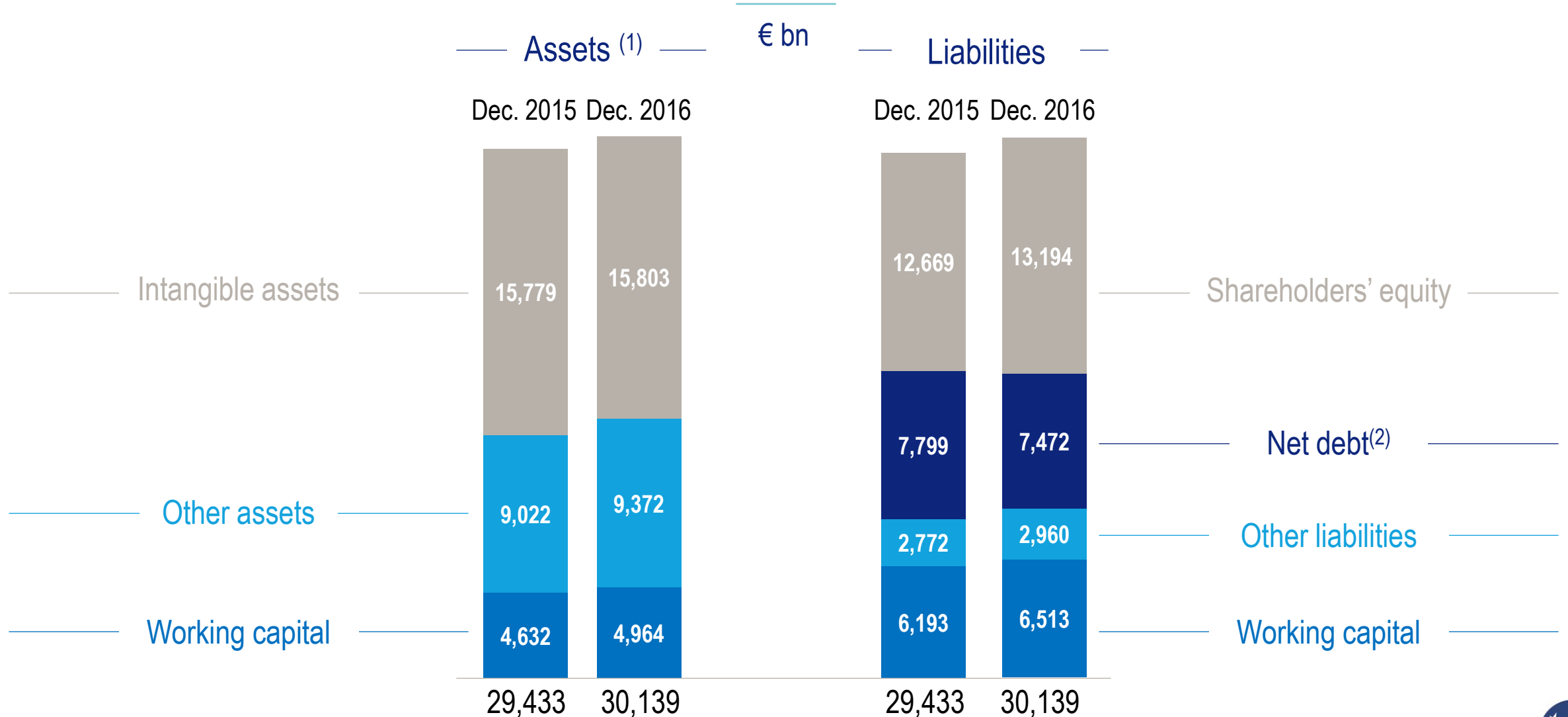
Capex/Sales (%)



# Change of Net debt



# Balance sheet



(1) Excluding assets included in net debt  
 (2) Net of cash, cash equivalents, marketable securities,  
 other short-term investments and financial instrument assets



# Dividend: + 6.3% increase reflecting firm commitment to shareholders

## Dividend proposed at the next AGM on April 27, 2017

- > **€1.70 per share** (+6.3% ; +10 cts vs. 2015)
- > Payment in either cash or shares at shareholders' option



# 2017: decoupling growth and efficiency agenda



(1) Like-for-like

A photograph of two young children, a boy and a girl, playing under a waterfall. The boy, in the foreground, is wearing a bright blue t-shirt and is reaching out with both hands to catch the falling water. The girl, slightly behind him, is wearing a yellow shirt and is also smiling and looking towards the water. The background is a lush green forest, and the water is splashing around the children's hands.

