



## HALF-YEAR RESULTS 2019

**On track  
to deliver guidance**

July 25, 2019

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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”, “objective”, “believe”, “forecast”, “guidance”, “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, predictions of future activities, operations, direction, performance and results of Danone.
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- All references in this presentation to like-for-like changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax, recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the H1 2019 results press release issued on July 25, 2019 for further details on IAS29 (Financial reporting in hyperinflationary economies), the definitions and reconciliation with financial statements of financial indicators not defined in IFRS. Finally, the calculation of ROIC and Net Debt/Ebitda is detailed in the annual registration document.
- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.

## Q2 and H1 2019 highlights

### Solid progress on growth and efficiency

#### Like-for-like Sales Growth

Rebound in Q2 confirming acceleration

**+2.5%**

€6.5 bn

*Accelerating*  
**Growth**

#### Recurring Operating Margin

7<sup>th</sup> consecutive semester of improvement

**14.69%**

+42 bps

*Maximizing*  
**Efficiencies**

  
Recurring EPS

**+6.3%**

€1.87

## Q2 and H1 2019 highlights

### Good execution, full-year guidance confirmed

1

#### Like-for-like sales growth rebound in Q2

- All businesses growing >2%
- Strong innovation momentum: ~30% of sales
- EDP growing in all regions, including in Europe
- Return to growth in ELN China
- Poor weather conditions impacting Waters

2

#### Efficiency maximization on track

- ~€150m Protein incremental savings in H1
- ~€150m restructuring charge to adapt organization

3

#### Disciplined capital allocation to fuel growth

- Portfolio management: sale of *Earthbound Farm*







### 2019 full-year guidance confirmed

LFL sales growth around 3%  
Recurring operating margin >15%

## Q2 and H1 2019 performance by business

### Sustainable profitable growth across portfolio

	Total Company	Essential Dairy & Plant-based	Specialized Nutrition	Waters
				
Q2 net sales	€6.5 bn	€3.3 bn	€1.9 bn	€1.3 bn
Like-for-like growth	+2.5%	+2.2%	+3.2%	+2.1%
Volume	-1.0%	-1.2%	-1.3%	-0.4%
Value	+3.5%	+3.4%	+4.4%	+2.5%
H1 Recurring operating margin	14.69%	9.41%	25.28%	12.87%
LFL Change	+68 bps	+58 bps	+55 bps	+110 bps

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€1.87

## Q2 2019 sales bridge

Improved volume trend and higher net sales/kg driving growth acceleration



(1) Including IAS 29



# SPECIALIZED NUTRITION



## H1 2019 key figures

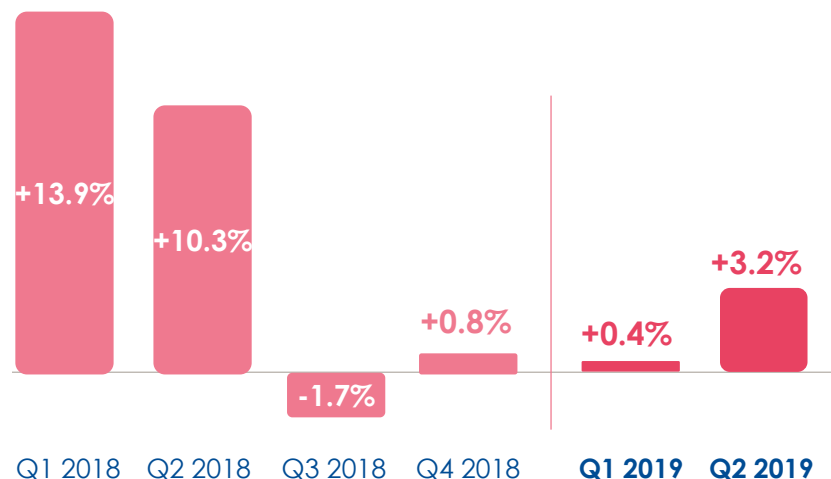
Sales	€3.7 bn
Like-for-like change	+1.8%
Volume / Value	-1.1% / +2.9%
Recurring operating margin	25.3%
Like-for-like change	+55 bps



