



**DANONE**  
ONE PLANET. ONE HEALTH

# FULL-YEAR 2019 RESULTS

February 26, 2020

Emmanuel Faber  
Cécile Cabanis



# 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”, “objective”, “believe”, “forecast”, “guidance”, “outlook”, “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.*
- *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 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](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 securities.*
- *All references in this presentation to Like-for-like (LFL) 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 FY 2019 results press release issued on February 26, 2020 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.*

# CEO introduction

## What you will hear from us today

### We...

- made strong progress in 2019 with the execution of our strategic priorities despite headwinds
- close a 5-year cycle with a strong strategic and financial track record
- start a new cycle towards our 2030 goals
- massively accelerate our investments to shape a fully climate-powered business model
- update our 2020 objectives, recognizing this year as pivotal towards 2030
- are committed to disciplined capital allocation to create and share long-term sustainable value
- **are fully confident we are taking the right steps to create a virtuous cycle that fuels a superior growth model and unlocks sustainable value further and faster**

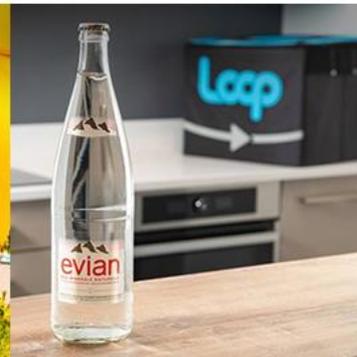


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## Highlights

**Emmanuel Faber**  
Chairman and CEO



# 2019 performance aligned to our business, brand and trust model

## Committed to responsible value creation



### OUR BRAND MODEL



### Our business model

Earnings delivery

**+ 8.3%**

recurring EPS growth in 2019

### Our brand model

Recognized superior environmental performance

**AAA**

CDP ranking among top-6 worldwide

### Our trust model

Unlocking people power

**> 86%**<sup>(1)</sup>

Strong sustainable employee engagement

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

## Strong progress in 2019

Broad-based  
LFL sales growth

**+2.6%**  
€25.3bn

Step change  
in recurring  
operating margin

**15.2%**  
+76bps

Record  
recurring  
EPS level

**3.85€**  
+8.3%

All-time high  
cash conversion

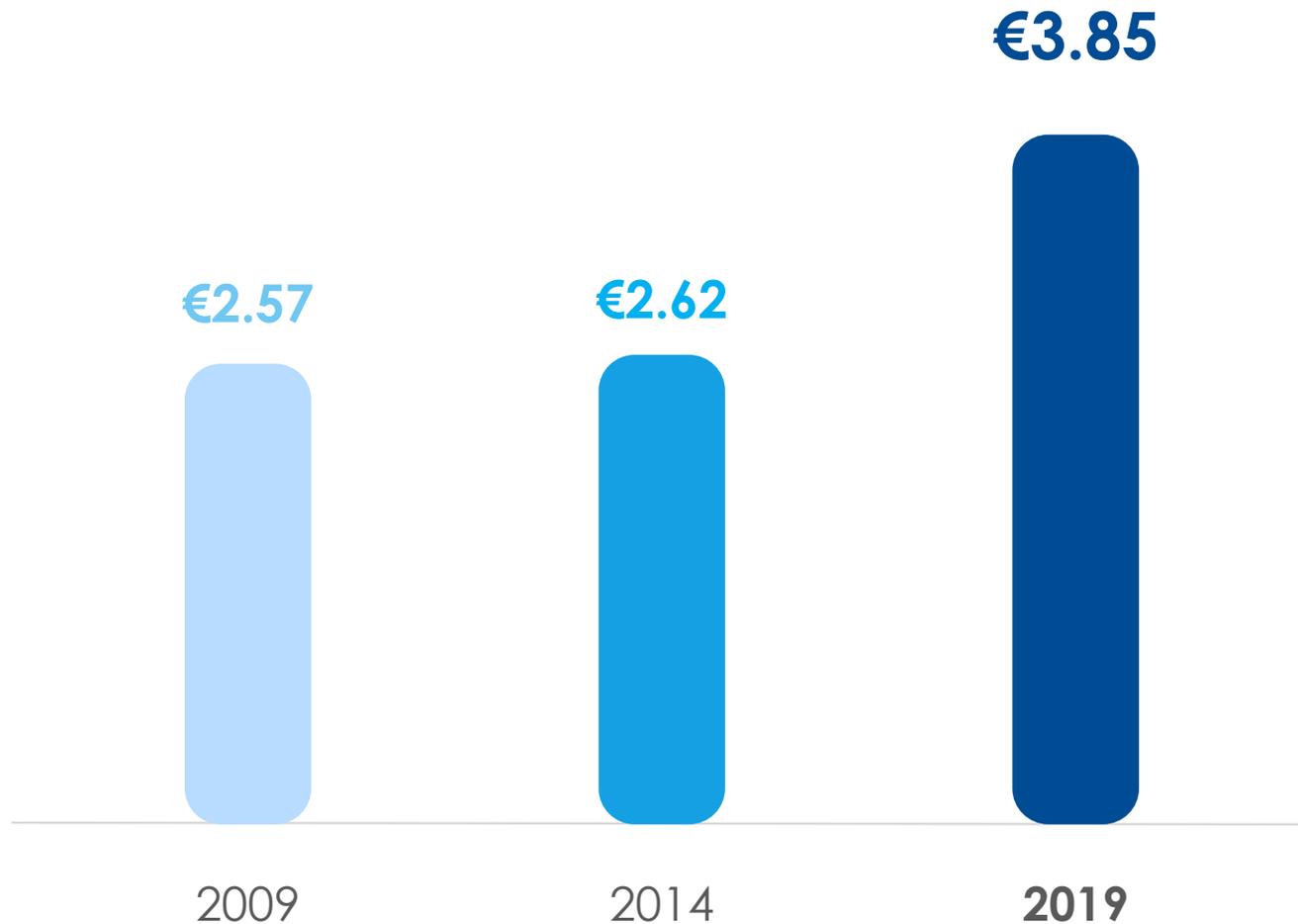
**9.9%**  
FCF / net sales

Strong balance  
sheet, one year  
ahead of plan

**2.8x**  
Net debt / EBITDA

## Closing 2019 with strong financial track record

### Strong recurring EPS growth delivery



**~+50%**  
Recurring  
EPS growth  
in 5 years



DISCLOSURE INSIGHT ACTION

**A LIST**  
**2019**

CLIMATE FORESTS WATER



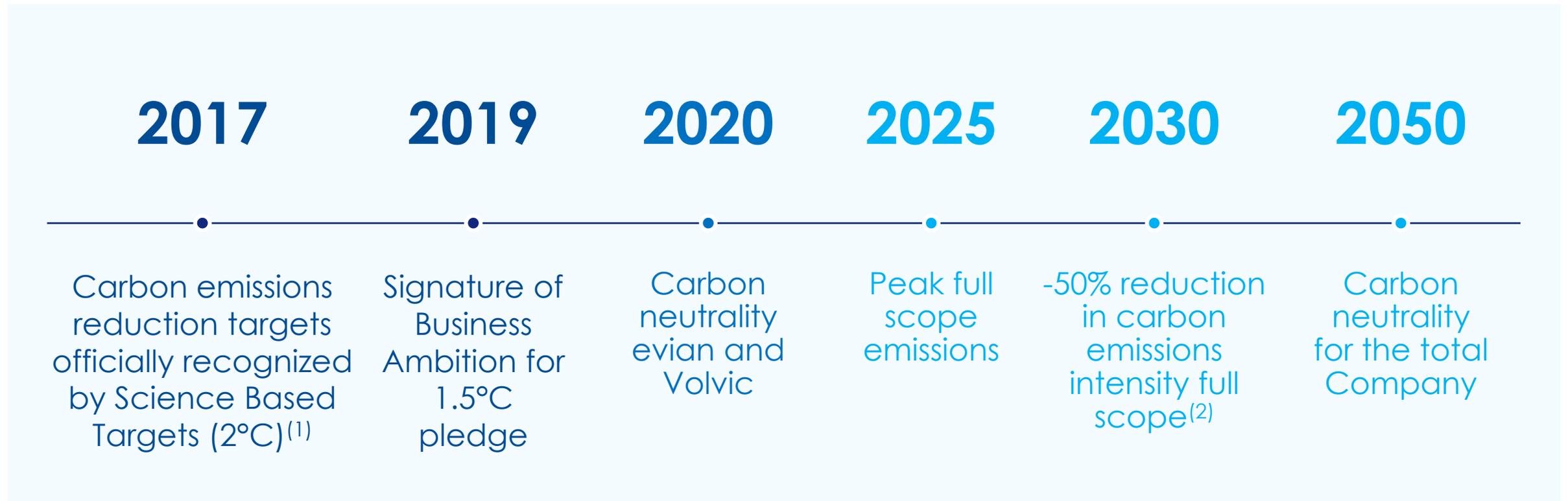
As a **triple A List** company we're  
building a climate-safe, water-secure  
& deforestation-free future



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# Leading the battle against climate change

## Pioneering and taking bold commitments to transition to low-carbon economy



*(1) The Science Based Targets is a coalition defining and promoting best practices for companies' transition to the low-carbon economy; (2) Compared to 2015 baseline, based on constant scope of consolidation and constant methodology*

## Leading the battle against climate change Peak full scope carbon emissions reached in 2019

# Peak full scope carbon emissions reached in 2019 5 years ahead of plan

95%

emissions related to  
scope 3 activities

~60%

emissions from  
agriculture

27mT

absolute emissions in  
full-scope (1, 2, and 3 <sup>(1)</sup>)