# Emmanuel Faber

## DANONE PROGRESS REPORT



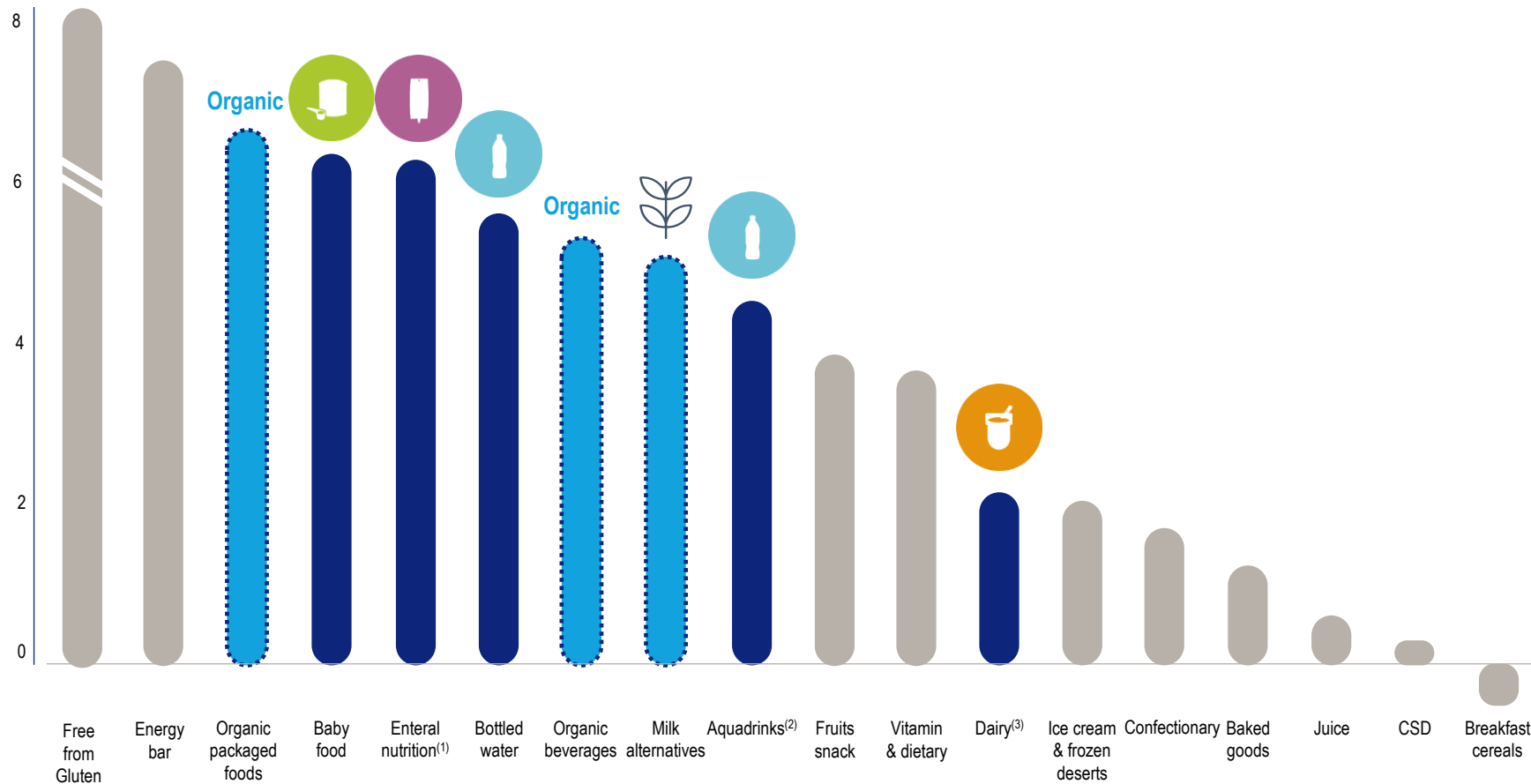


# The revolution towards changing the way people eat and drink



# We continue to assemble and grow an unparalleled portfolio of healthy diet categories

% CAGR 2011-2016 Global Retail Value Growth



## Danone leader positions

(in value)



Sources: Euromonitor. Retail Sales 2011 - 2016 ; Constant 2016 prices; (1) Source: Kalorama Information 2012 Note: Allergy category not included in this data (2) Source for aquadrinks: Canadean – 27 countries, Date: 2008 – 2014, (3) Aggregation of butter and margarine, drinking milk products, cheese, yoghurt and sour milk drinks, and other dairy products.