## Specialized Nutrition: +3.2% in Q2

### Early Life Nutrition back to growth

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



(1) Like-for-like sales growth excluding Argentina

## Advanced Medical Nutrition: mid-single digit growth

- Positive growth in Europe
- Double-digit growth in China

## Early Life Nutrition: moderate growth

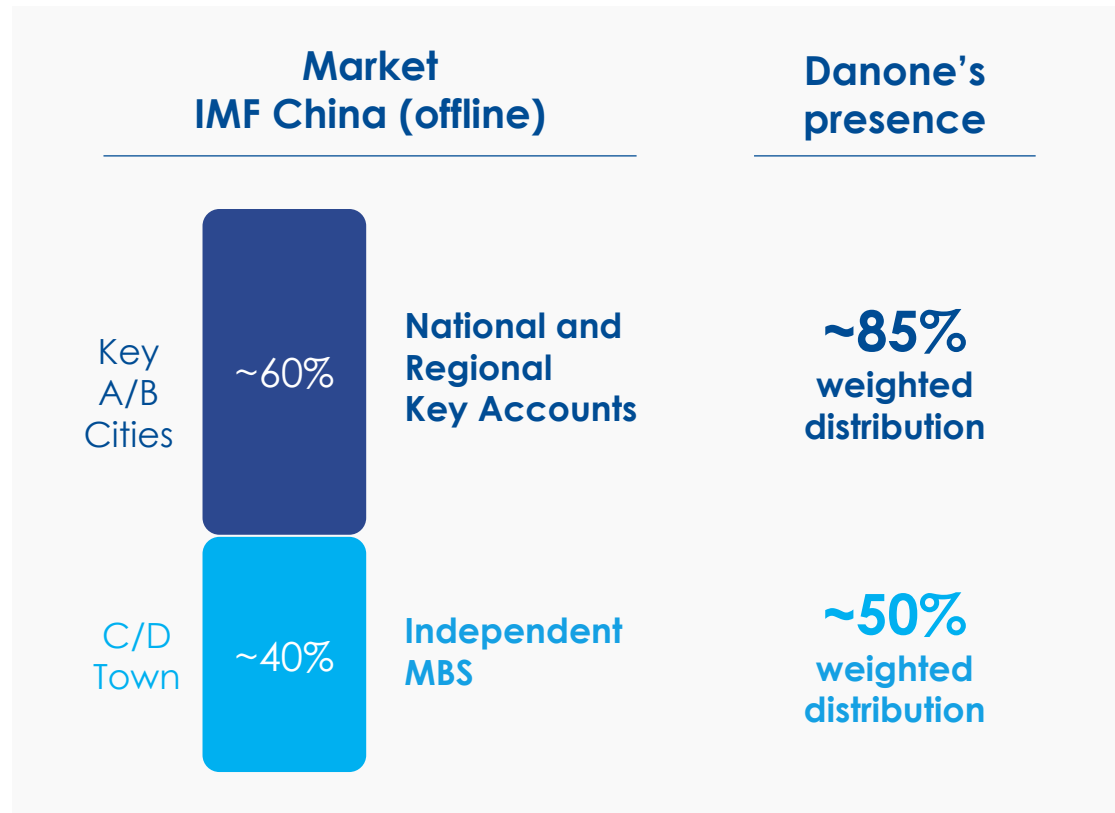
- **Total China:** slightly positive growth
  - Category dynamics confirmed in H1
  - Continued deployment in lower tier cities
  - Increased weight of Direct sales
- **Other geographies:** solid growth
  - Continued strong performance in rest of Asia and Americas
  - Broad-based sequential improvement in domestic Europe





## ELN China acceleration Solid execution of growth plans

### Expansion into lower tier cities Mum&Baby Stores



### Accelerated investment for innovations in Hong Kong and sourcing countries



Source: 2018 Nielsen offline data, Company data



# ESSENTIAL DAIRY & PLANT-BASED

## H1 2019 key figures

Sales	€6.6 bn
Like-for-like change	+1.2%
Volume / Value	-2.5% / +3.7%
Recurring operating margin	9.4%
Like-for-like change	+58 bps



## Essential Dairy & Plant-based: +2.2% in Q2

### All regions growing; dairy stabilized, strong plant-based

#### Quarterly LFL sales growth<sup>(1)</sup>



- **Europe:** slightly positive growth
  - France and Spain stabilization
  - Alpro: double-digit growth
- **North America:** moderate growth
  - Yogurt: flat sales in a highly competitive environment
  - Plant-based: solid growth despite impact of Vega on-going recovery
  - Coffee Creamers: strong performance
- **Rest of the world**
  - **CIS:** flat sales, but strong results in kids and indulgence segments
  - **Latam:** growth in Mexico and Brazil