-9.4%

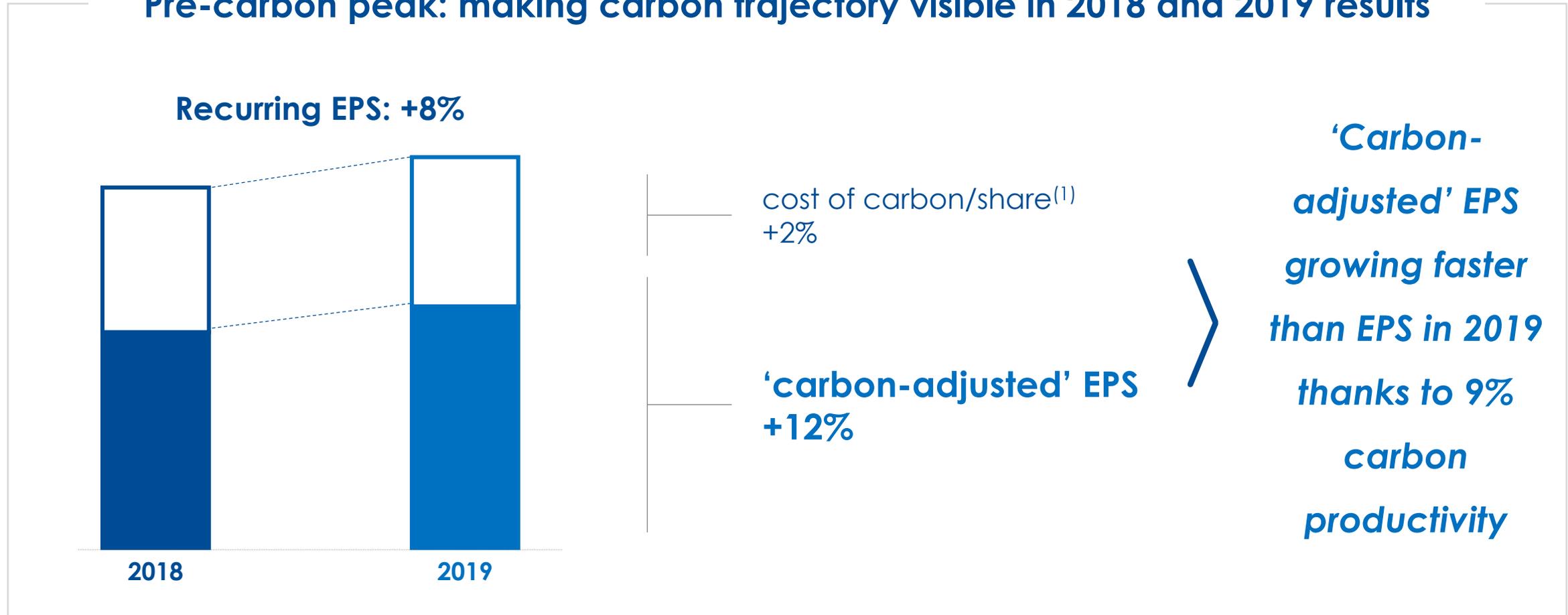
in carbon  
emissions intensity  
vs. 2018 on a like-  
for-like basis

*(1) The GreenHouse Gas protocol defines three scopes for carbon footprint assessment: Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream.*

# Leading the battle against climate change

## Providing visibility into the cost of carbon emissions to our earnings

### Pre-carbon peak: making carbon trajectory visible in 2018 and 2019 results



(1) Based on a cost estimate of 35€/ton of carbon (CDP disclosure) and on Danone full scope carbon emissions

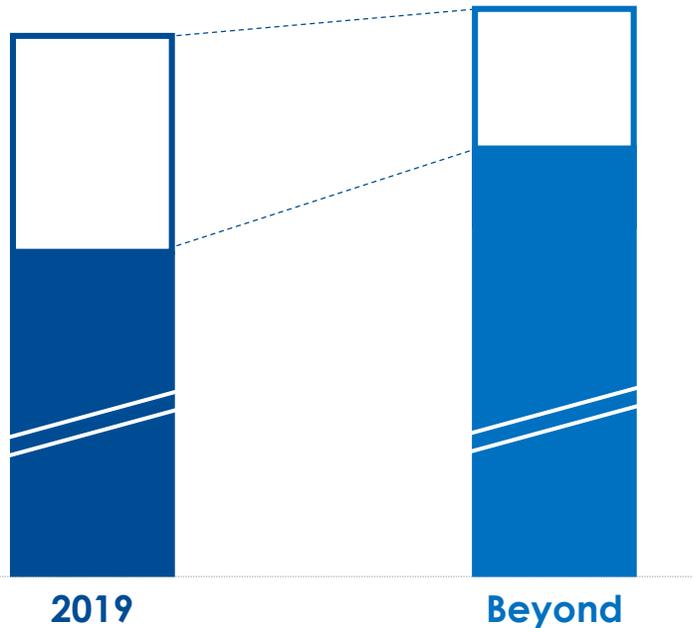
Note: CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

# Leading the battle against climate change

## Providing visibility into the cost of carbon emissions to our earnings

### Post-carbon peak: 2020 onwards

Recurring EPS: +X%



cost of carbon/share<sup>(1)</sup>  
-Y%

'carbon-adjusted' EPS  
>> +X%

Starting 2020, 'carbon-adjusted' net income set to grow faster than recurring net income as carbon emissions decrease after peaking in 2019

(1) Based on a cost estimate of 35€/ton of carbon (CDP disclosure) and on Danone full scope carbon emissions

Note: CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts

# Entrusting Danone people to create new futures

## One Person, One Voice, One Share

**April 2019**  
an AGM like no other



**May 2019**  
each employee is granted one Danone share  
and paid €78 dividend-sharing scheme<sup>(1)</sup>



(1) Representing 40x the €1.94 dividend paid to Danone's shareholders



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# Financial review

**Cécile Cabanis**  
Chief Financial Officer



# A year of progress

## Strategic priorities

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**1** Sales growth acceleration

**2** Efficiency maximization

**3** Disciplined capital allocation

## 2019 highlights

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- All businesses growing
- Acceleration throughout the year despite headwinds in H2
- Exited the year at 4%+ rate
  
- Gross margin improvement after 2 years decline
- Continued record productivity and savings at ~900m€
- Sustained investments behind brands
  
- Net Debt / EBITDA at 2.8x
- ROIC improvement: ~70bps

# 2019 financial review

**Net  
sales**

**+2.6%<sup>(1)</sup>**  
**€25.3bn**

**Recurring  
operating margin**

**15.2%**  
**+76bps**

**Recurring  
EPS**

**3.85€**  
**+8.3%**

**Free  
cash flow**

**9.9%**  
**FCF / net sales**

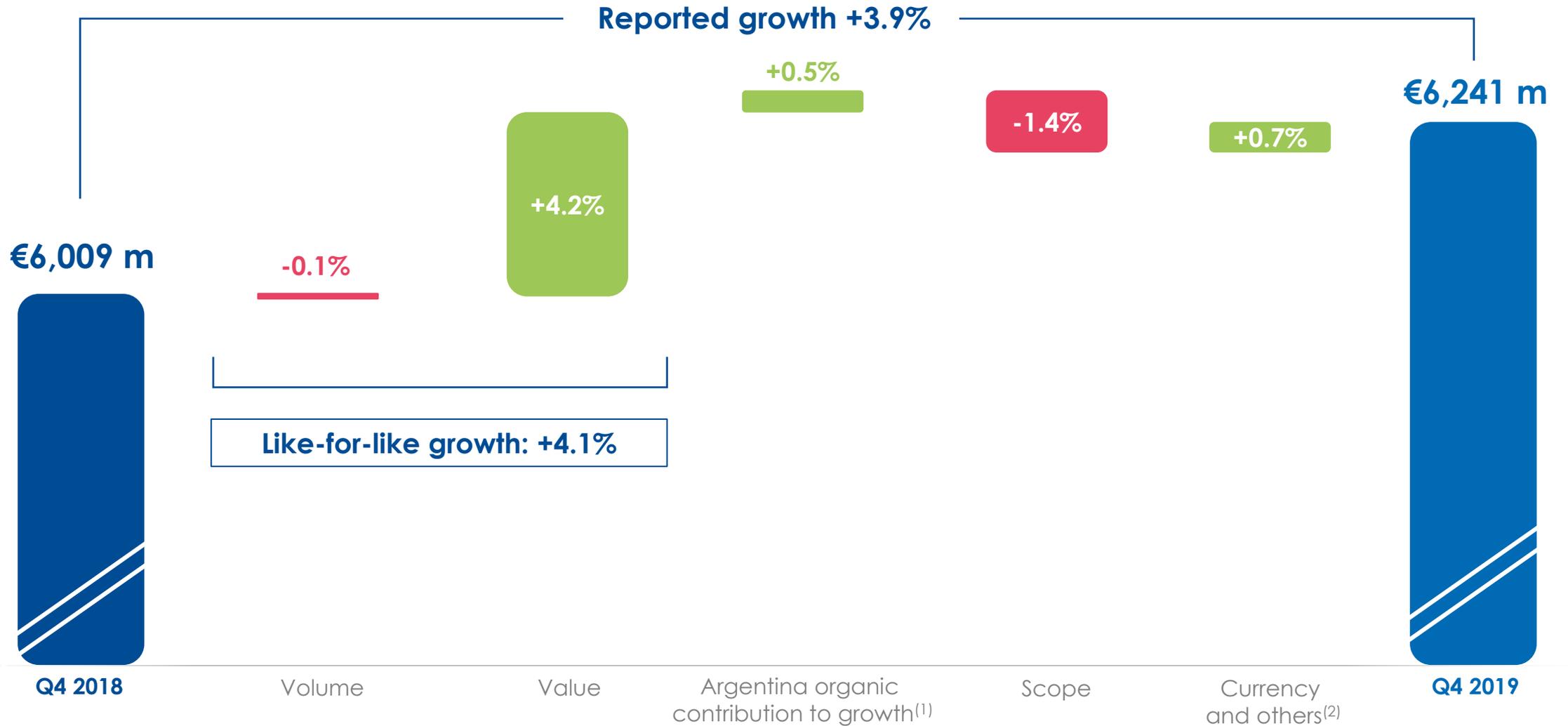
**Balance  
sheet**

**2.8x**  
**Net debt / EBITDA**

(1) Like-for-like growth

# Q4 LFL sales growth > +4%

## Improved volumes driving growth acceleration



(1) As a reminder, starting from January 2019, all like-for-like data exclude the contribution of Argentinian entities; (2) Including IAS 29