# Successes and still some challenges

## Challenges



Volatility in key emerging markets



Inflation of raw materials



Dairy Europe turnaround

## Successes ✓



Reignite growth



Build resilience & protect margin




Generate Strong Profitable Growth



Capture new consumer trends



Develop a direct model   
Expand tailored nutrition



Very strong margin increase

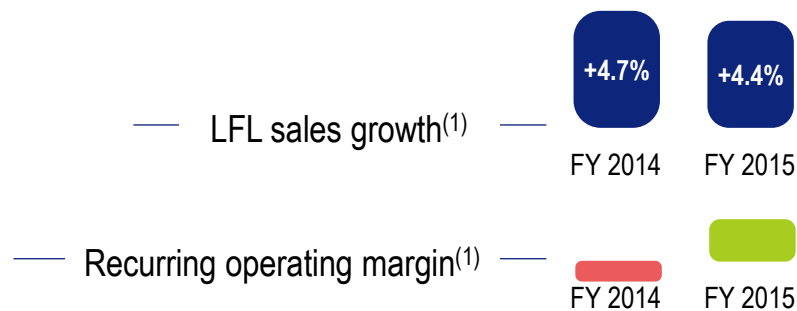
# 2016: a year of significant progress

2014

2015

2016

**DANONE**  
2020\*



net sales

**+2.9%**<sup>(1)</sup>

recurring operating margin

**+70 bps**<sup>(1)</sup>

recurring EPS

**+9.3%**<sup>(1)</sup>

free cash flow

**+16.8%**<sup>(2)</sup>

(1) Like-for-like (2) Excluding exceptional items

# WhiteWave

## A perfect combination to strengthen Danone 2020 plan



BRINGING HEALTH THROUGH FOOD  
TO AS MANY PEOPLE AS POSSIBLE

2016



**DANONE**  
2020<sup>\*</sup>



Changing the way the world  
eats for the better

# WhiteWave

## A perfect combination to strengthen Danone 2020 plan

### TAKING THE SUSTAINABILITY EQUATION OF DAIRY AND PLANT-BASED TO THE NEXT LEVEL



Combine world-class research on Dairy and Plant-based fermentation



Opportunities within Danone 2020 plan to reduce agricultural impact

Improve nutritional density of global portfolio



Cross-fertilize R&D with Danone in fermenting vegetal local protein bases

Use Danone's expertise to broaden adoption



### DOUBLING THE SIZE OF DANONE IN THE US ABOVE \$6 BN



Fastest growing food & beverage company in the US<sup>(1)</sup>

Entering the US top 15 food & beverage league<sup>(2)</sup>

Creating the US #1 refrigerated dairy company<sup>(3)</sup>

Sources: Euromonitor, Nielsen

(1) Nielsen AOC last 52 weeks period ended 6/27/2015; Top 25 manufacturers in Edible Departments (grocery, dairy, deli, frozen, bakery, produce, meat)

(2) Based on Euromonitor; Retail Value in Packaged Food + Soft Drink, 2015 figures

(3) Nielsen AOC last 52 weeks: including butter, cream/creamers, margarine and spreads, milk, whipped toppings and yogurt and excluding cheese