(1) Like-for-like sales growth excluding Argentina

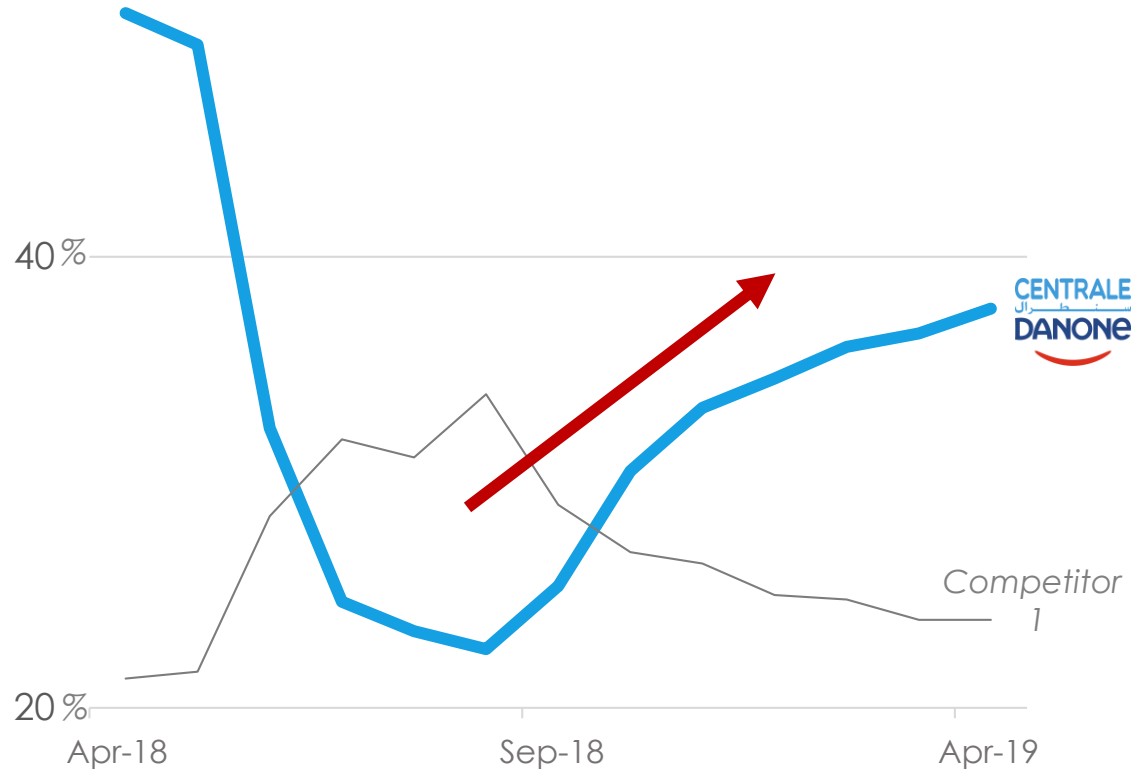




# Morocco: growth around 10% in Q2, regained leadership

## More than half of market share loss recovered

Fresh Milk Market Share



Source: Nielsen, Company data

### Unique consumer engagement process



### Accelerated innovation



### Milk portfolio adaptation



### Transparency in action





**Cory Richards**  
Explorer / Public Speaker / Photographer

**I WANNA  
OPEN  
YOUR EYES**

I wanna #liveyoung



## H1 2019 key figures

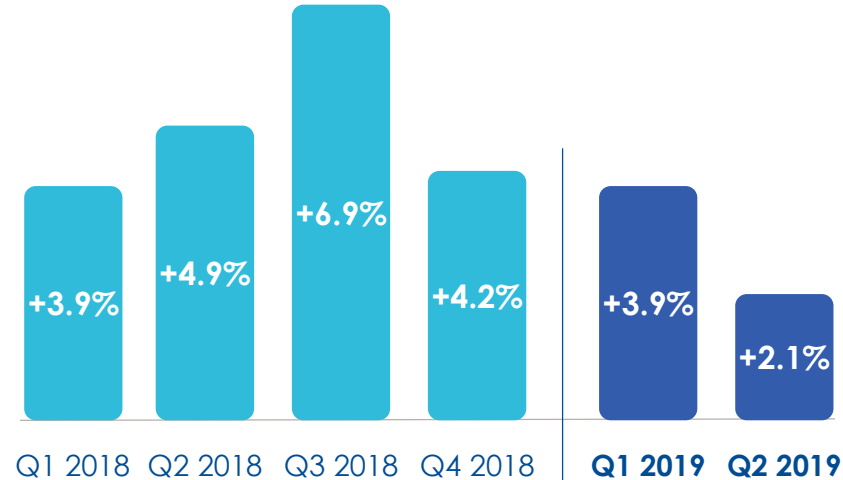
Sales	€2.4 bn
Like-for-like change	+2.8%
Volume / Value	+0.2% / +2.6%
Recurring operating margin	12.9%
Like-for-like change	+110 bps



**Waters: +2.1% in Q2**

**13% recurring operating margin from valorization and efficiencies**

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



### Europe: slightly negative growth

- Weather conditions in May driving sharp category decrease
- Aquadrinks innovation continued strong performance

### Asia: solid growth

- Growth led by Indonesia
- Gaining market share in Turkey
- Reworking Mizone to adapt to fast-changing category dynamics