DANK APTAMIL PROSYNEO HA 2  
BEREIT FÜR DEN FRÜHLING



an Sie Ihr Baby die blühende  
unsere einzigartige Aptamil  
stützt sein Immunsystem.  
schonend aufgespaltenem  
Kombination aus GOS/FOS  
etzt mit den Vitaminen A, C  
unsystems.



# SPECIALIZED NUTRITION





## Specialized Nutrition: +10.2% in Q4

### Another year of strong sales growth with record-high profitability

#### FY2019 key figures

Sales	€7.6bn
Like-for-like change	+5.8%
Volume / Value	-0.1% / +6.0%
Recurring operating margin	25.3%
Change	+49bps

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



**Advanced Medical Nutrition:** steady mid-single digit growth

**Early Life Nutrition:** >10% sales growth

- **Total China:** high-single-digit growth for the full-year, with Q4 >20%
  - Sales phasing from Chinese New Year timing and excellent 11/11
  - Mid-single-digit category growth in 2019
- **Other geographies:** mid-single digit growth led by rest of Asia

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

← POSSIBLY →  
**THE BEST YOGURT  
IN THE WORLD®**



*Partagez, Aimez, Savourez*



## ESSENTIAL DAIRY & PLANT-BASED



**DANONE AUX FRUITS D'ICI**

Le yaourt aux bons fruits de nos régions





## Essential Dairy & Plant-based: +1.5% in Q4 Strong Plant-based, Essential Dairy flat

### FY2019 key figures

Sales	€13.2bn
Like-for-like change	+1.1%
Volume / Value	-2.2% / +3.3%
Recurring operating margin	10.2%
Change	+13bps

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



### Europe: 3<sup>rd</sup> consecutive quarter of growth

### North America improving to slightly positive growth in Q4

- Improving U.S. Yogurt
- Strong growth from top-3 brands *International Delight*, *Silk* and *Horizon*
- Vega under pressure

### Rest of the world

- CIS: decline in line with Q3; working on revitalizing traditional dairy
- Strong growth in Mexico, Brazil and Morocco

### Plant-based: ~ €1.9bn sales in 2019, strong growth in Q4

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



# WATERS





# Waters: +1.4% in Q4

## Solid growth in emerging markets and large formats

### FY2019 key figures

<b>Sales</b>	<b>€4.6bn</b>
<b>Like-for-like change</b>	<b>+1.5%</b>
Volume / Value	-0.4% / +1.8%
<b>Recurring operating margin</b>	<b>13.0%</b>
Change	+219bps

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



### Europe

- Return to growth driven by Spain and Poland

### Asia

- Consistent strong growth in Indonesia and Turkey
- Mizone: paused investment, steep double-digit decline