# WhiteWave

## A perfect match to accelerate strong sustainable profitable growth

### Strong Value Creation

Superior growth categories in stable geographies

---

Significant synergies

---

Accretive to Danone equation



Like-for-like sales growth  
Extra +0.5% to +1%

---

Ebit margin  
Accretive year 2

---

EPS  
Solid accretion from Year 1  
>10% accretion <sup>(1)</sup>

(1) Based on run-rate synergies



# Stronger empowerment and collaboration 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**

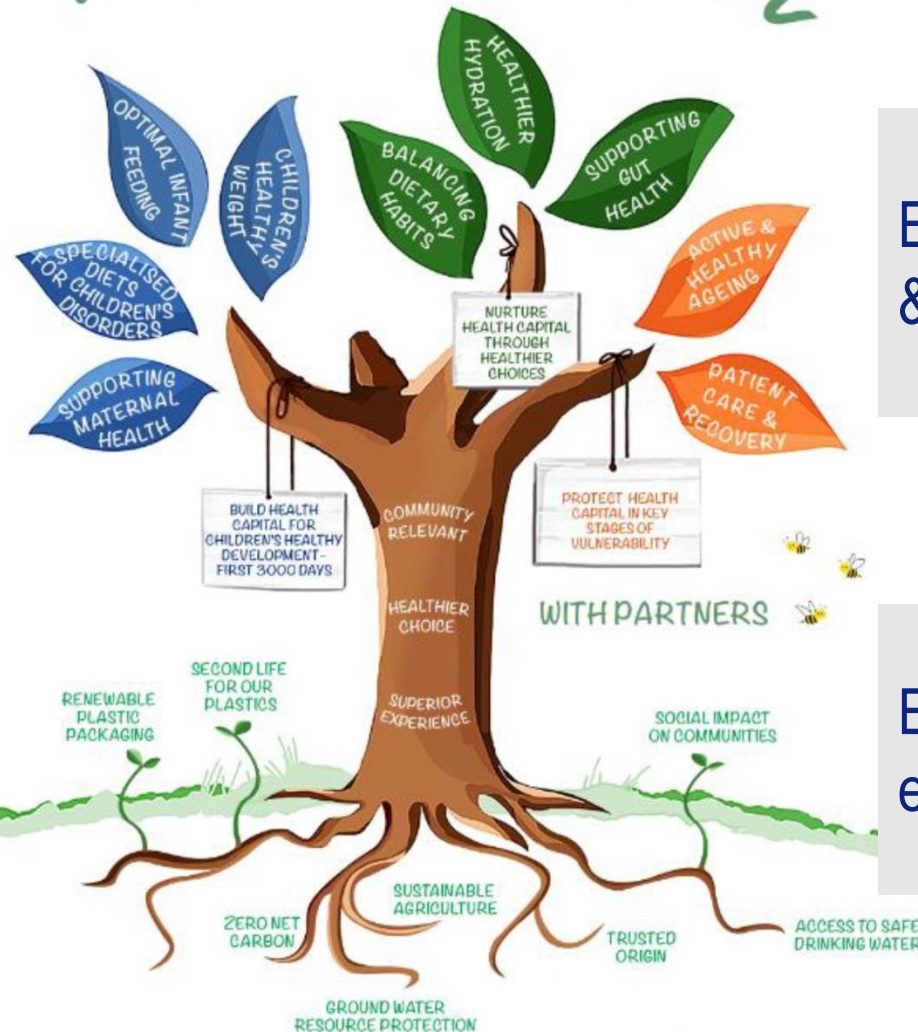
- > Closer to markets, faster decisions
- > Empowered on global decisions
- > Regional alignment and collaboration

**ONE DANONE / 30 clusters live**

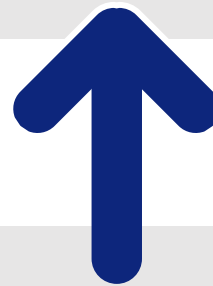
- > Backbone for key functions
- > Localised relevance
- > Mutualization of expertise