### Latam: strong growth in Mexico, led by plain waters

(1) Like-for-like sales growth excluding Argentina



## Step-up of circular packaging

Concrete actions in H1 2019 to offer and promote sustainable packaging choices

Accelerated  
launch  
of new  
sustainable  
packaging  
offerings



Wimbledon  
“I recycle”  
activation



Offering  
alternatives  
beyond  
single use  
with evian  
(re)new

## Q2 and H1 2019 highlights

### Solid progress on growth and efficiency

#### Like-for-like Sales Growth

Rebound in Q2 confirming acceleration

**+2.5%**

€6.5 bn

Accelerating  
**Growth**



Recurring EPS

**+6.3%**

€1.87

#### Recurring Operating Margin

7<sup>th</sup> consecutive semester of improvement

**14.69%**

**+42 bps**

Maximizing  
**Efficiencies**

# Protein: on track to deliver 1 billion euros cumulative gross savings by 2020

## From SG&A reduction to more efficient operations



Spare parts  
3D printing



Truck fill rate  
optimization  
cross-categories



In-house center of  
expertise for advertising  
content production

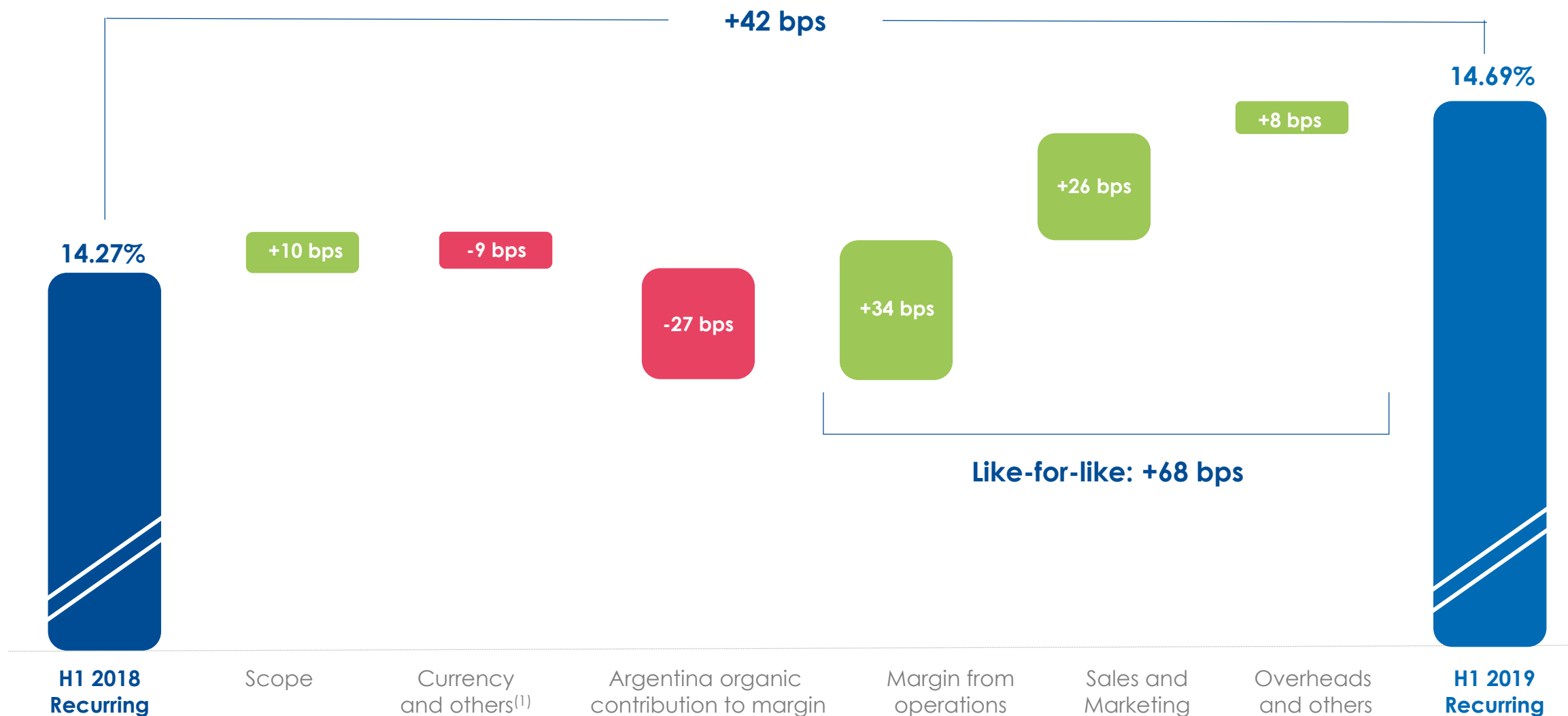
**~€150m**

**gross savings delivery in H1  
with > 60% from operations**

**Confirming full-year 2019 target**

**~€350m**

## Strong improvement in recurring operating margin Driven by increase in margin from operations



(1) Including IAS 29

## Q2 and H1 2019 highlights

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Maximizing  
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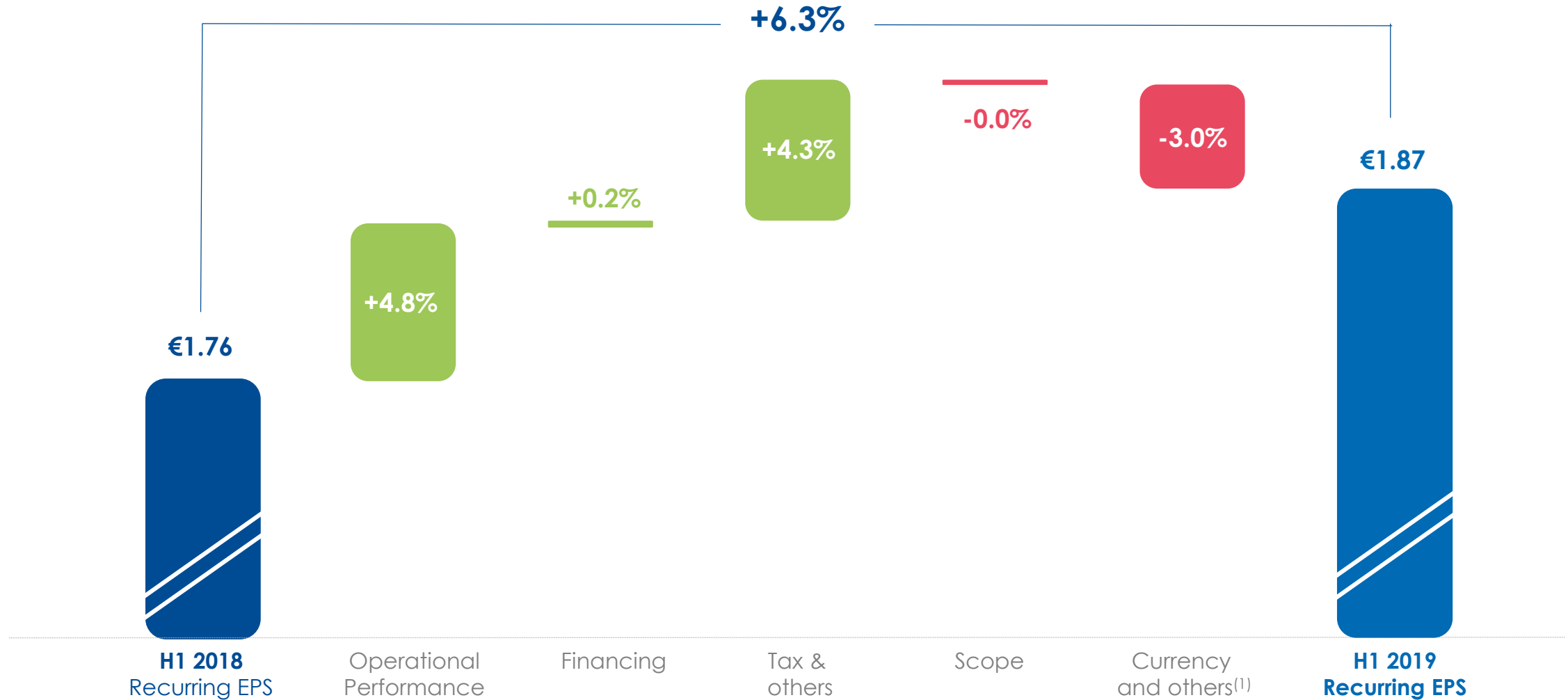
Recurring EPS