### Latam

- Strong growth in plain waters

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

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FCF / net sales

Balance sheet

**2.8x**  
Net debt / EBITDA

(1) Like-for-like growth

# Overall ~€900m sustainable gross savings in 2019

## Accelerating in second half of the year

FY2019  
efficiency delivery

**~€900m**

### Protein program: ahead of plan

~€400m gross savings in 2019

~€700m cumulated savings since program launch

From SG&A reduction to more efficient operations

Over-delivery in Waters

### Productivities

Procurement

Product re-engineering

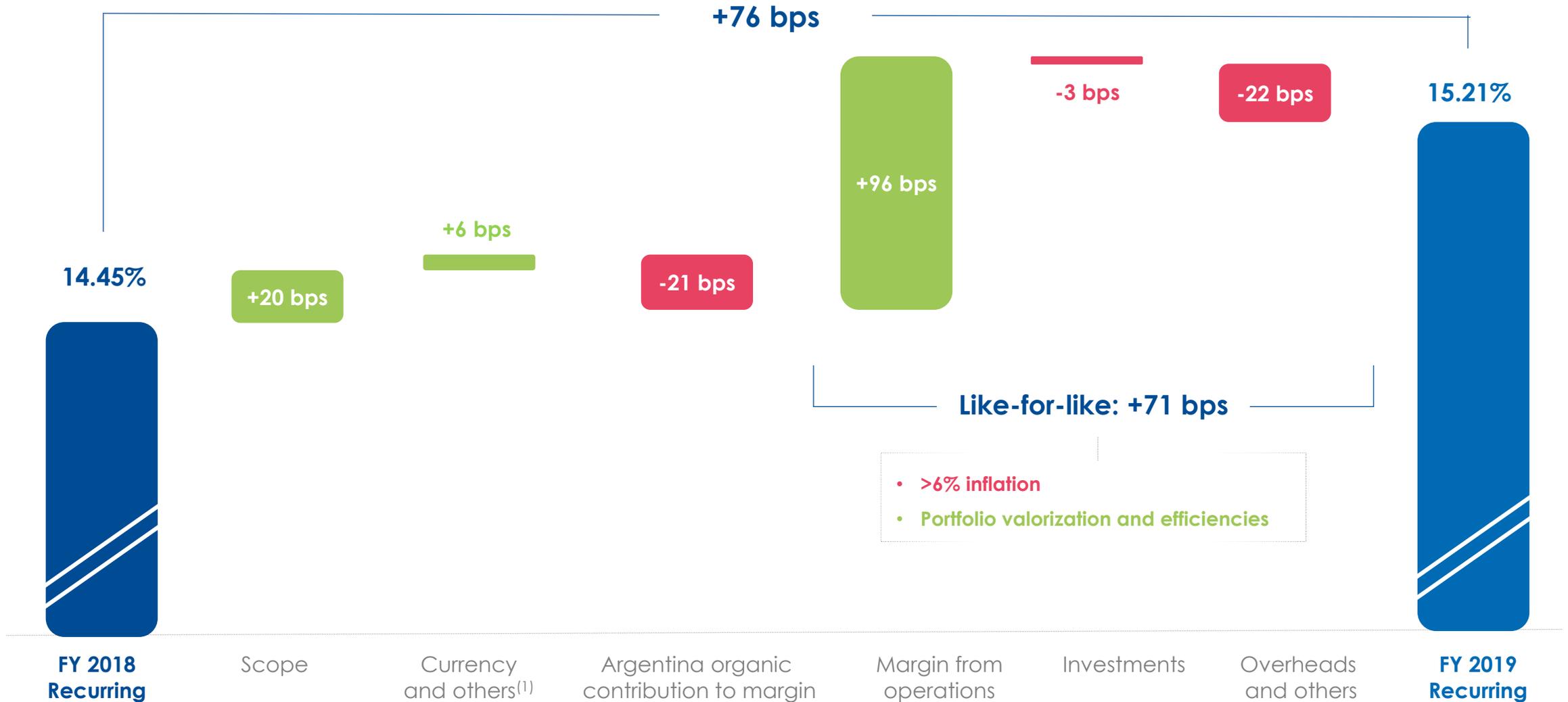
Supply-chain optimization

### Organization adaptation

Specialized Nutrition integration and review of regional footprint

# Very strong margin improvement despite raw materials inflation

## Margin from operations up after 2 years of decline



(1) Including IAS 29

# 2019 financial review

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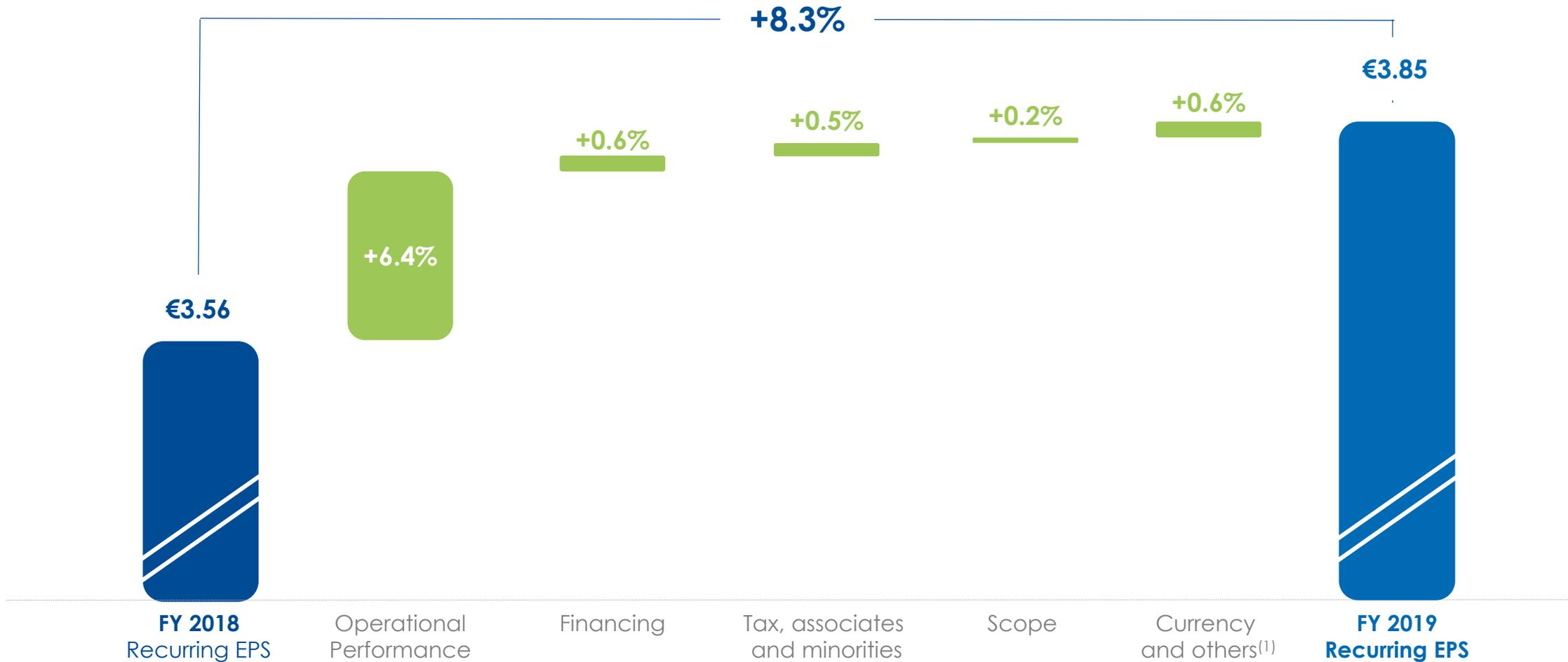
Balance sheet

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(1) Like-for-like growth

# Recurring EPS bridge

## Operational performance driving strong recurring EPS growth

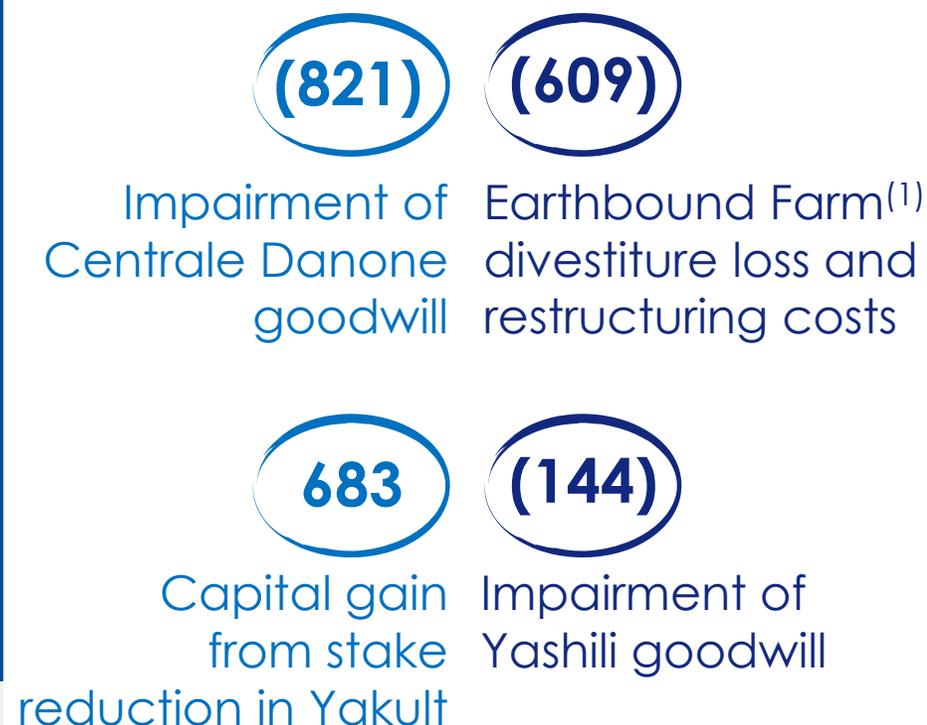


(1) Including IAS 29 impact

## Bridging reported and recurring performance

### Earthbound Farm divestiture and SN integration driving non-recurring expenses

	2018	2019	Change 2019 vs 18
<b>Recurring net income (m€)</b>	2,304	2,516	<b>+9.2%</b>
<b>Non-recurring net income (€m)</b>	<b>46</b>	<b>(586)</b>	<b>(632)</b>
<b>NON-RECURRING ITEMS</b>			
Operating income	(821)	(609)	+212
Total Financial expenses	2	(0)	(2)
Income tax	179	163	(16)
Net income from associates	683	(144)	(827)
Non-controlling interests	3	4	(1)
<b>Reported net income (m€)</b>	<b>2,349</b>	<b>1,929</b>	<b>-17.9%</b>



Note: Net income group share; (1) Divestiture of Earthbound Farm on April 2019

# 2019 financial review

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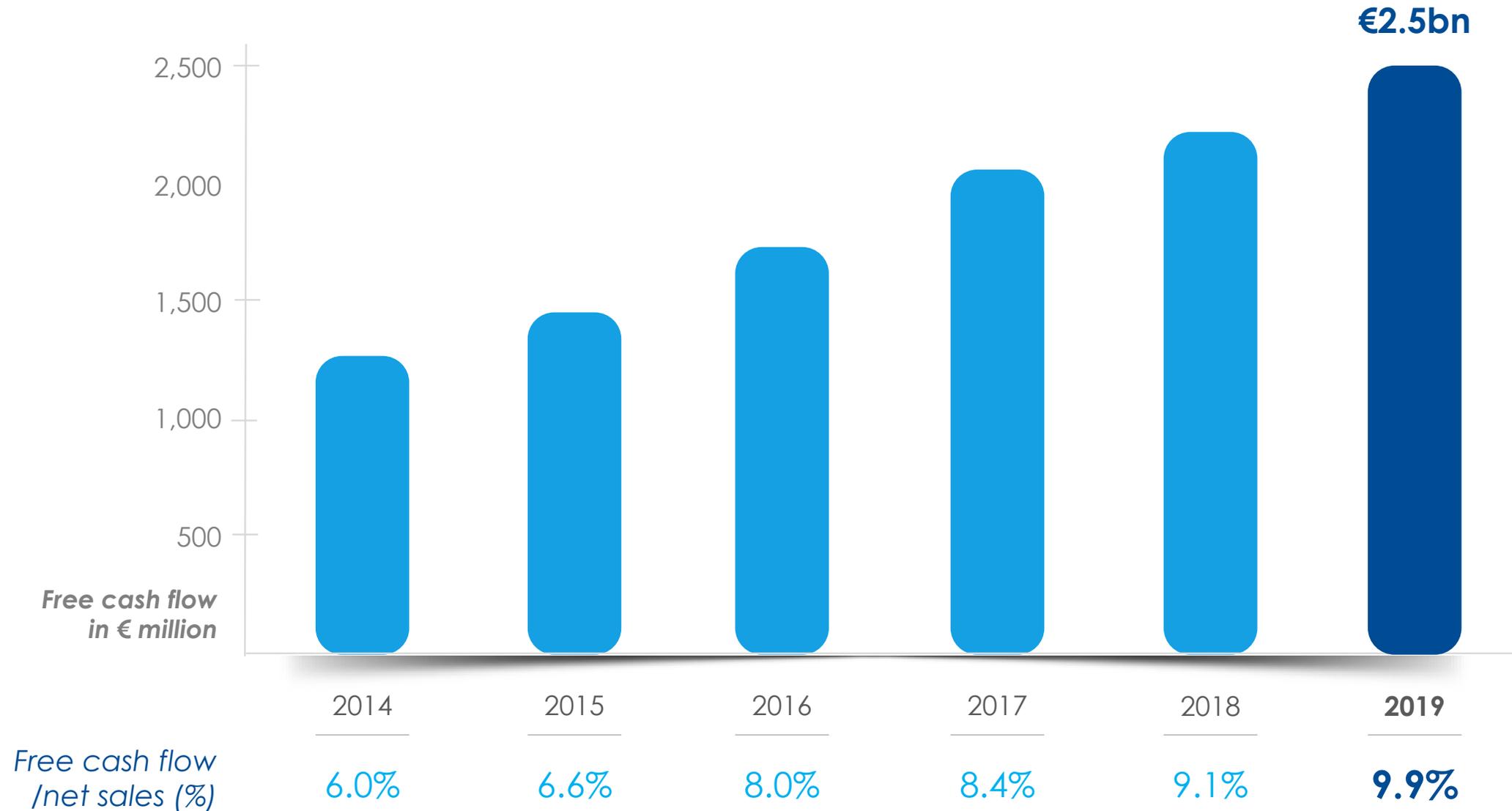
**9.9%**  
FCF / net sales