# Step up our ability to seize consumer opportunities and work more efficiently

*Alimentation*  
Influencing eating & drinking habits



EVP, growth  
& innovation



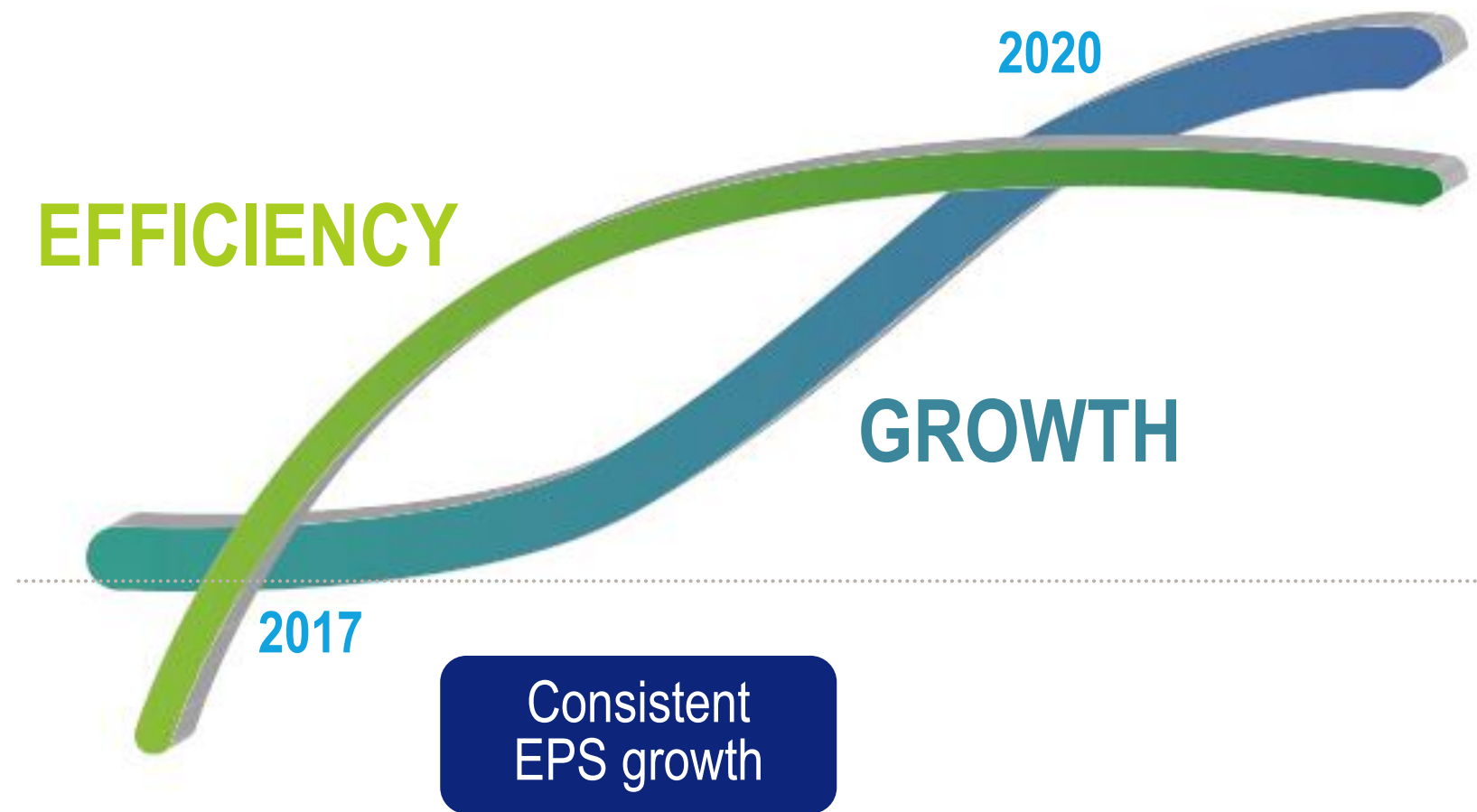
EVP, resources  
efficiency

## 2 NEW ROLES

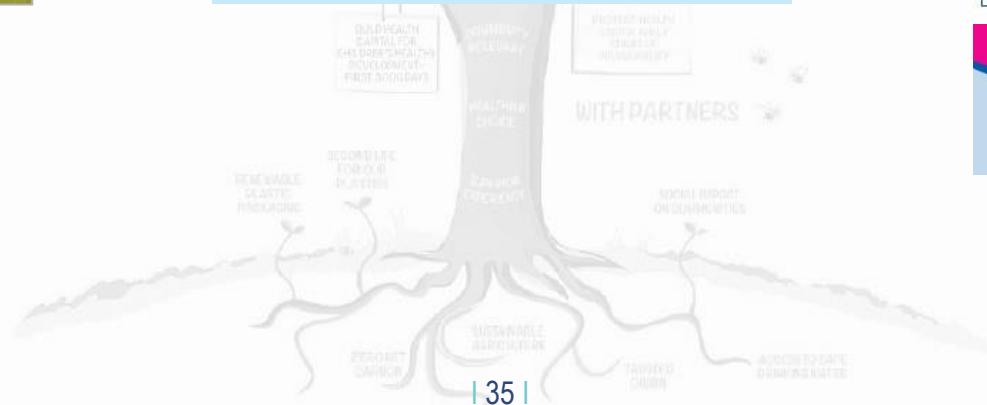
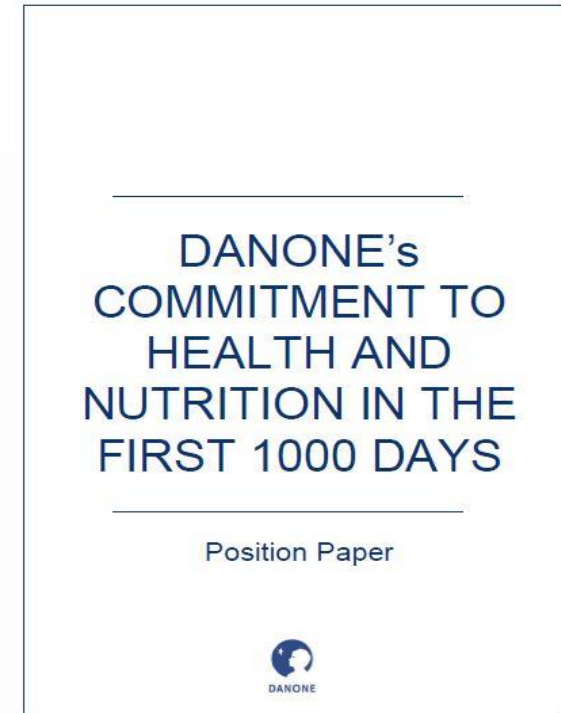
- > Drive seamless cooperation process among all topline and innovation functions
- > Provide framework and platforms for category growth and innovation
- > Identify and drive transversal / cross category opportunities