**+6.3%**

€1.87

## EPS bridge

Strong growth driven by operational performance



(1) Including IAS 29 impact

## From recurring operating income to net income

### Non-recurring costs from sale of *Earthbound Farm* and restructuring

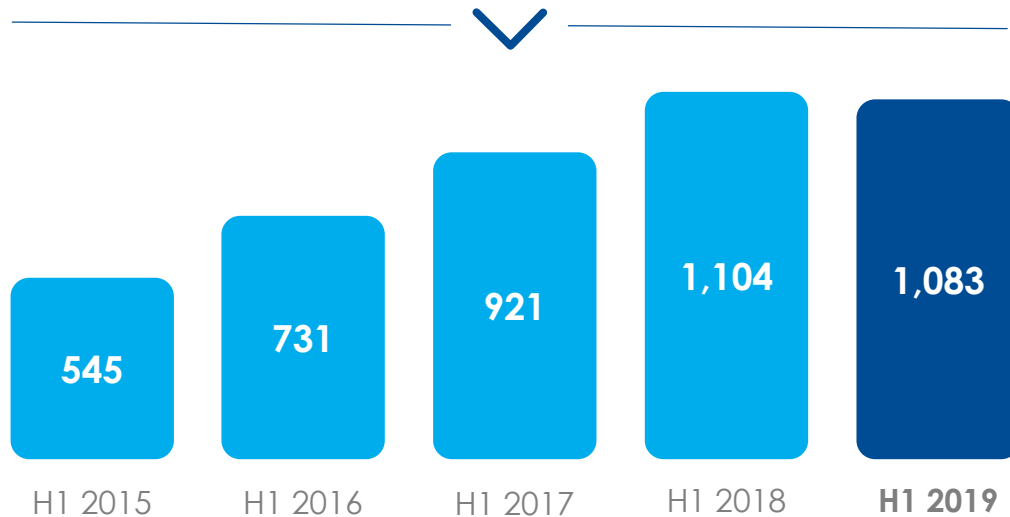
in € millions except if stated otherwise	H1 2018			H1 2019		
	Recurring	Non-recurring	Total	Recurring	Non recurring	Total
<b>Operating income</b>	<b>1,784</b>	<b>(695)</b>	<b>1,089</b>	<b>1,858</b>	<b>(314)</b>	<b>1,543</b>
Net financial result	(175)	3	(172)	(183)	0	(182)
Income tax	(475)	63	(412)	(453)	126	(327)
Net income from associates	46	701	747	51	1	51
<b>Net income</b>	<b>1,180</b>	<b>71</b>	<b>1,251</b>	<b>1,273</b>	<b>(187)</b>	<b>1,085</b>
Non-controlling interests	48	(1)	47	52	(1)	51
<b>Net income – Group share</b>	<b>1,132</b>	<b>72</b>	<b>1,204</b>	<b>1,221</b>	<b>(186)</b>	<b>1,035</b>
<b>EPS (€)</b>	<b>1.76</b>		<b>1.87</b>	<b>1.87</b>		<b>1.58</b>