Balance  
sheet

**2.8x**  
Net debt / EBITDA

(1) Like-for-like growth

## Another year of cash conversion increase Driven by earnings growth



## 2019 financial review

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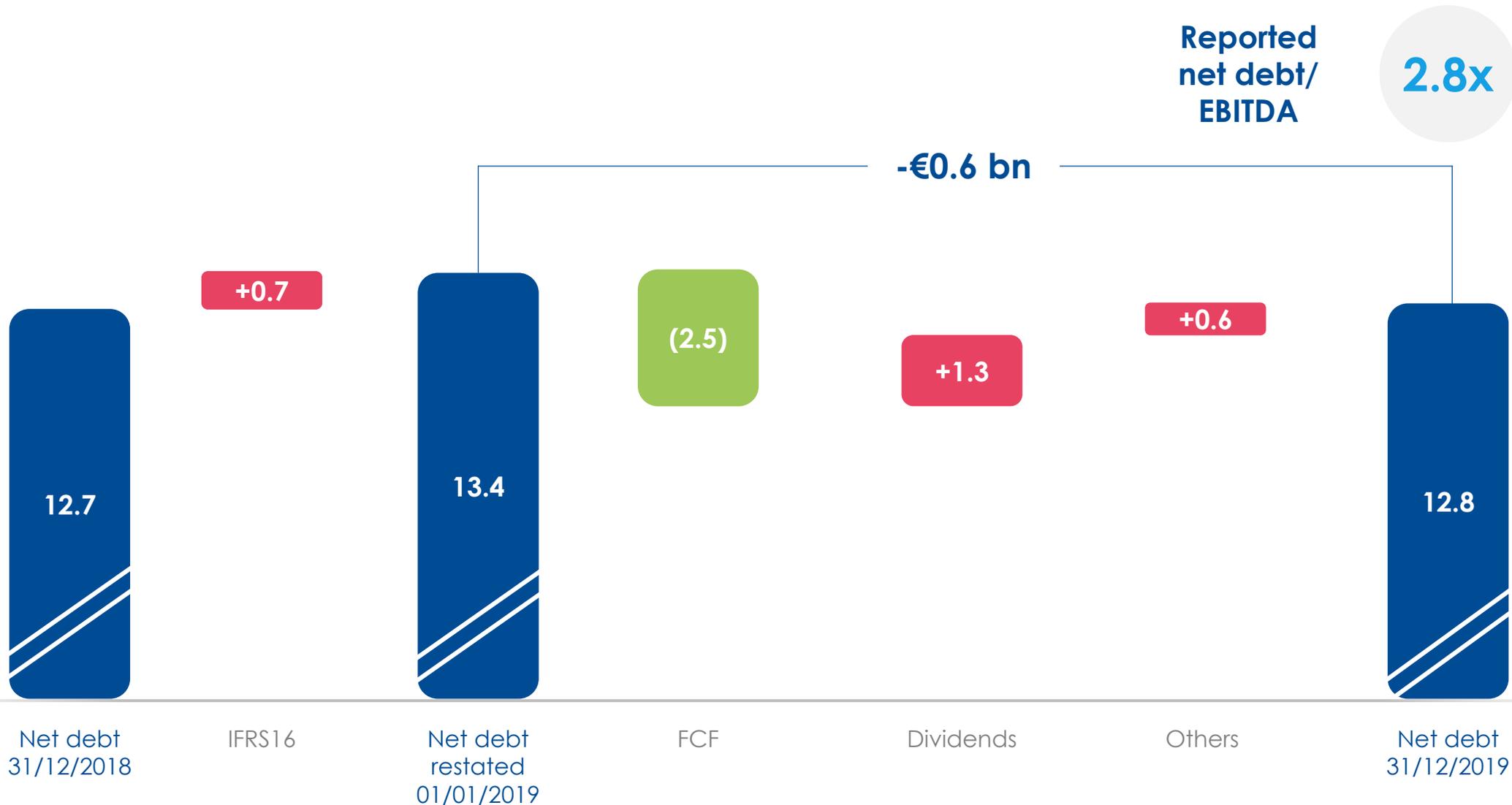
Balance  
sheet

**2.8x**  
Net debt / EBITDA

(1) Like-for-like growth

# Change in net debt

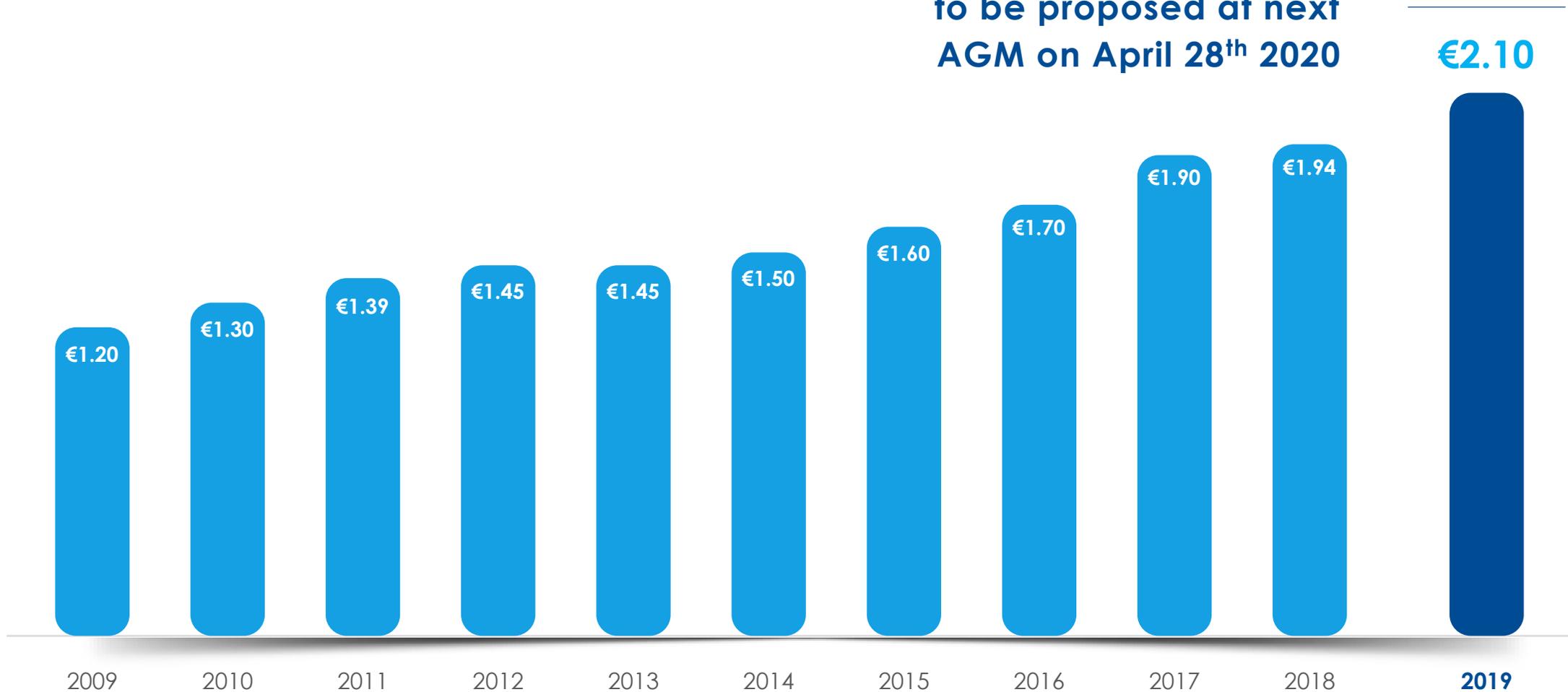
## Reaching net debt/EBITDA < 3x, one year ahead of plan



Note: data in € billion

## Raising dividend by +8% Reflecting confidence and resilience

**€2.10** dividend per share in cash  
to be proposed at next  
AGM on April 28<sup>th</sup> 2020





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## Strategic Priorities

Investment to accelerate  
climate action of our brands  
and strengthen our growth  
model

Emmanuel Faber

Chairman and CEO



## Transformation in motion

Adapting to quickly changing behavior and social norms

# 2014 -19

**DANONE**  
*2020\**

Adapting to  
anticipate  
the food  
revolution

# 2020



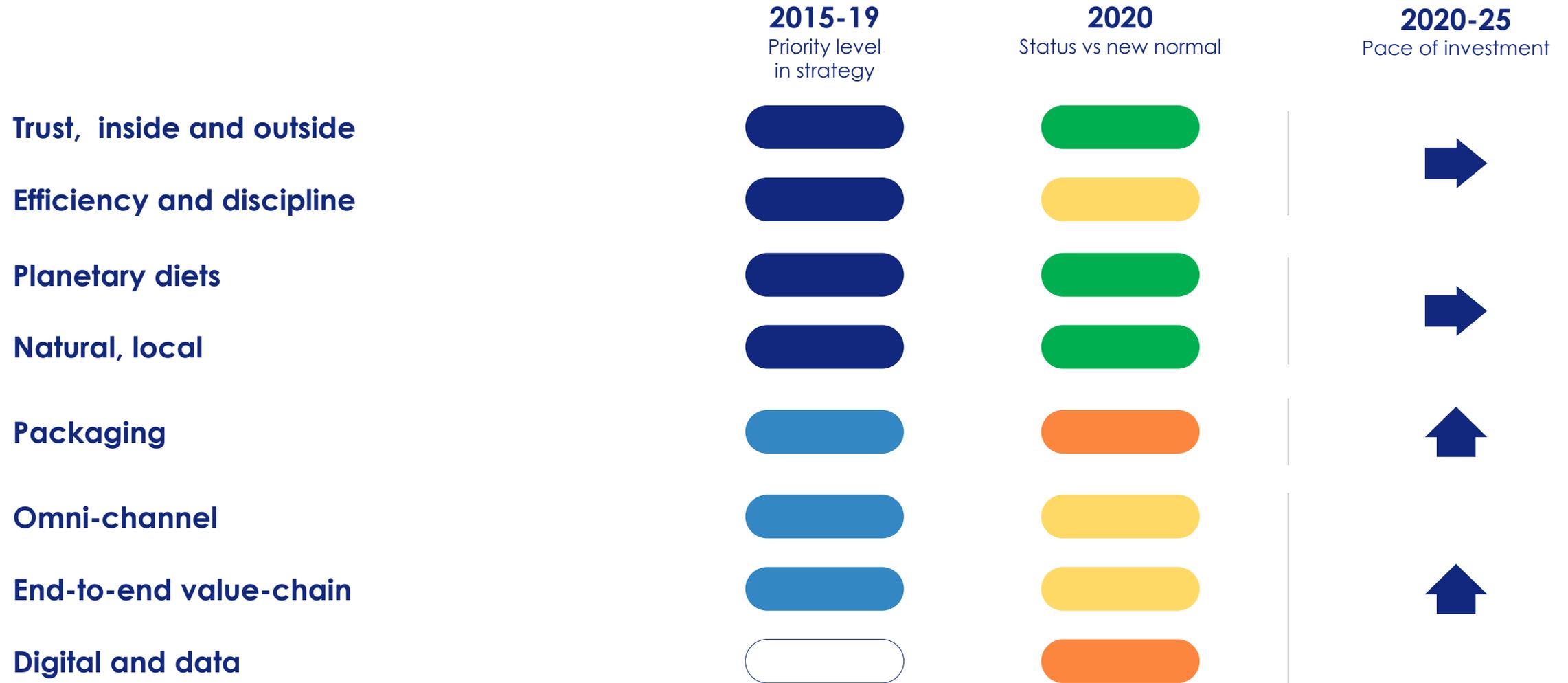
Climate  
accelerating  
industry  
disruption