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

# Decoupling Danone's mid term growth transformation agenda and our immediate efficiency agenda



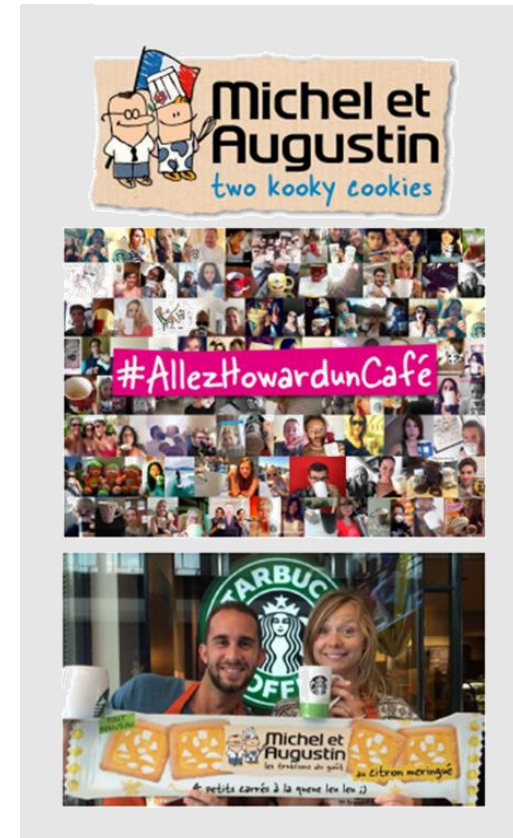
# Alimentation Revolution calling for brands engaging in a new way with their communities of consumers





# Alimentation Revolution calling for a new marketing model

## Proliferation of smaller brands





# Alimentation Revolution calling for a marketing and innovation transformation

New Growth and Innovation board



# Danone: a unique position and culture to lead the Alimentation Revolution



- > Danone B Corp 2015 partnership
- > Danone & WhiteWave expected to combine US-based activities into a public B-Corp
- > Danone Spain accredited B-Corp



- > 45,000 Danoners
- > 7,000 users online at least once a day
- > 600 to 700 active groups/day

# Launching a comprehensive, company-wide program to maximize efficiency

Disciplined  
Choices

Maximize Efficiency...