## Over €1bn free cash flow in H1 2019

### Sustained cash delivery

#### Free cash flow (in € million)



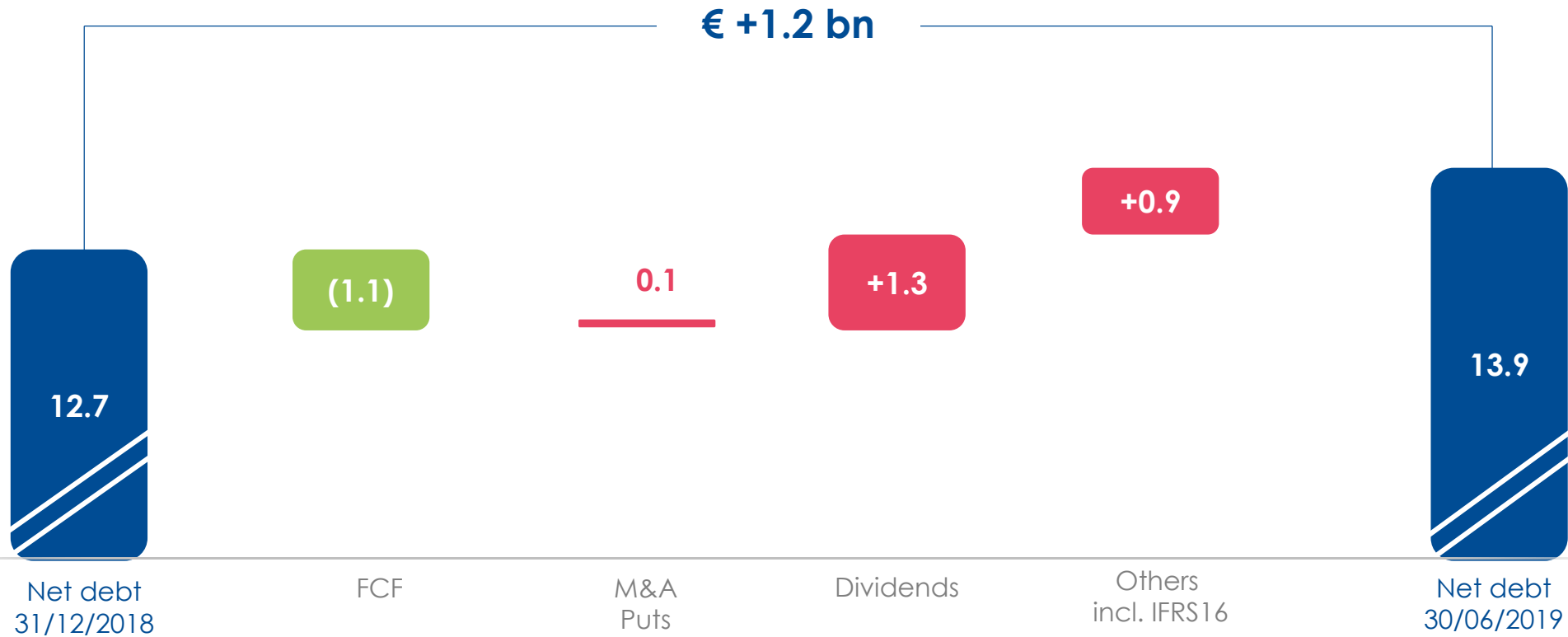
#### H1 2019 developments

- Strong NOPAT<sup>(1)</sup> delivery
- Restructuring costs impact
- Increased inventories
  - Brexit risk management
  - PET pre-buying opportunity

(1) Net Operating Profit After Tax

# Change in net debt

in € billion



# 2019 guidance confirmed; 2020 objectives reaffirmed

## H2 priorities to drive growth and margin acceleration

1

### Accelerate like-for-like sales growth

- Pursue dairy stabilization
- Push plant-based expansion
- Accelerate presence in fast-growing channels
- Capture premiumization and China low-tier cities opportunity

2

### Maximize efficiencies

- Protein savings ramp-up and reinvestment in sales & marketing
- First results from organization adaptation

3

### Allocate capital with discipline

- Capex step-up: increased investments in plant-based and innovation capacity increase

## 2019 full-year guidance

**LFL sales growth  
around 3%**

**Recurring operating  
margin above 15%**

# On track to accelerate the plant-based opportunity

## Solid execution of our growth plans

### Grow the core Battle for leadership



### Expand into new territories



### Robust innovation pipeline Adjacencies, new brands

Launch  
Activia  
plant-based  
in Europe



Boost  
ready-to-drink  
coffee



# Driving long-term transformation for a unique investment proposition

## Lead the way to create and share sustainable value

2030  
GOALS

### OUR BRAND MODEL



### OUR BUSINESS MODEL

### OUR TRUST MODEL

### Healthier



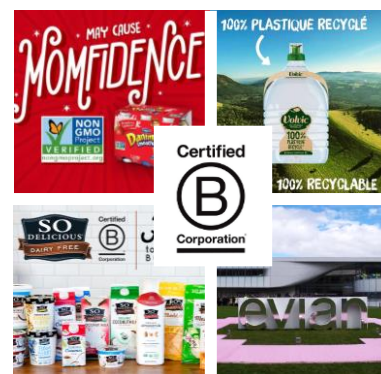
### Local



### Leader



### Responsible



### Agile



### Purpose












**DANONE**  
ONE PLANET. ONE HEALTH

## Appendix



## Q2 2019 sales by reporting entity and by geographical area

	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Company
 <b>Europe and Noram</b>				
Sales	€2,180m	€764m	€527m	€3,471m
LFL growth	+1.7%	+0.8%	-1.3%	+1.1%
 <b>Rest of the world</b>				
Sales	€1,103m	€1,102m	€819m	€3,025m
LFL growth	+3.2%	+4.9%	+4.5%	+4.2%
 <b>Company</b>				
Sales	€3,283m	€1,866m	€1,346m	€6,496m
LFL growth	+2.2%	+3.2%	+2.1%	+2.5%

## Q2 & H1 2019 impact of currencies & scope

Q2 2019	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	+0.8%	+1.9%	+1.6%	+1.3%
Argentina organic contribution to growth	+0.4%	+0.3%	+0.0%	+0.3%
Currency and others <sup>(1)</sup>	+0.7%	-1.6%	-0.6%	-0.2%
IAS 29 impact	+0.1%	+0.0%	+0.1%	+0.1%
Scope	-2.7%	-	-	-1.4%
<b>Like-for-like sales growth</b>	<b>+2.2%</b>	<b>+3.2%</b>	<b>+2.1%</b>	<b>+2.5%</b>

H1 2019	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	+0.7%	+1.4%	+2.2%	+1.2%
Argentina organic contribution to growth	+0.3%	+0.3%	+0.1%	+0.3%
Currency and others <sup>(1)</sup>	+0.4%	-0.7%	-0.9%	-0.1%
IAS 29 impact	+0.1%	+0.0%	+0.1%	+0.1%
Scope	-1.3%	-	-	-0.7%
<b>Like-for-like sales growth</b>	<b>+1.2%</b>	<b>+1.8%</b>	<b>+2.8%</b>	<b>+1.7%</b>