# 2025



Staying  
ahead  
of the curve

# Transformation acceleration required in 2020 to stay ahead of the curve



# We invest to act now

## Leveraging climate action to generate resilient growth models for our brands

### Brand model

Joining people's fight for the planet with the

**power of our brands**



### Sourcing model

**Climate-efficient**

**sourcing** for

planetary diets and regenerative agriculture



### Operating model

Putting climate-efficiency and resilience at the core of our

**business model**



### Technology and Data

Unlocking growth, efficiency and sustainability with the

**power of data**



# We invest to act now

## Doubling-down on our climate-impact investments

### Faster pace of transformation

2020-2022

around  
**€2bn**

accelerated  
investment  
of which ~€900m  
on Packaging



**Innovation**  
next frontiers



**Brands**  
activist



**Sourcing**  
climate-efficient



**Packaging**  
responsible



**Value-chain**  
end-to-end connected



### Fueling a superior Growth model

through **Superior**



**Categories**



**Value propositions**



**End-to-end reach**



**People  
engagement**

## We invest to act now



**Diets and  
agriculture**



**Packaging  
circularity**



**Digital  
End to end**

## We invest to act now



**Diets and  
agriculture**



Packaging  
circularity



Digital  
End to end

## We invest to act now

# Regenerative agriculture as a key driver for climate resiliency of food supply



### **Eroding soils from carbon extraction:**

carbon c. 60% of the soil organic matter content

Use of **pesticides, carbon-intensive and polluting, expensive intrants**

### **Water availability and erosion**

dependent on soil carbon structure

**Adaptation of agriculture practices** as a remedy to current temperatures elevation

## We invest to act now

### Support regenerative agriculture for preferred and climate-efficient sourcing

Peak reached for full scope carbon emissions in 2019

~60% of carbon emissions from agriculture

9% carbon productivity in 2019



## Accelerate

- regenerative agriculture
- local provenance
- biodiversity and diversity of ingredients
- traceability and trust

**Save carbon emissions and water**

# We invest to act now

## Pivot large brands to biodiversity protection and climate-efficient sourcing, driving preference



Promoting regenerative agriculture since 2018



invested €40 m since 2018: ~60% conversion to regenerative agriculture



Regenerative and Organic line launched in Feb 2020



Accelerating towards biodiversity protection



Industry pioneer USA Segregated Palm Oil



Pollinator Conservation Program

## We invest to act now



Diets and  
agriculture



**Packaging  
circularity**



Digital  
End to end

# Renewed materials are driving consumer preference in and out of home

## Purchase intent of rPET significantly above PET

### At home



rPET (1,5L)

PET (1,5L)

6,8

6,2

6,5

5,9

6,9

6,5

Purchase Intent (/10)

### Out of home



rPET (50cl)

PET (50cl)

6,7

5,7

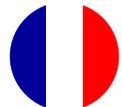
6,5

5,4

6,7

5,7

Purchase Intent (/10)



Source: proprietary quantitative consumer research across France, Germany and UK (Q4 2019 )

# Packaging circularity

## 100% rPET in Europe by 2025, starting with France, UK and Germany in 2020



Starting April 2020



100%  
rPET



climate



all small and XXL formats



full range



all on the go formats



End-to-end climate

**neutral** through reduction of emissions, watershed, wetlands and ecosystems protection projects



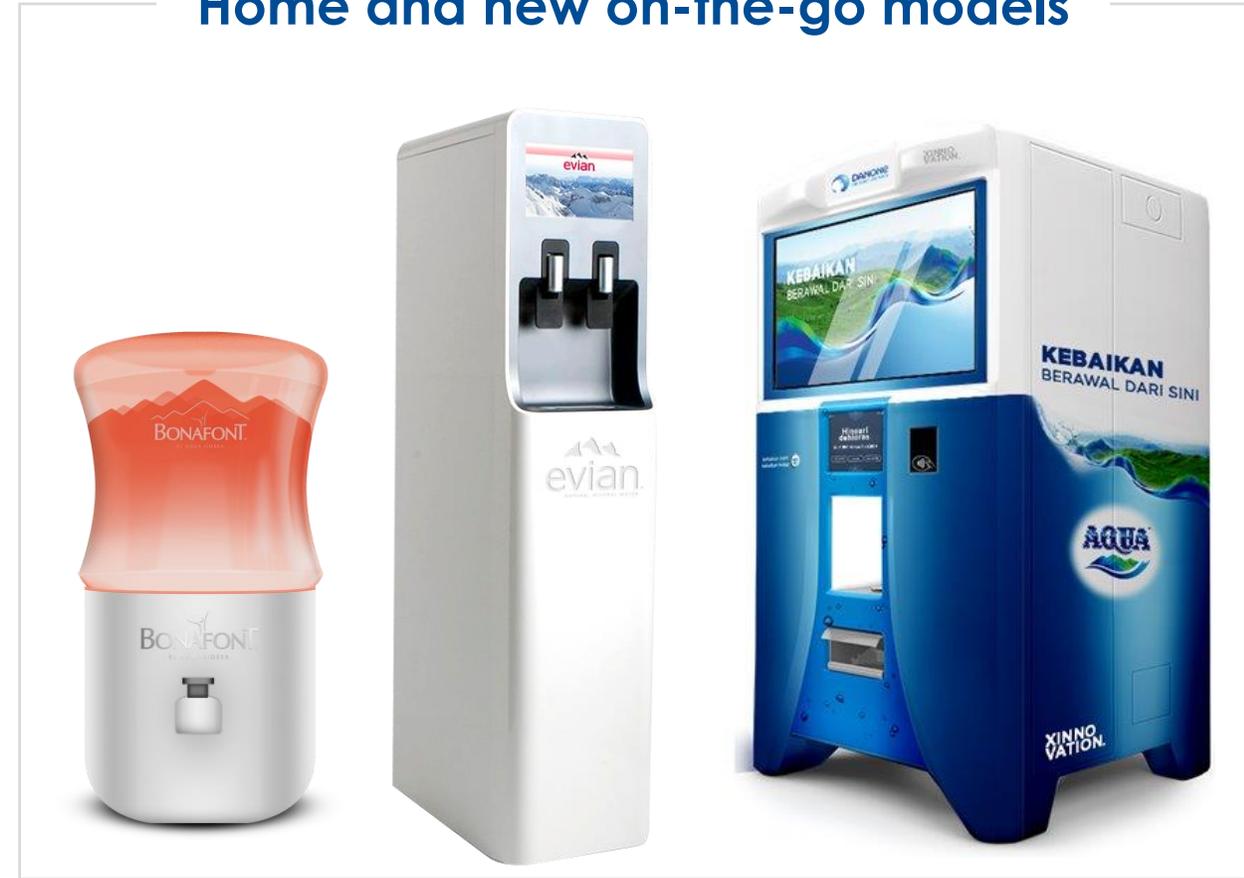
# Packaging circularity

## Innovating beyond plastic and beyond single-use

### Glass, metal and carton



### Home and new on-the-go models



# Packaging circularity

## Zero PS by 2025, Europe by 2024

### PET and rPET



### PLA in 2020



### Paper



# Packaging circularity

## Zero PS by 2025, Europe by 2024



2020

### PET and rPET Clear labelling



→ We're working on this

### Recycled cardboard



### Terracycle partnership



### First reusable glass pot



# Packaging circularity

## Zero PS by 2025, Alpro by 2021



### Paper-cup



### Plant-based drinks cartons



Increasing share of renewable and sustainable components in cartons (e.g. plant-based plastic)

### rPET bottles



## Packaging circularity

Our nearly €1bn packaging acceleration plan for brand superiority



**Zero PS worldwide by 2025**

**Zero PS in Europe by 2024**

**25bn cups**



**100% rPET in Europe by 2025**

**Outside Europe, 60% volumes sold in reusable packaging in 2020**

**5bn bottles**

## Packaging circularity

Our nearly €1bn packaging acceleration plan for brand superiority

### Plastic packaging<sup>(1)</sup>: 0.7mT (around 50% of total)

	2019	▶	2025
Recyclable content	60%	▶	95%
Recycled content	<10%	▶	>50%
Carbon footprint <sup>(2)</sup>	Global	▶	-30%
	Europe	▶	-50%