Sustainably

**BUY BETTER**  
**SPEND BETTER**  
**WORK BETTER**



## PROGRAM PROTEIN

SCOPE

professional services  
sales & marketing spendings  
operations spendings

Invest  
For Impact

...To build muscle  
Reinvest in growth projects

**€ 1 BN**  
**SAVINGS**

# Delivering efficiency and resources for the short, mid and long term

Short term

Mid term

Long term

## Program PROTEIN

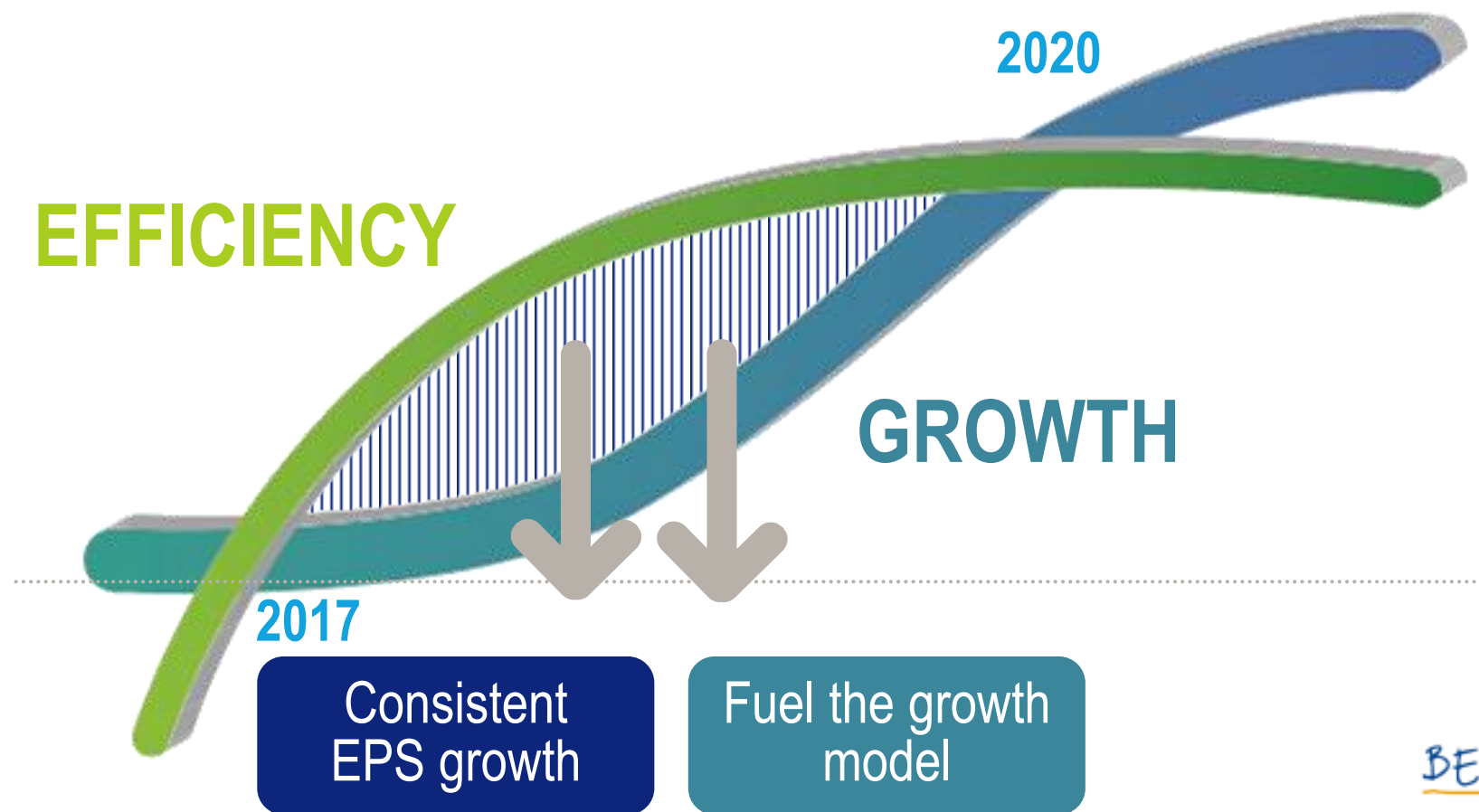
### Global procurement organization

*New CPO Role*

## Strategic Resources Cycles & Operations



# Decoupling Danone's growth & efficiency agendas



BEYOND BUDGET

# Keep building a stronger model of growth





**Matthias BLUME** · February 7 at 4:05pm ·   
 Vienna City Activation.   
 Sampling at big hotspots with a real mini proud on display. Target for 2017: 1 million samples.   
 Kudos to Krzysztof and the team in Vienna.   
 #staystrong #Actime! #cityactivation



Like Comment Share

ANTONIO MARQUES, Chelsea MAYHALL and 10 others · Seen by 40

**Débora BASSANEZI DA COSTA** shared a link. · February 3 at 6:22pm ·   
 Você conhece o Projeto Kiteiras da Danone? Veja que bacana a matéria na Sou mais Eu (uma revista semanal que é target do projeto). É o melhor... a revista também repercutiu a matéria no seu Facebook. O post já tem vários comentários de pessoas perguntando como podem participar do Projeto Kiteiras!   
 See Translation



"En vivia do Bolsa Família e hoje ganho R\$ 4 mil vendendo iogurte"   
 Quando faturei R\$ 700 na primeira venda, vi que esse negócio ia mudar a minha vida   
 SOUMAISSEUOL.COM.BR

Like Share

Maria Fernanda DE MELO, Joeverson MACEDO and 23 others · Seen by 165

**Jean-Yves BROUSSY** · Alimentation Tree ROOTS · vendredi, à 13:49 ·   
 Here's a short overview of some of the Brands activating or looking into the Roots.   
 ... Afficher la suite   
 Voir la traduction



Like Comment Share

40 · 5 commentaires 1 partage

J'aime Partager

Emmanuel FABER liked this. ·   
 Rio Reinaldo Siagian with Corine TAP at Perumahan Taman Sidorejo Indah. · February 3 at 2:12pm · Surabaya, Indonesia ·   
 Visit to AHS Barokah Sumber Alam



Like Comment Share

EKKAR HERU SUBRATA, HENDRIK SUWARDI and 32 others ·   
 Corine TAP Thanks team for a great market visit! Time to strike back!   
 Like · Reply · February 4 at 2:35am ·   
 Rio Reinaldo Siagian You're welcome Bu Corine TAP.. We will!   
 Like · Reply · February 4 at 2:35am ·