(1) Excluding IAS29 impact

## Changes in exchange rates

	% total H1 2019	H1 19 vs H1 18 (avg)	Q2 19 vs Q2 18 (avg)
United States Dollar	20.6%	7.2%	+6.1%
Chinese Renminbi	7.3%	+0.5%	-1.0%
Russian Ruble	6.4%	-2.4%	+2.0%
Indonesian Rupiah	5.7%	+3.9%	+3.8%
British Pound	5.1%	+0.7%	+0.1%
Mexican Peso	4.7%	+6.6%	+7.6%
Brazilian Real	2.8%	-4.7%	-2.6%
Polish Zloty	2.5%	-1.7%	-0.5%
Hong Kong Dollar	2.5%	+7.1%	+6.2%
Argentine Peso	2.1%	-44.4%	-43.7%
Canadian Dollar	1.8%	+2.6%	+2.3%
Turkish Lira	1.7%	-21.9%	-20.9%
Australian Dollar	1.7%	-2.0%	-2.0%
Moroccan Dirham	1.6%	+3.7%	+3.1%

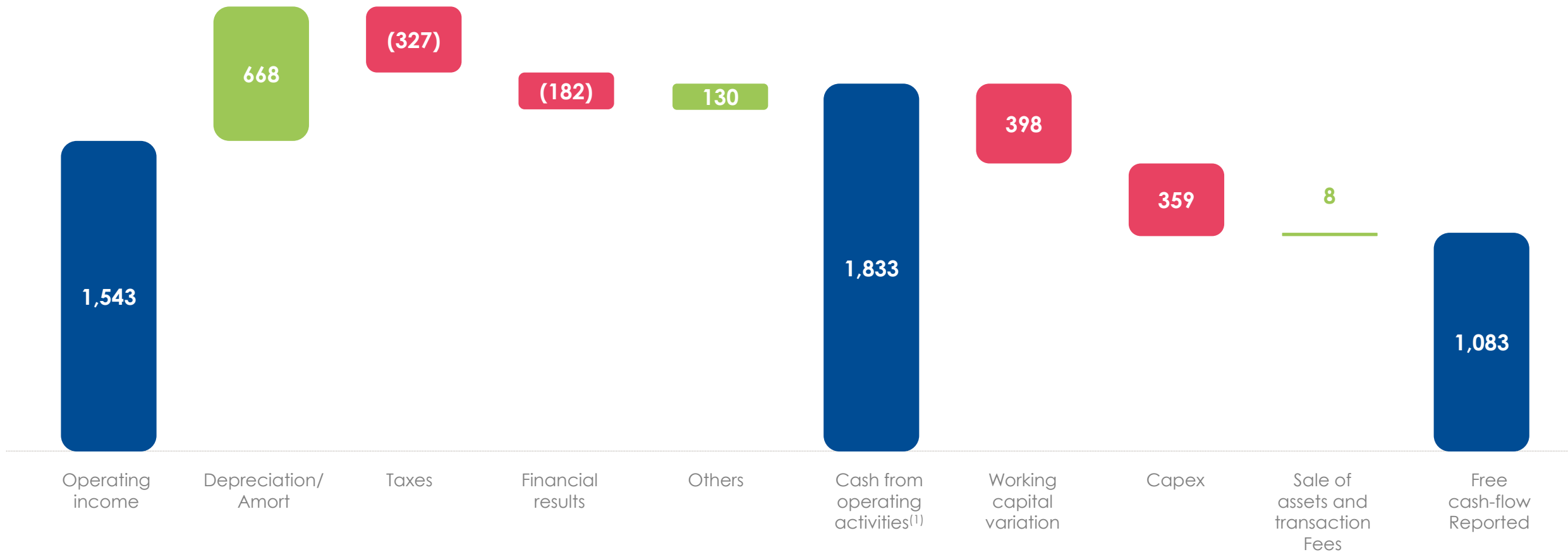


## Recurring operating margin

	H1 2018	H1 2019	Like-for-like change
Essential Dairy & Plant-based	9.00%	9.41%	<b>+58 bps</b>
Specialized Nutrition	25.53%	25.28%	<b>+55 bps</b>
Waters	11.45%	12.87%	<b>+110 bps</b>
Europe & Noram	12.98%	13.75%	<b>+102 bps</b>
Rest of the world	15.80%	15.79%	<b>+15 bps</b>
<b>Total</b>	<b>14.27%</b>	<b>14.69%</b>	<b>+68 bps</b>