### Total packaging<sup>(1)</sup>: 1.6 mT

	2025
Recyclable content	95%
Recycled content	>50%
Fossil origin	cut by c. 2 to <25%

(1) Assumes sufficient availability of rPET on the market; (2) Packaging production

# We invest to act now

## Invest in innovative companies, new materials and models

### Future growth businesses



**MANIFESTO  
VENTURES**

**€200m to be  
invested by 2025**



### Next generation of materials & models

**PACKAGING  
TRANSFORMATION  
ACCELERATOR**

**€200m to be  
invested by 2025**

**NEW MODELS**

Innovative [reusable, refillable]  
solutions and business models

**MATERIALS**

New materials and breakthrough  
technologies

**RECYCLING**

Collection & Recycling models,  
Consumer engagement platforms

## We invest to act now



Diets and  
agriculture



Packaging  
circularity



**Digital  
End to end**

# Strengthen execution through end-to-end connected value chain

## Better serve people needs, anytime and anywhere, in a cost and climate efficient way

### Data, tech & agile transformation

- End to end transparency & traceability
- 
- Digital manufacturing
- 
- Smart demand planning & forecast accuracy
- 
- Service level



### Increasing flexibility of EDP Operations to seize growth opportunities

- Hybrid dairy-vegetal production
- 
- From mass production to flex-plants
- 
- Co-manufacturing



- Omni-channel: adapted formats for impulse channels, discounters, and e-commerce

### Integrated Business Services



- Lower costs-to-serve
- 
- Added business value
- 
- Ways of working



- Late differentiation
- 
- Offline packaging solutions



# Investing in a “data, tech and agile” enabled execution

## Unlocking growth and efficiency, enabling sustainability: concrete proof points



### Opole: People powered and data enabled factory



**8,000**  
hours of training

**0**  
paper factory

**-12%**  
CO<sub>2</sub> emissions

**+6%**  
batch size flexibility

**+10%**  
cost efficiency



### Evian: End-to-end flows unlocking growth & productivity



E2E system managing fleet of laser guided vehicles

**+12%**  
additional capacity

**-10%**  
supply chain costs

**-16%**  
distance by road, switching to rail

**200,000**  
hours training on 5 years



**evian factory certified carbon neutral**

# Towards an organization fit for the future

## Shifting ways to work, live, engage with company strategy

Entrust Danone's people to

- Create new futures
- Accelerate company transformation
- Boost performance and resilience



Collective volunteers working within yearly "OPOVOS" routine



Lean and locally empowered



Sustainably highly engaged



Collaborative and personally empowered: Danone people able to contribute to OPOH vision in their own way

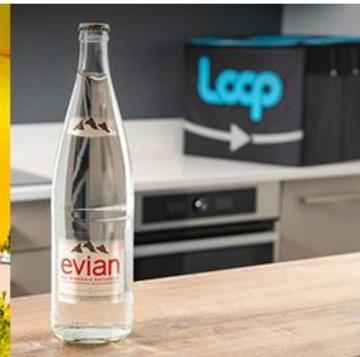


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# Outlook and guidance

**Cécile Cabanis**  
Chief Financial Officer



# Starting a new cycle towards our 2030 goals

## Scale investment to embed climate change at the heart of our growth model

2030  
GOALS

2020

2022

**2020-2022**  
around  
**€2bn**  
accelerated  
investment  
of which ~€900m  
on Packaging



**Innovation**  
next frontiers



**Brands**  
activist



**Sourcing**  
climate-efficient

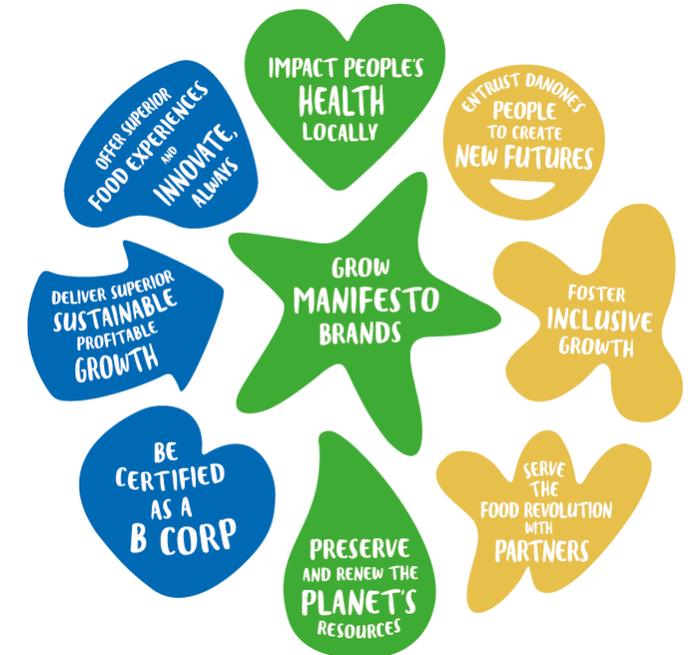


**Packaging**  
responsible



**Value-chain**  
E2E connected

### Advanced commitments



# Accelerating our investments on brands, climate and agriculture, packaging and digitalization

around  
**€2bn**

over 2020-22

## Recurring costs

**~€600m**

- ~€200m costs in 2020
- Innovation support
- Activist brands
- Climate-efficient sourcing
- Responsible packaging

## Capex

**~€1bn**

- Connected end-to-end value chain
- Packaging transformation
- Flexible plants

## 2020 One-Off

**~€500m**

- Fixed costs
- Operations
- Agility and resilience
- Write-offs

# 2020: starting a new cycle towards our 2030 goals

## Renewed long-term financial priorities

1

### Accelerate growth

- Pre-empt and effectively respond to people's trends and concerns
- Execute local competitive plans
- Plant-based acceleration towards €5 bn ambition in 2025

2

### Continue maximization of efficiencies

- Increase agility and strengthen execution
- Reduce fixed costs
- Build an efficient end to end supply chain

3

### Allocate capital with discipline

- Further increase agility and resilience
- Sound balance between short, mid and long-term
- Disciplined resource allocation including portfolio management

# Focus on COVID-19 outbreak

## Status to date



### Danone in China

- 2<sup>nd</sup> largest market of Danone
- 10% of company sales in 2019
- ~8,200 people
- 8 factories (7 for Waters, 1 for Medical Nutrition)
- Business partners



~1/3 of sales



~2/3 of sales (1)

(1) Based on FY 2019 sales

### Status to date

#### Waters (Mizone)

- Operations: production resumed since Feb 17<sup>th</sup> except Wuhan factory in Hubei, affected distribution across supply chain
- Market demand: severe demand slowdown, on-the-go channels more affected
- Brand relaunch delayed to Q2

#### Specialized Nutrition

- No disruption on supply ('guaranteed supply status')
- Travel limitations impacting indirect sales
- Innovations' registration delayed

**~€100m estimated sales loss in Q1 2020, H1 margin impacted as a consequence**

## 2020 outlook and guidance

### Combination of strategic choices and external factors

#### Recurring EPS growth Mid-single digit

##### Sales growth set to accelerate as the year progresses

- Strong innovation pipeline; plant-based expansion
- Coronavirus outbreak impact – current estimate: ~€100m sales loss in Q1



##### LFL sales growth

**2% - 4%**

*vs. previous 4% - 5%*

##### Sustaining margin level

- Continued efficiency maximization
- Invest in transformation for growth: 1<sup>st</sup> year of 2020-2022 accelerated investment plan
- Mix impacted by current situation in China



##### Recurring operating margin

**>15%**

*vs. previous >16%*

## Mid-term financial objectives

Targeting consistent strong recurring EPS growth

### Mid-term objectives

Recurring EPS growth

Mid-to-high  
single digit

LFL sales growth

3% - 5%

Net debt / EBITDA

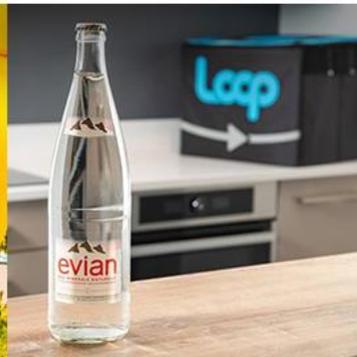
2.5x – 3.0x range



**DANONE**  
ONE PLANET. ONE HEALTH



# Appendix



# Q4 2019 sales by reporting entity - breakdown volume/value

	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Company
<b>Net sales</b>	€3,335m	€1,943m	€962	€6,241m
<b>Like-for-like growth</b>	+1.5%	+10.2%	+1.4%	+4.1%
<i>Volume</i>	-0.9%	+0.9%	+0.9%	-0.1%
<i>Value</i>	+2.4%	+9.3%	+0.5%	+4.2%

## Q4 2019 sales by reporting entity and by geographical area

	 <b>Essential Dairy &amp; Plant-based</b>	 <b>Specialized Nutrition</b>	 <b>Waters</b>	 <b>Company</b>
 <b>Europe and Noram</b> Sales <i>LFL growth</i>	€2,186m +0.7%	€794m -1.2%	€427m +3.2%	€3,408m +0.6%
 <b>Rest of the world</b> Sales <i>LFL growth</i>	€1,149m +3.0%	€1,149m +20.1%	€535m -0.1%	€2,833m +9.0%
 <b>Company</b> Sales <i>LFL growth</i>	€3,335m +1.5%	€1,943m +10.2%	€962 +1.4%	€6,241m +4.1%