**Agata PARTYKA** · Excellence In Execution Inspirations · jeudi, à 10:11 ·   
 KIDS activation in Tesco. Call to action for parents + fun for kids by the shelf   
 Voir la traduction



Like Comment Share

40 · 2 commentaires 2 partages

**Shilin Michelle GOH** shared Anu WOLTERS's post. · February 1 at 12:22pm ·   
 Go Go Blue House! #newproduct #heretoday



Anu WOLTERS to: ELN News · January 20 at 5:54am · Formatted

Aptamil launched in India, plans to double business in 2020

**Anne DELFORGE** · Dannon US Friday Network Live · February 3 at 12:22pm ·   
 Was looking for a different kind of airport "treat" and came across B mag in Be the change) ... and look at who's on the cover! #happyfamily... after.



Like Comment Share

**Ataf HAFEZ** · January 31 at 10:19pm ·   
 We are all over the world! :)   
 Voir la traduction



Like Share

Amir ABDELNOUR, Ahmed BASHANDY and 3 others · Seen by 21

**Marta SZULC** · First 1000 days · 24 janvier, à 13:59 ·   
 We are all over the world! :)   
 Voir la traduction



Like Comment Share

80 · 2 commentaires

J'aime Commenter Partager

**RAFAEL RIBEIRO** at Danone Brasil · January 19 at 8:59pm · São Paulo, SP, Brazil ·   
 Depois de 8 anos de muito sucesso, Bonafont se renova para seguir avançando.   
 A cara nova é só o começo! Ainda vem muita coisa boa pela frente! Bonafont. De cara nova, leve como sempre!   
 English:   
 After 8 years of success, Bonafont renews itself to keep on going. The new look is only the beginning! There are a lot of great things to come! Bonafont. The look is new, the lightness is the usual!   
 #Placeover: aqui vemos a nova garrafa de Bonafont com sua nova identidade visual privilegiando novo símbolo e montanhas! Ao lado o texto Bonafont. De cara nova. Leve como sempre!   
 See Translation



Like Comment Share

**Benjamin WERTZ** with image PhotoClick and 3 others · February 3 at 12:22pm ·   
 In honor of February month, the Green Team is presenting our new ECO podcast! There's a lot of fun & a message. RADIO SHOCK you can listen to it whenever! Just click on the link below and listen to it!   
 Any you can get a prize (see image in image)   
 www.green-team.com.br @green\_team\_brazil



Like Comment Share

Benjamin WERTZ, Aline CHAVALLA and 3 others · Seen by 41

**Roberta Carvalho** at Danone Brasil · February 3 at 12:22pm ·   
 Operação onde veminha idononho   
 See Translation



Like Comment Share

Marcelo Antônio, Aline Brandt and 87 others · 1 Comment · Share

**Nicolas GARDIN** in RETAIL TEAM - CANADA · February 3 at 12:22pm ·   
 Great display at Orange Canadian. Lots of green and at the super green!   
 Share! Like! #GardGard!



Like Comment Share

Théo DUPUIS, Dorian MATHIEU and 17 others · Like · Reply · February 3 at 12:22pm ·

**Denissa SUAREZ-SOLIS** · February 3 at 12:22pm ·   
 A part of our #staystrong #shopper   
 See Translation



Like Comment Share

ANTONIO MARQUES, Joverson MACEDO and 13 others · Seen by 31

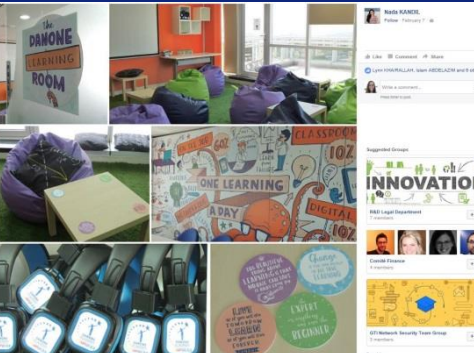
**Reinhold NARIS** · February 3 at 12:22pm ·   
 A part of our #staystrong #shopper   
 See Translation



Like Comment Share

Paolo NARIS, Valeria SPINATO and 13 others · Seen by 31

**Nata KANDEL** · February 3 at 12:22pm ·   
 Like Comment Share



Like Comment Share

Laura ENRIQUETA, Jean ABDELRAHMAN and 5 others · 1 Comment · Share · See all





# 2016 RESULTS

## Questions & Answers