# Cash bridge

in € million



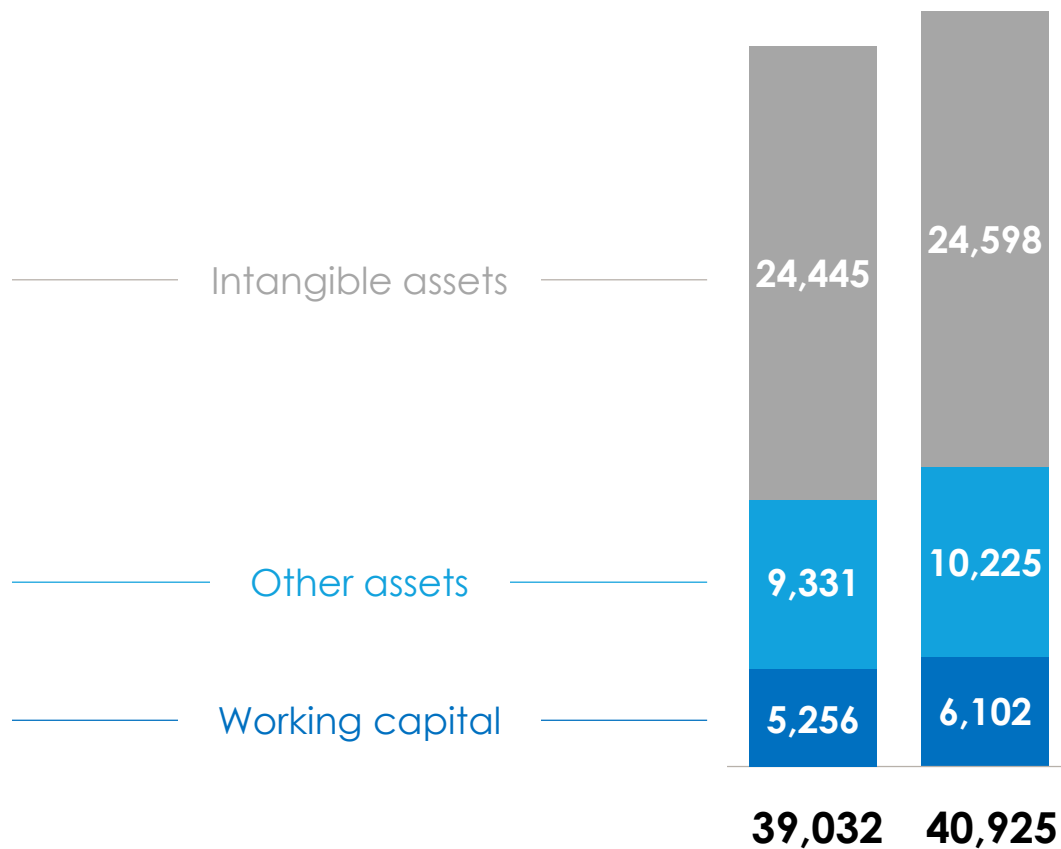
(1) Excluding working capital variations

# Balance sheet

in € million

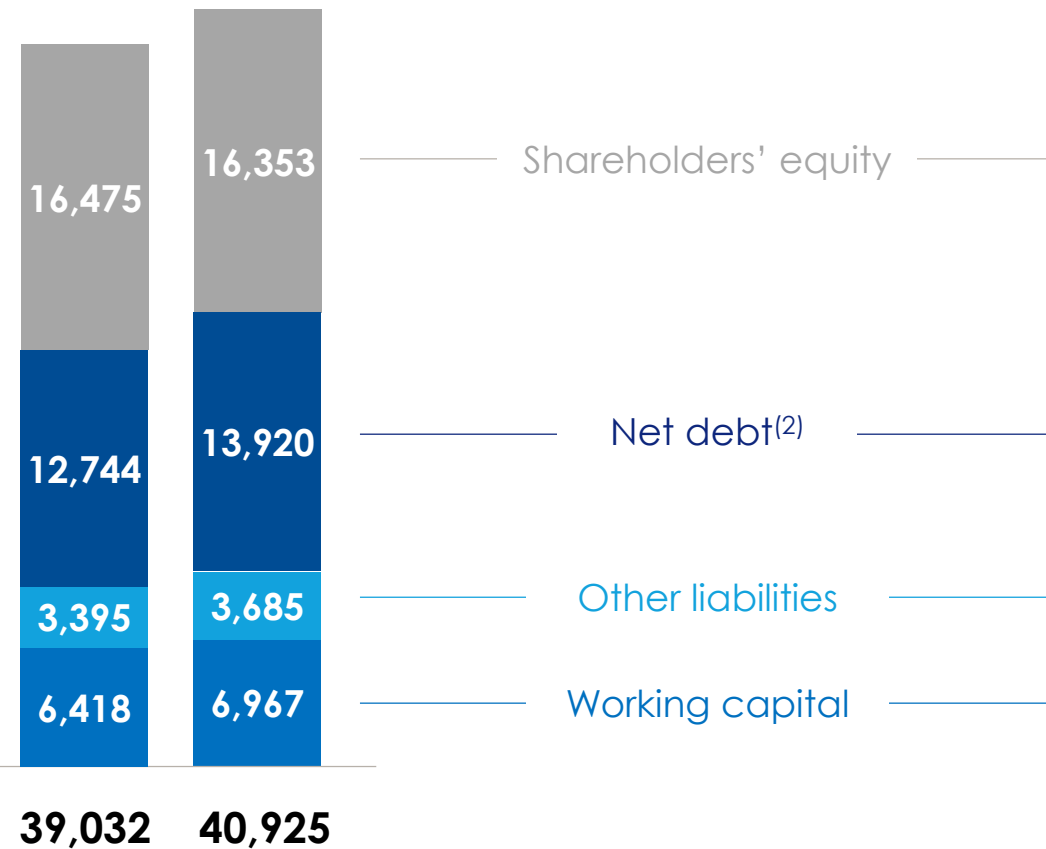
## Assets<sup>(1)</sup>

31/12/18 30/06/19



## Liabilities

31/12/18 30/06/19



(1) Excluding assets included in net debt

(2) Net of cash, cash equivalents, marketable securities, other short-term investments and financial instrument asset