## Q4 & FY 2019 impact of currencies & scope

### Q4 2019

	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	+0.6%	+10.8%	+2.5%	<b>+3.9%</b>
Argentina organic contribution to growth	+0.6%	+0.5%	+0.2%	<b>+0.5%</b>
Currency and others <sup>(1)</sup>	+1.2%	+0.2%	+0.6%	<b>+0.8%</b>
IAS 29 impact	-0.1%	-0.0%	+0.3%	<b>-0.0%</b>
Scope	-2.5%	+0.0%	-	<b>-1.4%</b>
<b>Like-for-like sales growth</b>	<b>+1.5%</b>	<b>+10.2%</b>	<b>+1.4%</b>	<b>+4.1%</b>

### FY 2019

	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	+0.8%	+6.2%	+2.0%	<b>+2.6%</b>
Argentina organic contribution to growth	+0.4%	+0.4%	+0.2%	<b>+0.4%</b>
Currency and others <sup>(1)</sup>	+1.0%	-0.1%	+0.0%	<b>+0.5%</b>
IAS 29 impact	+0.2%	+0.0%	+0.3%	<b>+0.1%</b>
Scope	-1.9%	+0.0%	-	<b>-1.0%</b>
<b>Like-for-like sales growth</b>	<b>+1.1%</b>	<b>+5.8%</b>	<b>+1.5%</b>	<b>+2.6%</b>

(1) Excluding IAS29 impact

## Changes in exchange rates

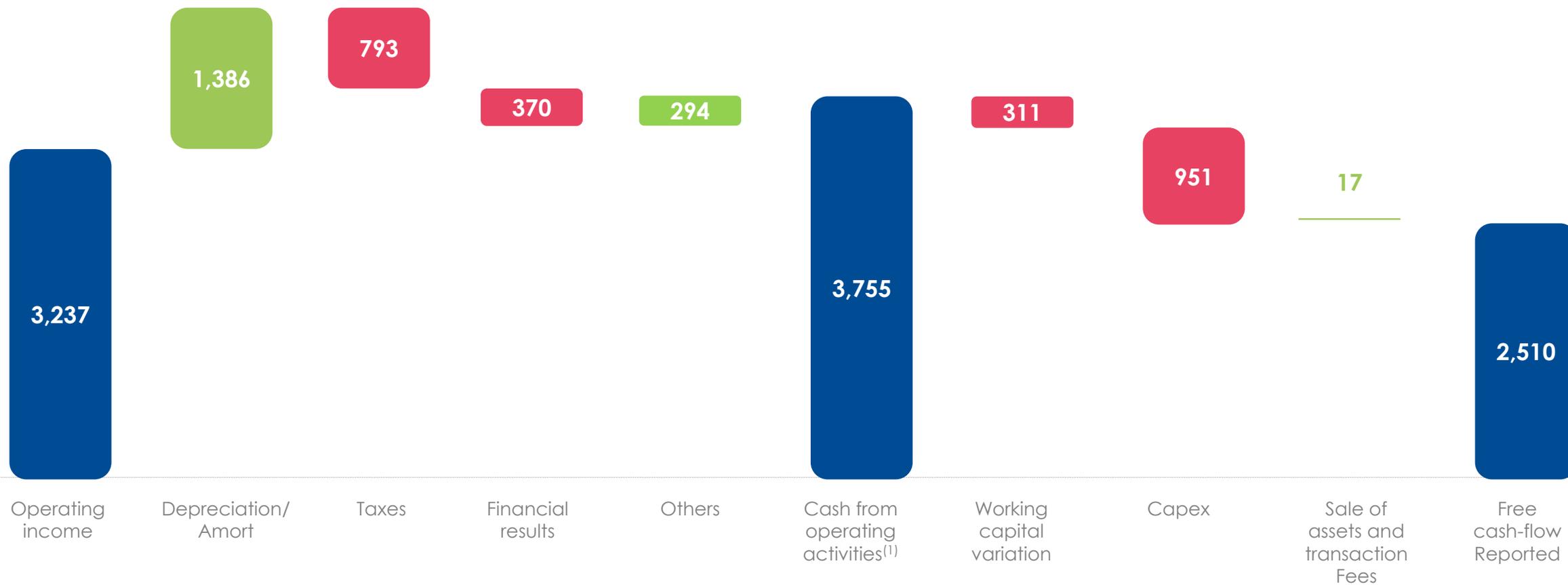
	% total FY 2019	FY 19 vs FY 18 (avg)	Q4 19 vs Q4 18 (avg)
 <b>United States</b> Dollar	20.4%	+5.5%	+5.0%
 <b>Chinese</b> Renminbi	7.0%	+0.9%	+1.4%
 <b>Russian</b> Ruble	6.4%	+2.2%	+8.0%
 <b>Indonesian</b> Rupiah	5.9%	+6.1%	+9.1%
 <b>British</b> Pound	5.1%	+0.8%	+3.7%
 <b>Mexican</b> Peso	4.6%	+5.3%	+3.4%
 <b>Brazilian</b> Real	3.0%	-2.4%	+0.8%
 <b>Hong Kong</b> Dollar	2.5%	+5.5%	+5.2%
 <b>Polish</b> Zloty	2.4%	-0.9%	+0.4%
 <b>Argentine</b> Peso	2.1%	-38.8%	-43.6%
 <b>Canadian</b> Dollar	1.9%	+3.0%	+4.0%
 <b>Turkish</b> Lira	1.7%	-10.9%	+1.4%
 <b>Australian</b> Dollar	1.7%	-1.9%	-1.8%
 <b>Moroccan</b> Dirham	1.7%	+2.9%	+2.9%

## Recurring operating margin

Recurring operating profit (€m) and margin (%)	FY 2018		FY 2019		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
Essential Dairy & Plant-based	1,317	10.09%	1,345	10.22%	<b>+13 bps</b>	<b>-7 bps</b>
Specialized Nutrition	1,762	24.77%	1,908	25.26%	<b>+49 bps</b>	<b>+94 bps</b>
Waters	483	10.79%	593	12.98%	<b>+219 bps</b>	<b>+189 bps</b>
Europe & Noram	1,928	14.12%	1,999	14.58%	<b>+46 bps</b>	<b>+47 bps</b>
Rest of the world	1,634	14.86%	1,847	15.96%	<b>+109 bps</b>	<b>+96 bps</b>
<b>Total</b>	<b>3,562</b>	<b>14.45%</b>	<b>3,846</b>	<b>15.21%</b>	<b>+76 bps</b>	<b>+71 bps</b>

# Cash bridge

in € million



(1) Excluding working capital variations



# Tax rate development

€ mln	2018	2019
Total income tax (reported)	(716)	<b>(793)</b>
Reported tax rate	29.9%	<b>27.7%</b>
Non-current income tax <sup>(1)</sup>	179	<b>163</b>
Current income tax	<b>(895)</b>	<b>(956)</b>
Underlying tax rate	27.9%	<b>27.5%</b>

(1) Tax related to non-current items

## Cash-flow statement

	2018	2019
Operating income	3,562	3,846
Financial income	(350)	(370)
Income tax on operating and financial income	(895)	(956)
Non-current income net of tax	(640)	(446)
Depreciation and amortization	1 601	1 386
Net change in provisions / Deferred taxes	(122)	151
Dividend received from equity accounted affiliates	33	53
Net change in interest income (expense)	13	8
Expense related to stock options and GPS	24	30
(Gains) losses on disposal of property, plant and equipment and financial investments	(12)	14
Other components of net income with no cash impact	(44)	39
<b>Cash flow provided by operating activities, excluding changes in net working capital</b>	<b>3,170</b>	<b>3,755</b>

# Cash-flow statement

	2018	2019
<b>Cash flow provided by operating activities, excluding changes in net working capital</b>	<b>3,170</b>	<b>3,755</b>
Change in working capital	(59)	(311)
<b>Cash flow from operations</b>	<b>3,111</b>	<b>3,444</b>
Capital expenditure	(941)	(951)
Proceeds from the sale of industrial assets	22	16
Business acquisitions and other investments, net of cash and cash equivalent acquired	(52)	(112)
Proceeds from the sale of business	1,305	58
Change in long-term loans and other long-term assets	(9)	(19)
<b>Cash flow used in investing activities and disposals</b>	<b>326</b>	<b>(1,008)</b>

# Cash-flow statement

	2018	2019
<b>Cash flow used in investing activities and disposals</b>	<b>326</b>	<b>(1,008)</b>
Increase in capital and additional paid-in capital	47	55
Purchases of treasury stock (net of disposal)	-	-
Perpetual subordinated notes issued or repaid during the period	(14)	(22)
Dividends paid to Danone shareholders	(431)	(1,256)
Transactions with non controlling interests*	(199)	(209)
Net cash flows on hedging derivatives	(8)	(7)
Bonds issued or raised during the period	300	0
Bonds repaid during the period	(2,157)	(1,899)
Increase (decrease) in other current and non-current financial debt	27	354
Increase (decrease) in other short-term investments	(815)	584
<b>Cash flow used in financing activities</b>	<b>(3,251)</b>	<b>(2,400)</b>
Effect of exchange rate and other changes	14	(231)
<b>Increase (decrease) in cash</b>	<b>200</b>	<b>(195)</b>

\* Including dividends and capital increase

## EBITDA calculation

	2018	2019
<b>Operating income</b>	<b>2,741</b>	<b>3,237</b>
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,601	1,386
<b>EBITDA</b>	<b>4,342</b>	<b>4,623</b>